

**JUDGES RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 362**

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF TRUSTEES**

January 12, 2024

A regular meeting of the Board of Trustees of the Judges Retirement System of Illinois convened on Friday, January 12, 2024, at 10 a.m. at the System's Springfield office, located at 2101 S. Veterans Parkway, Springfield, Illinois and by videoconference.

Roll Call was taken with the following trustees in attendance:

Justice Debra B. Walker, Chairperson & Proxy for Chief Justice Theis (remote)
Judge Charles M. Feeney, Vice-Chairperson (Springfield)
Judge Karen Wall (Springfield)
Catherine Shannon, Proxy for State Treasurer Michael Frerichs (Springfield)
Justice Thomas Hoffman (remote)

Others present:

Timothy Blair, Administrative Secretary (Springfield)
Jeff Houch, Associate Administrative Secretary (Springfield)
Angie Ackerson, JRS Manager (Springfield)
Jerry Bauer, Attorney, Sorling Northrup (Springfield)
Dipesh Mehta, Acting Executive Director/Chief Investment Officer, Illinois State Board of Investment (remote)
Dan Sekera, Investment Officer, Illinois State Board of Investment (remote)
Jennifer Koelle, Investment Officer, Illinois State Board of Investment (remote)

With a quorum present, Chairperson Walker called the meeting to order at 10 a.m. Vice-Chairperson Feeney motioned to permit Chairperson Walker and Trustee Hoffman to participate remotely, and Trustee Wall seconded the motion. A voice vote was taken, and all voted in favor.

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.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

Jennifer Koelle, Investment Officer, began the ISBI presentation by directing the Board's attention to the September 30, 2023, Performance Update, noting the Fund's market value totaled approximately \$23.7 billion on that date, or approximately \$1.5 billion more than September 30, 2022. Ms. Koelle then noted the Fund's strategic asset allocation and added that ISBI methodically deploys assets in a public market equivalent for private market classes that are underweight. She reviewed asset allocation and provided a brief update regarding ISBI's diversity efforts, noting that approximately 42% of assets are managed by emerging and minority-owned firms and that 55% of assets are passively managed.

Ms. Koelle turned the presentation over to Dan Sekera, Investment Officer, to review the performance of individual asset classes. Mr. Sekera began by noting that the Fund returned 8.6% during the year ending September 30, 2023, underperforming the custom benchmark and allocation benchmark by 100 and 60 basis points, respectively. For the quarter ended September 30, 2023, the portfolio declined 2.3% and lagged the custom benchmark and allocation benchmark by 20 and 30 basis points, respectively.

Mr. Sekera stated the Fixed Income portfolio returned 1.5% for the year ending September 30, 2023, underperforming the by 10 basis points. He attributed the underperformance to the Core Fixed Income portfolio, which lost 1.6% for the year ending September 30, 2023. Mr. Sekera stated the Rate Sensitive portfolio lagged its benchmark by nearly 2%, reflecting ISBI's relatively conservative position in treasuries. For the quarter ended September 30, 2023, the Rate Sensitive portfolio trailed the benchmark by 1.5%.

Mr. Sekera reported the Credit Composite returned 8.6% for the year ending September 30, 2023, trailing the custom benchmark by 4.7% and the Multi Sector Credit Composite returned 13.7%. He reported the Domestic Equity portfolio gained 20% but lagged the broad U.S. equity market by 50 basis points while the Non-U.S. Equity Composite returned 19.2% for the one-year period, underperforming the index by 100 basis points. Mr. Sekera reported that the Private Equity portfolio returned 3.5%, the Infrastructure portfolio was up 9.9%, and the Real Estate portfolio was the worst performing asset class with a loss of 5.5%.

Trustee Wall offered a motion to approve the report of the Illinois State Board of Investment. The motion was seconded by Trustee Shannon and passed unanimously.

Chairperson Walker asked the Board if there were any questions. Seeing none, Chairperson Walker thanked Acting Director Mehta, Ms. Koelle and Mr. Sekera and excused them from the remainder of the meeting. A copy of the report is maintained in the JRS office and made a part of these minutes as *Exhibit A*.

FINAL ADMINISTRATIVE DECISIONS – TIER 2 STATUS OF JUDGES KIEVLAN AND TOLLER

Chairperson Walker introduced Jerry Bauer from Sorling Northrup, and asked the Board if there were any suggested changes to the decisions for the Kievlan and Toller Tier 2 status appeals. There were minor changes incorporated and after discussion, Chairperson Walker asked for a motion to approve the decisions. Justice Hoffman motioned to approve the decisions for retired Judge Patricia Kievlan and Associate Judge Natosha Toller. The motion was seconded by Vice-Chairperson Feeney. A voice vote was taken, and both decisions were unanimously approved.

Secretary Blair told the Board he would circulate the decisions for signature by all trustees.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 361 held October 27, 2023, were presented by Chairperson Walker. Vice-Chairperson Feeney made a motion to approve the minutes. The motion was seconded by Trustee Hoffman and approved unanimously.

READING OF COMMUNICATIONS

Chairperson Walker asked Secretary Blair if there were any communications to be presented to the Board. Secretary Blair indicated there were none.

REPORT OF CHAIRPERSON

Chairperson Walker announced that Dipesh Mehta has been selected as the ISBI Executive Director and Chief Investment Officer after a lengthy interview process with several qualified candidates.

REPORT OF ANY TRUSTEE

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

REPORT OF SECRETARY

State Actuary's 2023 Report and System Responses. Secretary Blair reviewed the State Actuary's recommendations and the responses to those recommendations. He noted the State Actuary recommended a funding plan that finances the annual normal cost and amortizes the unfunded liabilities within a reasonable period. Secretary Blair reminded the trustees that the JRS Board adopted an Actuarially Determined Contribution (ADC) policy in 2015 that is consistent with the recommendation and added that the recommendation requires a statutory change.

The State Actuary also recommended smoothing the impact of assumption changes over a three-year period to align with the experience studies that are performed every three years. Secretary Blair stated the System concurs with the recommendation and added that smoothing the effect of assumption changes over three years requires statutory changes.

Secretary Blair referenced the letter outlining the remaining recommendations and the GRS and JRS staff responses to these recommendations, both of which are made a part of these minutes as *Exhibit B*.

Approval of FY 23 Actuarial Valuation and FY 25 Employer Certification. Secretary Blair informed the Board the final draft of the FY 23 Actuarial Valuation was the same as the version presented at the October 27, 2023 Board meeting. He requested that the Board approve the FY 23 Actuarial Valuation and certify the FY 25 State Contribution of \$148.889 million, or 95.871% of projected payroll. He noted that the State contribution consists of approximately \$27.199 million for the employer's portion of the expected FY 2025 normal cost and an additional \$121.690 million due to the unfunded liabilities.

Following a discussion of projected benefits and contributions over the remainder of the funding plan, Trustee Shannon moved to approve the FY 23 Actuarial Valuation and the certification of an FY 25 State contribution of \$148,889,000. Vice-Chairperson Feeney seconded the motion, and it was unanimously approved.

FY 2024 Funding Update. Secretary Blair informed the Board that the System has received all required employer contributions in FY 24 and the Comptroller's Office is current in making the State contributions.

REPORT OF THE MANAGER

Annuities and Refunds for Approval. Ms. Ackerson presented nine retirement annuities processed since the last Board meeting totaling \$96,888.87 per month and five survivor annuities totaling \$47,787.36 per month. The refunds for approval included one death after retirement refund and three survivor annuity contribution refunds, totaling \$273,423.03. She noted there were three error refunds totaling \$354.38. Trustee Wall moved for approval of the annuities and refunds as presented. Vice-Chairperson Feeney seconded the motion, and the motion was approved unanimously.

Death of Members. Ms. Ackerson reported the deaths of seven JRS annuitants since the October meeting. This report is made a part of these minutes as *Exhibit C*.

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, Trustee Hoffman moved to adjourn at 10:50 a.m. Chairperson Walker added that the next meeting of the Board is scheduled for Friday, April 19, 2024, at 10 a.m., and the meeting adjourned.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairperson Debra B. Walker