JUDGES RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 368

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES

August 1, 2025

A regular meeting of the Board of Trustees of the Judges Retirement System of Illinois convened on Friday, August 1, 2025, at 10 a.m. in Room S200 of the Michael Bilandic Building, 160 North LaSalle Street, Chicago, Illinois with a videoconference location at the System's Springfield Office, 2101 South Veterans Parkway, Springfield, Illinois.

Roll Call was taken with the following trustees in attendance:
Justice Debra Walker, Chairperson & Proxy for Chief Justice Theis (Chicago)
Judge Karen Wall (Chicago)
Justice Amy Lannerd (Springfield)
Catherine Shannon, Proxy for Treasurer Michael Frerichs (Springfield)

Others present:
Timothy B. Blair, Secretary (Chicago)
Jeff Houch, Associate Secretary (Springfield)
Samantha Goetz, General Counsel (Springfield)
Angie Ackerson, JRS Division Manager (Springfield)
Jennifer Koelle, Senior Investment Officer, Illinois State Board of Investment (Chicago)
Scott Richards, Senior Investment Officer, Illinois State Board of Investment (by video)
Heidi Barry, Consulting Actuary, Gabriel, Roeder, Smith & Company (by video)
Alex Rivera, Consulting Actuary, Gabriel, Roeder, Smith & Company (by video)

With a quorum present, Chairperson Walker called the meeting to order at 10:00 a.m. and requested a moment of silence for Justice Thomas Hoffman, a long-time member of the Board of Trustees and former JRS Chairman who passed away on July 4, 2025.

PUBLIC COMMENTS

Chairperson Walker asked if any members of the public wished to address the Board. There were no members of the public in attendance, and no public comments were submitted.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

Jennifer Koelle, ISBI Investment Officer, directed the Board's attention to the March 31, 2025, Performance Report and noted the Fund is currently valued at $27 billion, an increase of almost $1.2 billion since March 31, 2024. She added that the portfolio returned 3.3% for the year ending March 31, 2025, lagging the benchmark return of 3.7%.

Ms. Koelle then discussed the Fund's strategic asset allocation, noting that ISBI methodically deploys assets in a public market equivalent when a private asset class is underweight. She briefly reviewed asset allocation, noting that private market asset classes are underweight 0.6% in Private Equity, 1.2% in Private Credit and 0.2% in Infrastructure. Ms. Koelle stated that 50.5% of the invested assets are managed by emerging and minority-owned firms and then turned the presentation over to Scott Richards to review the performance of several asset classes.

Mr. Richards began by telling the Board that the Fixed Income portfolio returned 4.9% through the first 3 quarters of FY 25, underperforming the benchmark return of 5.0%. Within the Fixed Income portfolio, the Core Fixed Income portfolio and Treasury Inflation Protected Securities (TIPS) returned 4.4% and 5.3%, respectively, for the same period. He added that the U.S. Equity portfolio returned 4.2% through March 31, 2025, exceeding the benchmark by 30 basis points, while the International Equities portfolio returned 3% and lagged the benchmark of 4.5% for the same period.

Mr. Richards noted that the Private Equity portfolio returned 0.9% through the third quarter of FY25, adding that there is a reporting lag for this asset class. He concluded his report and offered to answer questions.

Chairperson Walker asked if anyone had questions. Hearing none, she asked for a motion to approve the ISBI report. Trustee Wall moved to approve, and the motion was seconded by Trustee Shannon. All voted in the affirmative. A copy of the March 31, 2025, Performance Report is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

REPORT OF CONSULTING ACTUARIES

Annual Review of Economic Assumptions. Alex Rivera and Heidi Barry of Gabriel, Roeder, Smith & Company, presented the review of actuarial assumptions. Mr. Rivera stated the experience review was conducted using actual experience over the period from July 1, 2021, through June 30, 2024, as required by PA 99-0232. He added the review is used to determine if the assumptions are adequate or need to be adjusted.

Mr. Rivera stated they are recommending changes to the current economic assumptions to be used for the June 30, 2025, actuarial valuation and turned the presentation over to Heidi Barry to review the recommended changes. Ms. Barry stated they recommend maintaining the investment return assumption of 6.5% and increasing the price inflation assumption from 2.25% to 2.40%, the wage growth and individual salary increase assumptions from 2.50% to 2.60%. She directed the Board to the GRS report for a detailed analysis and the supporting documentation for the recommendations.

Ms. Barry then presented the demographic assumption review. She noted GRS recommends maintaining the current mortality tables and projecting future mortality improvement using the MP-2021 scale. She added they recommend increasing the normal retirement rates for Tier 1 and maintaining the Tier 2 rates and recommend decreasing the termination rates.

Ms. Barry then stated that the current Board policy directs the use of the Actuarially Determined Contribution (ADC) as defined in GASB Statements Nos. 67 and 68 and calculates the ADC as the Normal Cost plus a 25-year level percent of capped payroll closed-period amortization of the Unfunded Accrued Liability. She noted there were 16 years remaining in the amortization period and recommended increasing the ADC amortization to 20 years.

Ms. Barry reported that if all recommended assumptions are adopted, there would be a $313,000 increase in the estimated statutory contributions, for a 0.215% increase in the employer contribution rate. She noted the adoption of these assumptions would result in a minor impact on the accrued liability and future statutory contributions.

At the conclusion of her presentation, Ms. Barry asked if there were any questions from trustees. Seeing none, Chairperson Walker asked for a motion to approve the assumptions as presented. Justice Lannerd offered the motion, which was seconded by Judge Wall and passed unanimously. Chairperson Walker thanked Mr. Rivera and Ms. Barry and excused them from the remainder of the meeting.

A copy of the GRS 2024 Actuarial Experience Study for the period July 1, 2021, through June 30, 2024, is maintained in the GARS office and made part of these minutes as Exhibit A.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 367 held on April 25, 2025, were presented by Chairperson Walker for approval. Copies of these minutes were previously submitted to all trustees. Trustee Shannon moved to approve the minutes. The motion was seconded by Trustee Lannerd and passed unanimously.

WRITTEN APPEAL OF JUDGE MICHAEL OTTO

Secretary Blair told the Board that in addition to Judge Otto appealing his Tier 2 status in JRS, he appealed to the State Employees' Retirement System to include his full judicial salary in the calculation of his reciprocal benefit from SERS. After discussion on whether to allow the appeal prior to the outcome of the Kievlan complaint for administrative review, the Otto appeal was referred to JRS counsel to draft a recommendation to be considered at the October Board of Trustees meeting.

READING OF COMMUNICATIONS

Justice Walker stated she had no communications to report and asked Secretary Blair if he had a report. He responded that he had nothing to report.

REPORT OF CHAIRPERSON

Justice Walker stated she had no report.

REPORT OF ANY TRUSTEE

Justice Walker asked if there were any trustee reports. No reports were offered.

REPORT OF SECRETARY

<u>Final Review of FY 26 Operations Budget.</u> Secretary Blair presented the FY 26 operations budget request of $1,120,060, an increase of $36,480 or 3.37%, from the FY 25 budget. He noted the request reflects a $34,560 increase in the Personal Services line to fund a 3.95% COLA in July and steps equivalent to those provided in the AFSCME contract. He stated the budget for contractual services decreased by $4,260, which includes an increase in the Auditor General fee that is offset by a $21,000 decrease in Actuarial Services as there is only a review of economic assumptions in FY 26. Secretary Blair noted the budget request also includes a $9,600 increase in the Group Insurance line.

Following discussion Trustee Shannon offered a motion to adopt the FY 26 operations budget of $1,120,060. Judge Wall seconded the motion, and it was approved unanimously.

An official copy of the FY 26 budget request has been placed on file and made a part of these minutes as *Exhibit C*.

Funding and Cashflow Update. Secretary Blair stated that the Comptroller's Office continues to make the State contributions in an expedient manner. He stated the Comptroller's Office already paid the July and November 2025 contributions and indicated they plan to pay half of the October contributions with the August payment in early August.

Administrative Review Complaint Update. Secretary Blair reported that staff had recently reviewed the draft reply brief prepared by the Attorney General's office. They submitted suggestions that were incorporated into the draft and the deadline for submitting the brief is August 4th. He offered to forward the brief to all trustees after receiving the final document.

Legislative Update. Associate Secretary Jeff Houch informed the Trustees that Public Act 104-0003 appropriated employer contributions of $151,882,000 as certified by the JRS Board of Trustees. He also noted that Public Act 104-0011, which was signed by the Governor on June 20, 2025, amends the JRS Article of the Pension Code to permit a retired judge who serves as a member of the Prisoner Review Board and declines participation in SERS to serve in such role without a suspension of their JRS retirement benefit.

REPORT OF DIVISION MANAGER

Annuities and Refunds for Approval. Angie Ackerson, JRS Division Manager, reported that since the last meeting, one retirement annuity totaling $12,084.80 per month and nine survivor annuities totaling $58,038.25 per month were processed. In addition, six survivor annuity refunds totaling $270,974.82 and seven error refunds totaling $14,423.94 were processed. There being no questions, Trustee Lannerd moved to approve the annuities and refunds as presented. Trustee Wall seconded the motion, and all were in favor.

Deaths of Members. Ms. Ackerson reported the death of six JRS members since the April meeting. This report is made a part of these minutes as *Exhibit C*.

OLD BUSINESS

No old business was reported.

NEW BUSINESS

No old business was reported.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Wall moved to adjourn at 11:20 a.m. Her motion was seconded by Trustee Lannerd, and it passed unanimously.

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Timothy B. Blair, Secretary

Date: ____

APPROVED:

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Justice Debra Walker, Chairperson