

**JUDGES RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 364**

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

July 19, 2024

A regular meeting of the Board of Trustees of the Judges Retirement System of Illinois convened on Friday, July 19, 2024, 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 location)
Judge Karen Wall (Chicago location)
Justice Thomas Hoffman (Chicago location)
Catherine Shannon, Proxy for Treasurer Michael Frerichs (Springfield office)

Absent was:

Judge Charles Feeney

Others present:

Timothy B. Blair, Secretary (Chicago location)
Angie Ackerson, JRS Division Manager (Springfield office)
Jennifer Koelle, Investment Officer, Illinois State Board of Investment (by video)
Dan Sekera, Investment Officer, Illinois State Board of Investment (by video)
Heidi Barry, Consulting Actuary, Gabriel, Roeder, Smith & Company (by video)
Jeff Tebeau, Consulting Actuary, Gabriel, Roeder, Smith & Company (by video)

With a quorum present, Chairperson Walker called the meeting to order at 10:00 a.m.

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, 2024, Performance Report and noted the Fund is currently valued at \$25.84 billion, an increase of almost \$2 billion since the same quarter in 2023. She added that the portfolio returned 10% for the year ending March 31, 2024, underperforming the Policy Benchmark by 20 basis points and the Actual Allocation Benchmark by 30 basis points.

Ms. Koelle then discussed the Fund's strategic asset allocation, noting that ISBI methodically deploys assets in a public market equivalent for any private asset classes that are underweight. She briefly reviewed asset allocation, noting that private market asset classes are underweight 0.2% in Private Equity, 2.2% in Private Credit and 0.6% in Infrastructure while Real Estate is overweight by 0.3%. Ms. Koelle then turned the presentation over to Dan Sekera to review the performance of several asset classes.

Mr. Sekera reviewed several asset classes, noting the Fixed Income portfolio returned 2.8% over the one-year period, outperforming the benchmark return of 2.7%, while the Core Fixed Income and Treasury Inflation Protected Securities portfolios (TIPS) lost 0.5% and gained 0.4%, respectively, for the same period. He noted the Multi-Sector Credit portfolio returned 17.1%, while Private Credit gained 9.4%. Mr. Sekera added that the U.S. Equity portfolio gained 29.4%, outperforming the broad U.S. equity market by 10 basis points, while the non-U.S. Equity portfolio returned 15.1%, outperforming the benchmark by 1.9%. He noted the Private Equity portfolio returned 3.2%, while Infrastructure was up 6.3%, and Real Estate lost 7.7%.

Mr. Sekera concluded his report and 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 Hoffman. All voted in the affirmative. A copy of the March 31, 2024, 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. Heidi Barry, Consulting Actuary of Gabriel, Roeder, Smith & Company, provided the annual economic assumption review letter and stated the review is done to determine if the economic assumptions used for the June 30, 2023, actuarial valuation are still adequate. She stated they are recommending no changes to the current economic assumptions for the June 30, 2024 actuarial valuation.

Ms. Barry then reviewed the analyses that led to the recommendation that the economic assumptions remain unchanged from the FY 23 actuarial valuation, and noted the investment return assumption is 6.5%, the price inflation assumption is 2.25%, and the wage inflation assumption is 2.50%.

At the conclusion of her presentation, Chairperson Walker asked if there were any questions. There was additional discussion on the wage inflation assumption due to the nature of judicial compensation. Chairperson Walker thanked Ms. Barry and Mr. Tebeau for the presentation and excused them from the remainder of the meeting. A copy of the GRS Economic Assumption Review is maintained in the JRS office and made part of these minutes as *Exhibit B*.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 363 held on April 19, 2024, were presented by Chairperson Walker for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. Trustee Hoffman moved to approve the minutes, and the motion was seconded by Trustee Wall. The motion was unanimously approved.

READING OF COMMUNICATIONS

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

REPORT OF CHAIRPERSON

Justice Walker noted that Trustee Feeney was retiring from the bench at the end of August and would therefore cease to be a JRS trustee on September 1st. She presented a resolution thanking Judge Feeney for his service to the membership of JRS and made the motion to approve the resolution. Judge Wall seconded the motion and it passed unanimously.

REPORT OF ANY TRUSTEE

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

REPORT OF SECRETARY

Final Review of FY 25 Operations Budget. Secretary Blair presented the FY 25 Operations Budget Request of \$1,083,680, a decrease of \$19,780 or 1.79%, from the FY 24 budget. He reviewed the items having a cost impact on the request, including a decrease of \$17,200 in the Personal Services line due to the retirement of an employee who will be replaced by an employee with a lower salary. Secretary Blair noted that AFSCME steps and 4% COLAs in July 2024 are included for all employees and that the Retirement and FICA lines decreased by \$14,800 and \$1,280, respectively, due to the decrease in the Personal Services line.

Secretary Blair noted a \$15,400 increase in the Group Insurance line based on recent experience and guidance from the Office of Management and Budget, and an increase of \$2,620 in the IT line due to an expected increase in the cost of IT services provided by DoIT and SERS.

Following discussion of the proposed FY 25 budget, Trustee Wall motioned to approve the FY 25 operations budget as presented. The motion was seconded by Trustee Hoffman, and all were in favor.

Funding and Cashflow Update. Secretary Blair informed the Board that the Comptroller's Office is current in making the State contributions and that there have been no delayed payments in FY 24. He added that the Comptroller's Office has new statutory authority to request the early submission of monthly employer contribution vouchers and that in early July they had requested the July vouchers early and requested a voucher representing one half of the November employer contribution. The vouchers were submitted by JRS on July 9th and the contributions were received by JRS on July 16th.

Administrative Review Complaint Update. Secretary Blair updated the Trustees regarding the administrative review complaint of Judge Kievlan and Judge Toller, noting the JRS reply brief is due August 2nd. Chairperson Walker directed Secretary Blair to request that the Assistant Attorneys General representing JRS provide a draft of the brief for trustees to review prior to August 2nd.

Legislative Update. Secretary Blair informed the trustees that the only legislation affecting JRS was the FY 25 budget, which included the employer contribution of \$148,889,000 as certified by the JRS Board of Trustees, and the FY 25 Budget Implementation Act, which includes a provision to allow the Comptroller to request that JRS submit monthly employer contribution vouchers earlier than previously allowed by statute.

REPORT OF DIVISION MANAGER

Annuities and Refunds for Approval. Angie Ackerson, JRS Division Manager, reported that since the last meeting, four retirement annuities totaling \$45,605.39 per month and four survivor annuities totaling \$22,817.42 per month were processed. In addition, eleven refunds totaling \$806,711.86 were processed. There being no questions, Trustee Hoffman moved to approve the annuities and refunds as presented. Trustee Shannon seconded the motion, and all were in favor.

Deaths of Members. Ms. Ackerson reported the death of one JRS member 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 11:00 a.m. Her motion was seconded by Trustee Hoffman, and it passed unanimously.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Justice Debra Walker, Chairperson