

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS  
MEETING NO. 321  
MINUTES OF THE REGULAR MEETING  
OF THE  
BOARD OF TRUSTEES**

**January 9, 2014**

A meeting of the Board of Trustees of the Judges' Retirement System convened on Thursday, January 9, 2014, 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, Chairperson  
Judge James R. Moore, Vice-Chairperson  
Judge George J. Bakalis  
Bridget Byron, Proxy for State Treasurer Dan Rutherford

Absent was:

Chief Justice Rita Garman

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, Chairperson Schostok called the meeting to order at 10:10 a.m.

**PUBLIC COMMENTS**

Chairperson Schostok asked if any member of the public wished to address the Board. 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 November 30, 2013 and reviewed the performance of the various asset classes, initially focusing on the Total Fund Composite performance. For the one year period ended November 30, 2013, Mr. Atwood noted the total portfolio provided an 18.9% return, compared to a benchmark rate of return of 15.8%. He continued by noting that as of November 30, 2013, the portfolio had returned 11.3% annually over 5 years and 6.9% annually over 10 years, compared to the 7.0% annual assumed rate of return.

Mr. Atwood continued by briefly reviewing the 1 year performance of several of the asset classes within the portfolio, noting that most had outperformed their benchmarks. He reported the ISBI portfolio balance at June 30, 2013 was \$12.88 billion and had increased to \$14.2 billion as of December

31, 2013; an increase of more than \$1.3 billion. Mr. Atwood then offered to entertain questions. Chairperson Schostok thanked Mr. Atwood for his informative report and excused him from the remainder of the meeting. Trustee Bakalis moved to approve the ISBI report with Vice-Chairperson Moore seconding the motion, which passed unanimously. A copy of the November 30, 2013 ISBI Flash Report is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

#### **ANNUAL ACTUARIAL VALUATION AND FY 2015 CERTIFIED CONTRIBUTION**

Alex Rivera and Paul Wood of Gabriel, Roeder, Smith & Company, Consulting Actuaries, presented the final draft of the FY 2013 actuarial valuation. Mr. Rivera informed the Board that the State Actuary had made some recommendations for changes to the FY 2013 valuation, but none of the recommendations affected the valuation results, including the financial condition at June 30, 2013 and the recommended FY 2015 state contribution as presented at the October meeting. The State Actuary did make recommendations regarding additional disclosures to be added to the FY 2013 valuation, and those additional disclosures had been incorporated into the final draft of the valuation.

Mr. Rivera continued his presentation by noting other changes were recommended by the State Actuary for future valuations, including the adoption of a generational mortality table, stress testing and the use of a "corridor" in the calculation of the actuarial value of assets when determining the annual State contribution.

He then reminded the Board 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 \$126,808,000, or 74.091% of payroll in FY 2014 to \$133,982,000, or 79.961% of payroll, in FY 2015. Questions were then entertained by Mr. Rivera and Mr. Wood.

Secretary Blair explained the JRS Board must certify the FY 2015 employer contribution by January 15, 2014. Following a brief discussion, Vice-Chairperson Moore moved to accept the FY 2013 actuarial valuation and certify the \$133,982,000 FY 2015 employer contribution. Trustee Bakalis seconded the motion and it passed unanimously. Chairperson Schostok thanked Mr. Rivera and Mr. Wood for the presentation and excused them from the remainder of the meeting.

#### **MINUTES OF PREVIOUS MEETING**

The minutes of Meeting No. 320 held on October 29, 2013, were presented by Chairperson Schostok for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On a motion by Vice-Chairperson Moore and seconded by Trustee Bakalis, the minutes of the meeting held October 29, 2013 were unanimously approved.

#### **READING OF COMMUNICATIONS**

Chairperson Schostok asked Secretary Blair if there were any communications to be presented to the Board. Secretary Blair provided a copy of the FY 2013 financial audit to Chairperson Schostok and noted that there were no findings for the year ended June 30, 2013. He added that he would request additional copies of the audit and forward it to all members of the Board.

#### **REPORT OF CHAIRPERSON**

Chairperson Schostok reported to those present that she had attended two ISBI meetings and she continued to be impressed with the operation of the Board. She specifically noted that she is very

impressed with how the ISBI staff professionally manages the various ISBI investment managers and consultants used by ISBI.

**REPORT OF ANY TRUSTEE**

There were no reports by other trustees.

**REPORT OF SECRETARY**

2014 Funding Update. Secretary Blair informed the Board that the System had received almost \$60 million in State contributions in FY 2014, representing 5½ months of the certified State contribution. He noted that \$6 million had been transferred to ISBI to be invested in the ISBI portfolio in the first 6 months of FY 2014 and that it is projected that a total of \$13 million will be transferred to ISBI during FY 2014.

**REPORT OF THE MANAGER**

Annuities and Refunds for Approval. Ms. Waldeck reviewed seven retirement annuities processed since the last Board meeting totaling \$70,272.39 per month and four survivor annuity benefits processed during the reporting period totaling \$16,030.52 per month. A review of the Refunds for Approval reflected one termination refund totaling \$99,311.07. There being no questions, Trustee Byron moved for approval of the annuities and Vice-Chairperson Moore seconded the motion. The motion passed unanimously.

Deaths of Members. Ms. Waldeck reported the deaths of five JRS members since the October meeting. This report is made a part of these minutes as *Exhibit B*.

**OLD BUSINESS**

No old business was reported.

**NEW BUSINESS**

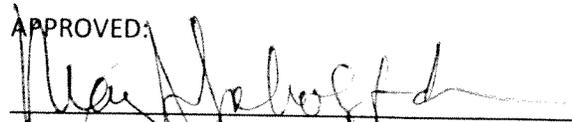
No new business was reported.

**ADJOURNMENT**

There being no further business to be brought before the Board, Vice-Chairperson Moore moved to adjourn at 11:45 a.m. and his motion was seconded by Trustee Byron. The motion passed unanimously. Chairperson Schostok added the next meeting of the Board is scheduled for Friday, March 28, 2014, and the meeting adjourned.

  
\_\_\_\_\_  
Timothy B. Blair, Secretary

Date: 3/28/14

APPROVED:  
  
\_\_\_\_\_  
Chairperson Schostok