



MINUTES

**Meeting of the Board Governance Committee
of the Board of Trustees of the
State Universities Retirement System
10:00 a.m., Thursday, March 12, 2015
The Northern Trust
50 South LaSalle Street, Global Conference Center
Chicago, Illinois 60603**

The following Trustees were present: Ms. Lindsay Anderson, Chair; Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Ms. Dorinda Miller (by conference call) Mr. Craig McCrohon, Mr. Antonio Vasquez and Mr. Mitchell Vogel.

Ms. Dorinda Miller joined the Board Governance Committee meeting by conference call.

Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel; Mr. Daniel Allen, Chief Investment Officer; Ms. Phyllis Walker, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Ms. Brenda Dunn, Director of Human Resources; Mr. Albert Lee, Associate General Counsel; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Ms. Patti Somerville-Koulouris of the Northern Trust Company.

Board Governance Committee roll call attendance was taken. Trustee Anderson, present; Trustee Engstrom, present; Trustee McCrohon, present; Trustee Vasquez, present; Trustee Vogel, present.

Trustee Dorinda Miller joined the meeting by conference call pursuant to a previously approved motion pursuant to Section 7(c) of the Open Meetings Act.

APPROVAL OF MINUTES

Trustee Lindsay Anderson presented the Minutes from the Board Governance Committee meeting of December 11, 2014 and Trustee Antonio Vasquez made the following motion:

- That the Minutes from the December 11, 2014 Board Governance Committee meeting be approved, as presented.

Trustee John Engstrom seconded and the motion carried with all Trustees present voting in favor.

CHAIRPERSON'S REPORT

In the interest of time, Trustee Anderson deferred the Chairperson's Report.

BOARD ADMINISTRATION

Committee Structure/& Assignments/Subcommittees

Ms. Mary Patricia Burns noted that there is a vacancy on the Executive Committee and she asked if the Chair would like to fill that vacancy. Trustee Anderson remarked that she received nominations from the Board and she would like to nominate Trustee John Engstrom to fill the vacancy on the Executive Committee for the remainder of the Fiscal Year. Trustee Vogel inquired if Trustee Engstrom would be able to get to Executive Committee meetings in Chicago on short notice and Trustee Engstrom assured the Committee that he would be able to do so.

Trustee McCrohon did express interest in serving on the Executive Committee and stated he would like to be considered when the position is open in June.

After discussion, Trustee Jacqueline Berger made the following motion:

- That John Engstrom serve as the Treasurer of the SURS Board of Trustees for the remainder of FY2015.

Trustee Vasquez seconded and the motion carried with all Trustees present voting in favor.

Travel Policies

Ms. Burns presented the existing Board Travel Policies in direct response to a request by Trustee Johnson. Trustee Johnson proposed discussion of the restrictions within the travel policy wherein travel outside of Illinois is limited each fiscal year. Ms. Burns directed the Trustees to Section 2.2 of the Travel Policy wherein the policy states in order to maintain control over budgeting that out of state travel for fiduciary education purposes will not exceed two trips per member each fiscal year; however, attendance at the semi-annual meetings of the Council of Institutional Investors (CII) not be included in the two-per-year limit for board member attendance. Trustee Johnson proposed expanding the restriction to three trips-per-year limit for board members which could or could not include CII.

Discussion ensued regarding the proposed change and Ms. Burns explained to Trustee Johnson that if a Trustee is invited to speak at a conference that is not in his/her capacity as a SURS Trustee and it has nothing to do with SURS, then that Trustee may attend the conference and have the conference pay the fees, so long as it is disclosed on the Trustee's

Statement of Economic Interest. Ms. Burns further described a prohibited source as anyone who does business or wants to do business with SURS.

Trustee Anderson remarked that during this time of fiscal crisis and significant funding challenges for the state, she feels that Trustees should take a leadership role in ensuring that expenses are being limited. Trustee Jacqueline Berger also expressed concern in considering increasing travel opportunities given the budget cuts in the state at this time. Ms. Burns remarked that other state pension funds were contacted regarding their current travel policies and she reviewed those findings with the Committee. She further reviewed budgeted amounts for the last five years for Board travel and expenditures relating thereto. Ms. Burns remarked that if there is an instance where a third trip comes up she suggests that the Trustee present it to the Executive Committee for approval on a case-by-case basis.

After further discussion, Trustee Johnson made the following motion:

- To amend the Board Travel Policy to broaden the scope to three trips per member each fiscal year which could/could not include CII or any other conference within the continental United States.

Trustee Figueroa seconded and the motion failed.

A copy of the “Board Travel Approval and Expense Reimbursement Policy” is incorporated as part of these Minutes as [Exhibit 1](#).

Board Bylaws/Charters

Ms. Burns then presented the Bylaws regarding proposed change to Section 14 regarding Standing Committees and how members of committees are to be appointed. She reminded the Board that at the February meeting she was directed to bring the proposed changes back to the Board at the March meeting. In the interim, Mr. Steve Hayward reviewed the Bylaws and has made several suggestions with respect to streamlining the Bylaws. Ms. Burns proposes to incorporate these suggestions and bring a full set of Bylaws to the Board in June for its annual review of the Bylaws.

Trustee Vogel referred to the proposed Bylaw changes wherein it is recommended that the committee assignments are made by the Executive Committee and then approved by the Board. Ms. Burns reiterated that the changes that she would like to incorporate are organizational changes and not substantive changes. Trustee McCrohon noted one of the changes suggested is increasing the Executive Committee to five members and also other changes to rectify prior administration changes. Ms. Burns asked that all proposed changes be given to her with enough time so that she may submit them in writing to each member of the Board with the notice of the June 2015 meeting.

Trustee Vogel confirmed with Ms. Burns that his recommended changes are now in writing and the Board had been notified of those recommendations. He then inquired as to the reason for waiting until June for approval of his recommended changes. Trustee Anderson assured

Trustee Vogel that it is to allow time for additional streamlining of the Bylaws for a comprehensive review all at one time at the June meeting. She stated that she has reviewed these changes and she agrees to commit to this practice until they are reviewed; however, she believes it is cleaner for them to all be approved at one time in June.

Discussion ensued among the Trustees and it was the consensus of the Committee to proceed with voting on the proposed changes now so they could be incorporated before the next fiscal year.

Trustee Vogel moved:

- That the Board Bylaws be amended as presented.

Trustee Vasquez seconded and the motion carried with all Trustees present voting in favor.

A copy of the “Amended Board Bylaws” are incorporated as part of these Minutes as [Exhibit 2](#).

Board Governance Manual

Ms. Burns stated that the Board Governance Manual is currently being drafted with new organizational structure and Board orientation practice. The Manual will be completed and presented at the June 2015 meeting.

iPad Policy/Board Portal

Ms. Burns directed the Board to the SURS iPad Policy that was distributed which is a usage agreement with respect to use of iPads that will be distributed to Trustees for the September meeting. The iPads will have an App which will contain all board materials in lieu of books that are currently distributed. Trustee Anderson noted this is in support of cost and time savings for the organization and moving toward increasing efficiency. Ms. Burns discussed the necessity to be careful of what is put on iPads due to hacking concerns and noted that the iPads would be required to be returned upon expiration of a Trustee’s term.

Ms. Lori Kern remarked that Boardvantage MeetX is the program that staff has selected that will be utilized for paperless processing of board materials starting in September. She explained that distribution of meeting documents will be automated and more timely and advised that one can review and annotate documents even while offline. Ms. Burns informed the Board that once the iPad usage agreement is signed, iPads will be distributed and Boardvantage MeetX will provide one-on-one training with each Trustee at a time convenient for them.

Trustee Mitchell Vogel moved:

- That the iPad Policy be adopted as presented.

Trustee Vasquez seconded and the motion carried with all Trustees present voting in favor.

A copy of the “SURS iPad Usage Agreement” is incorporated as part of these Minutes as [Exhibit 3](#) .

TRUSTEE ELECTION UPDATE

Mr. Steve Hayward provided the Committee with an election update stating that the challenge period for petitions ended on February 19, 2015, with no petition challenges being filed. Mr. Hayward provided a sample ballot to the Trustees and stated candidate bios would be included with the ballot materials. Election materials will be mailed March 20, 2015, and the voting period is April 1, 2015 through May 1, 2015. Election results will be announced May 4, 2015, and the seven day challenge period will begin that same day. The Secretary will certify the election results to the Board at the June 2015 meeting and Trustee terms will begin July 15, 2015.

Trustee Vogel stated he has received comments and concerns that the votes will be counted out of state and candidates will not be able to have a representative present when votes are counted. He suggested that when reviewing the process in the future, that local purveyors are considered so that candidates, if they so desire, can have someone present for vote counting and tabulation. Mr. Weinstein remarked that the same vendor was selected and used for the last election. Mr. Hayward stated that an RFP was issued with a focus on electronic processing and he noted there were no major firms in Illinois that offered those services.

A copy of the staff memorandum dated February 26, 2015, entitled “2015 Board of Trustees Election Update,” and supporting documents are incorporated as a part of these Minutes as [Exhibit 4](#).

PUBLIC COMMENT

There were no public comments presented to the Board Governance Committee.

Since there was no further business before the Committee, Trustee Vasquez moved that the meeting be adjourned. The motion was seconded by Trustee Engstrom and carried with all Trustees present voting in favor.

Respectfully submitted,



Mr. William E. Mabe
Secretary, Board of Trustees

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