

**JUDGES' RETIREMENT SYSTEM OF ILLINOIS
MEETING NO. 365**

**MINUTES OF THE ANNUAL MEETING
OF THE BOARD OF TRUSTEES**

October 25, 2024

The annual meeting of the Board of Trustees of the Judges' Retirement System of Illinois was held on Friday, October 25, 2024, at 10:00 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:

Judge Debra Walker, Chairperson and Proxy for Chief Justice Mary Jane Theis (Chicago location)
Justice Amy C. Lannerd (Springfield location)
Judge Karen Wall (Springfield location)
Catherine Shannon, Proxy for State Treasurer Michael Frerichs (Springfield location)
Justice Thomas Hoffman, (remote participant)

Others present:

Timothy B. Blair, Administrative Secretary (Chicago location)
Jeff Houch, Associate Administrative Secretary (Springfield location)
Angie Ackerson, JRS Division Manager (Springfield location)
Samantha Goetz, SRS General Counsel (Springfield location)
Dipesh Mehta, Executive Director, Illinois State Board of Investment (Chicago location)
Scott Richards, Senior Investment Officer, Illinois State Board of Investment (Chicago location)
Alex Rivera, Consulting Actuary, Gabriel, Roeder, Smith & Company (Chicago location)
Heidi Barry, Consulting Actuary, Gabriel, Roeder, Smith & Company (Chicago location)

Chairperson Walker called the meeting to order at 10:00 a.m. With a quorum present, Trustee Wall motioned to permit Trustee Hoffman to participate remotely. Trustee Shannon seconded the motion. A voice vote was taken, and all Trustees voted in the affirmative.

Chairperson Walker welcomed recently appointed Justice Amy Lannerd as a JRS Trustee and asked everyone to introduce themselves.

REPORT OF THE ILLINOIS STATE BOARD OF INVESTMENT (ISBI)

Dipesh Mehta, Chief Investment Officer for ISBI, announced to the Trustees that ISBI's private equity asset class performance was ranked second in the nation against its public pension peers by the American Investment Council. He also noted that Ms. Jennifer Koelle, ISBI Senior Investment Officer, was named an Influential Woman in Institutional Investing by Pension and Investments.

Mr. Mehta then stated that no changes to the asset allocation policy had been made since the last JRS Board meeting, and the portfolio's market value totaled approximately \$26.3 billion as of June 30, 2024. He mentioned that approximately 43% of its assets are managed by emerging and minority-owned firms and that 64.7% of the portfolio's assets are passively managed. Mr. Mehta then passed the presentation over to Scott Richards, Senior Investment Officer.

Scott Richards, Senior Investment Officer, began by reporting that the Fixed Income Composite returned 3.8% for the year ending June 30, 2024, exceeding the benchmark return of 3.5% for the period. He reported that the U.S Equity portfolio was the strongest performing asset class, returning 23.5% for the year and beating the benchmark by 400 basis points for the period. Mr. Richards then referred to the Emerging Markets Equity portfolio which outperformed the benchmark significantly, returning 16.3% for the year ending June 30, 2024 while the benchmark returned 12.5% for the period.

Mr. Richards concluded his report by noting the Infrastructure portfolio and Real Estate portfolio both outperformed the relevant benchmarks, returning 8.2% and -4.4% respectively, while the benchmarks returned 6.6% and -8.7% respectively.

Chairperson Walker thanked Mr. Mehta and Mr. Richards for the report. Trustee Wall moved to approve the ISBI report, and Trustee Hoffman seconded the motion. The motion was approved unanimously. A copy of the June 30, 2024 Quarterly Update is maintained in the ISBI office and made part of these minutes as *Exhibit A*.

REPORT OF CONSULTING ACTUARIES

Alex Rivera and Heidi Barry of Gabriel, Roeder, Smith & Company presented draft copies of the FY 24 JRS actuarial valuation. Mr. Rivera noted the purpose of the valuation is to measure the funded status of the System on June 30, 2024, and to determine the required State contribution for FY 26. He added that Public Act 100-0023, effective July 6, 2017, modified the State's funding policy to smooth State contribution rate increases or decreases for actuarial assumptions changes over a five-year period in equal annual amounts. Mr. Rivera then turned the presentation over to Ms. Barry.

Ms. Barry reported that accrued liability increased from \$3.04 billion on June 30, 2023, to \$3.1 billion on June 30, 2024. She indicated the market value of assets increased by \$77.8 million, which increased the funded ratio on a market value basis from 43.6% to 45.3%. Ms. Barry noted that the actuarial value of assets increased from almost \$1.36 billion to \$1.41 billion, increasing the funded ratio based on the actuarial value of assets from 44.6% to 45.3%. She referred the Board to the slide showing that the funded ratio is expected to slowly increase until FY 33, and then rapidly increase after FY 33 to reach 90% funded in FY 45.

Ms. Barry continued her presentation by stating that in FY 24 employer contributions totaled \$147.8 million, employee contributions were \$15.6 million, and benefits and expenses were \$204.6 million, resulting in negative cash flow of approximately \$41.2 million. She added this means the Fund is using investment returns to pay benefits and the forecast from 2025 to 2033 is that the percentage of investment income needed to pay benefits is projected to increase from approximately 60% to 92%. Ms. Barry stated the FY 26 State Contribution rate increased from 95.871% of payroll to 95.899%, or by \$3 million over FY 25, to \$151.9 million. She pointed out that the actuarially determined contribution (ADC) is \$183.7 million, or \$31.8 million higher than the amount calculated under the statutory funding plan. She reminded the Board that 16 years remain on the amortization schedule of the Board's funding policy.

Chairperson Walker asked if there were any questions. Seeing none, she asked for a motion to approve the preliminary June 30, 2024 actuarial valuation and the preliminary certification of the FY 26 State contribution of \$151,882,000. Trustee Hoffman moved to accept the draft FY 24 valuation and preliminarily certify the \$151.9 million FY 26 employer contribution. Trustee Shannon seconded the motion, and the motion was approved unanimously. Chairperson Walker thanked Mr. Rivera and Ms. Barry.

A copy of the presentation is maintained in the JRS office and made part of these minutes as *Exhibit B*.

MINUTES OF PREVIOUS MEETING

The minutes of Meeting No. 364 held on July 19, 2024, were presented by Chairperson Walker for approval. Copies of these minutes were previously submitted to all trustees for preliminary review. Trustee Wall made a motion to approve the minutes, and the motion was seconded by Trustee Hoffman. A voice vote was taken, and the motion was approved unanimously.

ELECTION OF 2025 OFFICERS

Chairperson Walker announced the election of 2025 officers was in order and opened the meeting for nominations. Chairperson Walker indicated that she was willing to continue serving as Chair if nominated. Trustee Hoffman nominated Chairperson Walker as Chairperson for 2025; the motion was seconded by Trustee Wall. Chairperson Walker nominated Trustee Wall as Vice-Chair and the nomination was seconded by Trustee Lannerd. No other nominations were offered. Chairperson Walker was unanimously re-elected and Trustee Wall was elected Vice-Chair.

Trustee Hoffman motioned to nominate Timothy Blair as Administrative Secretary for 2025, which was seconded by Trustee Lannerd. No other nominations were offered, and Mr. Blair was unanimously elected.

READING OF COMMUNICATIONS

Chairperson Walker reported there were no communications to report.

REPORT OF CHAIRPERSON

Chairperson Walker reported that Justice Amy C. Lannerd was appointed by the Supreme Court to serve a three-year term that began September 18, 2024.

REPORT OF ANY TRUSTEE

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

REPORT OF SECRETARY

Financial Statements of June 30, 2024. Secretary Blair reviewed the financial statements for the quarter that ended June 30, 2024. He noted that during the quarter JRS had total receipts of \$51.6 million, disbursements of \$52.1 million, and a cash balance of \$17.6 million. Secretary Blair reported 1,035 monthly retirement annuities were paid. He reported the System is also paying 330 survivors and 31 QILDRO alternate payees each month.

Financial Statements of September 30, 2024. Secretary Blair reviewed the financial statements for the quarter that ended September 30, 2024. He noted that during the quarter JRS had total receipts of \$61.7 million, disbursements of \$51.1 million, and a cash balance of \$27.6 million. Secretary Blair reported 1,041 monthly retirement annuities were paid. He reported the System is also paying 326 survivors and 31 QILDRO alternate payees each month.

Secretary Blair informed the Board that \$4.5 million was withdrawn from the ISBI portfolio in the first quarter of FY 25 and he projects the need to withdraw up to \$48.5 million in FY 25 due to the decreased participant contributions from Tier 2 participants in the 1st and 2nd quarters of FY 25 and large numbers of upcoming retirements.

At the conclusion of Secretary Blair's presentation, Chairperson Walker asked if there was a motion to approve the financial statements. Trustee Shannon moved to approve the June 30, 2024 and September 30, 2024 financial statements. The motion was seconded by Trustee Hoffman, and approved unanimously.

Copies of the Financial Statements have been placed on file and made a part of these minutes as *Exhibit C*.

2025 Meeting Dates. Secretary Blair presented the proposed 2025 meeting dates. Chairperson Walker asked if all trustees had reviewed the meeting dates for 2025: January 10; April 25; July 18; and October 24. All meetings will begin at 10 a.m. and will be held by videoconference between Chicago and Springfield unless a disaster proclamation allows the meeting to be conducted virtually. After brief discussion, Trustee Wall made a motion to approve the 2025 meeting dates; the motion was seconded by Trustee Hoffman, and all voted in the affirmative.

FY 2025 Funding Update. Secretary Blair informed the Board that the System has received all required employer contributions for FY 25, noting the Comptroller's Office is current in making the State contributions and the November contribution was already received due to a recent law change that allows the Comptroller's Office to make the monthly contributions earlier than previously allowed.

Administrative Review Complaint Update. Secretary Blair stated that the System may receive a decision from the circuit court by December 31, 2024 and there is a 30-day period to request an appeal. After discussion, the trustees decided to hold a special meeting on November 22, 2024 to discuss the litigation.

REPORT OF DIVISION MANAGER

Annuities and Refunds for Approval. Angie Ackerson, JRS Division Manager, presented 11 retirement annuities processed since the last Board meeting totaling \$147,013.88 per month and stated no survivor annuities had been processed since the last Board meeting. A review of the refunds for approval included four survivor annuity contribution refunds totaling \$237,106.72. She noted there was one error refund processed, totaling \$455.65. Following discussion, Trustee Hoffman moved for approval of the annuities and refunds as presented. Trustee Wall seconded the motion, and the motion was approved unanimously.

Death of Members. Ms. Ackerson reported the deaths of six JRS members since the July meeting. This report is made a part of these minutes as *Exhibit D*.

OLD BUSINESS

No old business was reported.

NEW BUSINESS

Secretary Blair updated the Board about an increase in disability claims and the need for additional Board policies to address disability issues. He indicated this topic would be addressed in a future meeting.

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.

ADJOURNMENT

There being no further business to be brought before the Board, Trustee Hoffman moved to adjourn at 11:30 a.m. His motion was seconded by Trustee Shannon. Chairperson Walker reminded trustees that the next Board meeting is scheduled for Friday, November 22, 2025, at 12 p.m., and the meeting adjourned.

Timothy B. Blair, Secretary

Date: _____

APPROVED:

Chairperson Debra Walker