

JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 320
MINUTES OF THE ANNUAL MEETING
OF THE
BOARD OF TRUSTEES
October 25, 2013

The annual meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, October 25, 2013, 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 Mary S. Schostok, Vice-Chairperson
Judge James R. Moore
Judge George J. Bakalis
Bridget Byron, Proxy for State Treasurer Dan Rutherford

Absent was:

Chief Judge Timothy Evans, Proxy for Chief Justice Thomas L. Kilbride

Others present:

Timothy B. Blair, Administrative Secretary
Jayne L. Waldeck, Manager, Judges' Retirement System
William Atwood, Illinois State Board of Investment
Alex Rivera, Gabriel, Roeder, Smith & Company
Paul Wood, Gabriel, Roeder, Smith & Company

With a quorum present, Vice-Chairperson Schostok called the meeting to order and welcomed Judge Bakalis to the Board.

PUBLIC COMMENTS

There were no public comments.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

William Atwood, Director of the Illinois State Board of Investment (ISBI), distributed copies of the Flash Report dated September 30, 2013 and reviewed the performance of the various asset classes, initially focusing on the Total Fund Composite performance. For the fiscal year ended June 30, 2013, the portfolio did very well, providing a 14.4% return compared to a benchmark rate of return of 11.8%. Mr. Atwood continued by noting that each asset class in the portfolio exceeded the return of its benchmark, specifically calling attention to the U.S. Equity Composite (without Hedge Fund of Funds) and indicated that due to the weightings of small and midcap stocks, this asset class did very well, showing a return of 23.3% for the year ended June 30, 2013 and a return of 7.2% in the first 3 months of FY 2014.

Mr. Atwood continued by noting that fiscal year reporting is very critical as the General Assembly uses these year-end values to determine the employer contributions for the following year. He reported the ISBI portfolio balance at June 30, 2013 was \$12.88 billion and had increased to \$13.8 billion as of Monday, October 21, 2013; an increase of almost \$1 billion. Mr. Atwood then offered to entertain questions. Vice-Chairperson Schostok thanked Mr. Atwood for his informative report and excused him from the remainder of the meeting. Trustee Moore moved to approve the ISBI report with Trustee Bakalis seconding the motion, which passed unanimously. A copy of the September 30, 2013 ISBI Flash Report is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

REPORT OF CONSULTING ACTUARIES

Alex Rivera and Paul Wood of Gabriel, Roeder, Smith & Company, presented the actuarial valuation for FY 2013. Mr. Wood reviewed the results and summarized his report, reminding the Board that at the March 29, 2013 meeting, assumption recommendations were presented and adopted by the Trustees. He then informed the Board that the funded status on a market value basis increased from 28.6% at June 30, 2012 to 29.8% at June 30, 2013.

Mr. Wood continued by noting the employer contribution requirement increased from \$126.8 million in FY 2014 to \$134.0 million in FY 2015. He then emphasized for the Board the funded ratio is expected to grow slowly through 2033 to 50% and then increase rapidly to 90% in 2045. Questions were then entertained by Mr. Rivera and Mr. Wood.

Secretary Blair explained the JRS Board must certify to the State Actuary by November 1, 2013, the proposed FY 2015 employer contribution. Following brief discussion, Trustee Moore moved to accept the draft valuation and certify the \$134.0 million FY 2015 employer contribution. Trustee Bakalis seconded the motion and it passed unanimously. Vice-Chairperson Schostok thanked Mr. Rivera and Mr. Wood for the informative presentation and excused them from the remainder of the meeting.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 319 held on July 26, 2013, were presented by Vice-Chairperson Schostok for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On a motion by Trustee Moore and seconded by Vice-Chairperson Schostok, the minutes of the meeting held July 26, 2013 were unanimously approved.

ELECTION OF 2014 OFFICERS

Vice Chairperson Schostok announced the annual election of officers for the ensuing year was in order and opened the meeting for nominations. Trustee Moore nominated Vice-Chairperson Schostok as Chairperson with Trustee Bakalis seconding the motion. There being no further nominations, the nominations were closed. The vote which followed resulted in the unanimous election of Vice Chairperson Schostok to the office of Chairperson for the calendar year 2014.

Trustee Bakalis then nominated Judge Moore as Vice-Chairman. Trustee Byron seconded the motion. With no further nominations, the nominations were closed. The vote which followed resulted in the unanimous election of Judge Moore as Vice-Chairman for the calendar year 2014.

Vice-Chairperson Schostok then nominated Timothy B. Blair for reelection as Administrative Secretary. Trustee Moore seconded the motion. No further nominations were forthcoming, and nominations were closed. The vote resulted in the unanimous reelection of Timothy B. Blair as Administrative Secretary.

READING OF COMMUNICATIONS

Vice-Chairperson Schostok indicated there were no communications to be read.

REPORT OF VICE-CHAIRPERSON

Vice-Chairperson Schostok reported to those present that she had attended for first ISBI meeting and noted that she is very impressed with how the ISBI staff manages the investments of JRS. She said she felt very confident in the ISBI Board members, Director and staff.

REPORT OF ANY TRUSTEE

There were no reports by other trustees.

REPORT OF SECRETARY

2014 Meeting Dates. To comply with the Open Meetings Act, Secretary Blair presented the proposed calendar year 2014 meeting dates. Following some discussion, Trustee Moore moved to accept the following meeting dates for 2014: January 9, 2014; March 28, 2014; July 25, 2014; and October 31, 2014. Trustee Bakalis seconded the motion which passed unanimously.

Financial Statements ending September 30, 2013. Secretary Blair reviewed the Financial Statements and Report of Administrative Expenses ending September 30, 2013. He first drew the Board's attention to the Cash Balance of \$31.143 million as of September 30, 2013, compared to the balance at the beginning of the period of \$22.673 million; an increase of nearly \$8.5 million. For the benefit of new Trustee Bakalis, he gave an explanation of the Excess Benefit Fund as well as an explanation of the projected fund transfers to the ISBI during fiscal year 2014 of \$13 million. He emphasized the policy of maintaining enough cash on hand for the payment of at least two months of benefits. Secretary Blair stated that JRS experienced our first transfer in 28 years from the Treasurer's Office to ISBI of approximately \$2 million.

Following some discussion, Trustee Bakalis moved to approve the first quarter Financial Statements for FY 2014. Trustee Moore seconded the motion and all were in favor. Official copies of these Financial Statements have been placed on file and made part of these minutes as *Exhibit B*.

REPORT OF THE MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed eleven retirement annuities processed since the last Board meeting totaling \$105,845.29 per month. In addition, there were eight survivor annuity benefits processed during the reporting period totaling \$56,236.82 per month. There being no questions, Trustee Bakalis moved and Trustee Moore seconded the motion for approval of the annuities. The motion passed unanimously.

A review of the Refunds for Approval reflected four Survivor Annuity Refunds totaling \$197,736.98 as being paid during this reporting period. In addition, two error refunds were processed totaling \$2,065.53. There being no questions regarding the refunds, on motion by Trustee Bakalis, seconded by Trustee Byron, and by unanimous vote, the refund payments were approved.

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

OLD BUSINESS

Secretary Blair reported no old business.

NEW BUSINESS

Secretary Blair reported no new business.

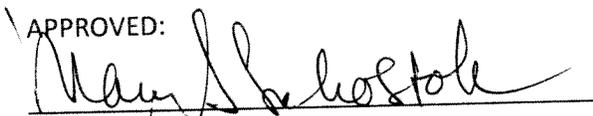
ADJOURNMENT

There being no further business to be brought before the Board, Trustee Bakalis moved to adjourn at 11:45 a.m. and his motion was seconded by Trustee Byron. Vice-Chairperson Schostok added the next meeting of the Board is scheduled for Thursday, January 9, 2014.



Timothy B. Blair, Secretary

Date: 1/9/14

APPROVED:


Chairperson Schostok