

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 319
MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF TRUSTEES
July 26, 2013**

A regular meeting of the Board of Trustees of the Judges' Retirement System convened on Friday, July 26, 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 Thomas E. Hoffman, Chairman
Justice Mary S. Schostok
Judge James R. Moore
Chief Judge Timothy Evans, Proxy for Chief Justice Thomas L. Kilbride
Bridget Byron, Proxy for State Treasurer Dan Rutherford

Others present:

Timothy B. Blair, Secretary
Jayne L. Waldeck, Manager, Judges' Retirement System
Scott Richards, Illinois State Board of Investment

With a quorum present, Chairman Hoffman called the meeting to order at 10 a.m.

PUBLIC COMMENTS

There were no Public Comments.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT

Scott Richards of the Illinois State Board of Investment (ISBI), distributed copies of the Flash Report dated June 30, 2013. Mr. Richards reviewed the performance of the various asset classes, specifically focusing on the preliminary FY 2013 performance. The Total Fund Composite reflected a 13.7% return for the fiscal year with the Fixed Income Composite showing a 2.4% gain in FY 2013. During the same time period, the U.S. Equity Composite, excluding hedge funds, was up 23.3%, the Hedge Fund Composite was up 12.4% and the Non-U.S. Equity Composite up 16.8%.

Mr. Richards informed those present of some changes being considered in the portfolio's asset allocation and offered to entertain questions. Chairman Hoffman thanked Mr. Richards for his informative report and excused him from the remainder of the meeting. A copy of the June 30, 2013 ISBI Flash Report is maintained in the ISBI office and made a part of these minutes as *Exhibit A*.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 318 held on March 19, 2013, were presented by Chairman Hoffman for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. On motion by Trustee Moore, seconded by Trustee Byron, the minutes of the meeting held March 19, 2013 were unanimously approved.

READING OF COMMUNICATIONS

Judge George J. Bakalis Appointment Letter. Chairman Hoffman informed the Board that the Judges' Retirement System received notice the Supreme Court had appointed Judge George J. Bakalis to the Board effective September 17, 2013, for a term expiring September 17, 2014. In addition, Justice Schostok was appointed by the Supreme Court to a new term effective September 17, 2013 and expiring September 17, 2016.

Discussion ensued and Trustee Schostok presented Chairman Hoffman with a Board Resolution from the Trustees and staff commending him for his service on the Board of the Judges' Retirement System continuously from January 14, 1991 and as Chairman of the Board since December, 2000. As Vice-Chairperson, Trustee Schostok will replace Chairman Hoffman as Chairman for the remainder of 2013 and the 2014 JRS officers will be elected at the annual meeting of the Board to be held on October 25, 2013.

REPORT OF CHAIRMAN

Chairman Hoffman had nothing to report.

REPORT OF ANY TRUSTEE

There were no reports by other trustees.

REPORT OF SECRETARY

Financial Statements ending March 31, 2013 and June 30, 2013. Secretary Blair reviewed the information contained in the Financial Statements and the Report of Administrative Expenses for the last two quarters. He specifically focused on the Statement of Cash Receipts, Disbursements and Balances through June 30, 2013, for the Pension Trust Fund as well as the Excess Benefit Fund. Further explanation of the Statement of Investment Account indicated the entire employer contribution was received in FY 2013 and had been paid by the Office of the Comptroller to JRS by July 31, 2013.

The total projected fund transfers to the ISBI during fiscal year 2014 is \$13,000,000. Following some discussion, Trustee Evans moved approval of the Financial Statements as presented. 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*.

Final Review of FY 2014 JRS Budget. Secretary Blair reviewed the July Budget changes proposed since the review of the preliminary FY 2014 Budget at the Board's April meeting. Since the last meeting, David Richter, the JRS/GARS Accountant, announced his retirement during FY 2014. Based on his anticipated retirement, the Personal Services, Retirement and FICA lines were increased due to the termination pay. In addition, the Group Insurance line was increased and the Contractual Services line was decreased due to reduced Auditor General fees. The Judges' FY 2014 Budget is a 14.8% increase to the FY 2013 Budget and a 16.7% increase to the FY 2013 projected expenditures.

Following some discussion, Trustee Byron suggested an option to consider to avoid large payouts when an employee retires or terminates service. She indicated that the Office of the Treasurer

allows the annual payout of accrued vacation to employees prior to leaving service. She offered to send information to Secretary Blair on this issue.

There being no further discussion regarding the budget, Trustee Evans moved to accept the changes to the budget and approve the FY 2014 JRS Budget contingent upon the approval of the General Assembly Retirement System Board. Trustee Schostok seconded the motion and all were in favor.

REPORT OF THE MANAGER

Annuities and Refunds for Approval. Ms. Waldeck reviewed 4 retirement annuities processed since the last Board meeting totaling \$28,441.49 per month. In addition, there were 13 survivor annuity benefits processed during this reporting period totaling \$86,897.38 per month. There being no questions, Trustee Evans moved for approval of the annuities and Trustee Moore seconded the motion, which passed unanimously.

A review of the Refunds for Approval reflected one Death After Retirement Refund and seven Survivor Annuity Refunds totaling \$342,772.22 as being paid during this reporting period. In addition, four error refunds were processed totaling \$5,205.40 during this reporting period. There being no questions regarding the refunds, on motion by Trustee Moore, seconded by Trustee Evans, and by unanimous vote, the refund payments were approved.

Deaths of Members. Ms. Waldeck reported the deaths of 14 JRS members since the March 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 Moore moved to adjourn at 11:30 a.m. and his motion was seconded by Trustee Evans. Chairman Hoffman commented that the next meeting of the Board of Trustees is scheduled for Friday, October 25, 2013.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairman