



## **MINUTES**

**Meeting of the Board Governance Committee  
of the Board of Trustees of the  
State Universities Retirement System  
10:15 a.m., Friday, September 19, 2014  
State Universities Retirement System  
1901 Fox Drive, Main Conference Room  
Champaign, Illinois 61820**

The following Trustees were present: Ms. Lindsay Anderson, Chair; Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller, Mr. Peter Newell, Mr. Antonio Vasquez, and Mr. Mitchell Vogel .

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; Mr. Albert Lee, Associate General Counsel; Ms. Angela Lieb, Director of Member Services; Mr. Chris Hansen, Director of Operations; Mr. Douglas Steele, Director of Application Development/Research; Ms. Suzanne Mayer, Interim Director of Outreach; Ms. Brenda Dunn, Director of Human Resources; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli, and Ms. Renaye Manley of Service Employees International Union.

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

### **APPROVAL OF MINUTES**

Trustee Lindsay Anderson presented the Minutes from the Board Governance Committee meeting of June 13, 2014 and Trustee Richard Figueroa moved that:

- The Minutes from the June 13, 2014 Board Governance Committee Meeting be approved as presented.

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

## **CHAIRPERSON'S REPORT**

Trustee Anderson indicated that there is no Chairperson report at this time.

## **BOARD ADMINISTRATION**

Mr. Mabe updated the Board Governance Committee and the Trustees present on the Committee Assignments for FY 2015. The assignments would be updated with Subcommittee Assignments. Mr. Mabe also referred to the proposed Charters for each committee.

Trustee John Engstrom reported that he and Mr. Hayward have reviewed the proposed charters for the Audit & Risk Committee and are recommending two changes. The first change concerns the membership section. Trustee Engstrom confirmed that in all other committees the Chair of the Board appoints the members and the Chair of the Board can remove the members. He is recommending that in the interest of independence of the Audit Committee, that individual members of the Audit Committee members cannot be removed by the Chair of the Board, but rather only by majority after a Board vote. Mary Pat Burns concurred with the recommendation.

In addition, Trustee Engstrom recommends a change regarding whistle blower protections. Currently the ethics officer administers the whistle blower program which is under the Legal and Legislative Committee and he would like to propose adding a similar requirement item under the Audit and Risk Committee charter which would not conflict with the Legal and Legislative Committee but would help ensure that there is a program in place.

Mr. Mabe acknowledged that the changes proposed by Trustee Engstrom are warranted and Ms. Burns concurred with the recommendations.

In further review of the proposed Charters, Mr. Mabe noted some minor changes were made by Mr. Allen to the proposed Investment Charters.

Trustee Paul R.T. Johnson Jr. made the following motion:

- The Board adopt the proposed recommendations and changes to the Committee Charters.

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

Mr. Mabe presented the Draft Annual Agenda for FY 2015 and asked for comments. Seeing as how there were no comments, Trustee Johnson made the following motion:

- That the Board approve and adopt the 2015 SURS Board of Trustees Annual Agenda.

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

A copy of the “Committee Assignments for FY 2015” and the “2015 SURS Board of Trustees DRAFT Annual Agendas”, are incorporated as a part of these Minutes as [Exhibit 1](#) and [Exhibit 2](#).

Mr. Mabe then presented a proposed SURS Pension trustee Education Program and recommended that the Board consider implementing a comprehensive Board educational program. The intention is to develop an educational agenda and a library of materials for current and future Board members.

Mr. Mabe indicated that he has asked staff to develop materials for use at these educational sessions and that the Board members would also be able to access outside of Board meetings via internet, webinars, etc. He remarked that this education information would be in addition to sessions being conducted during regular meetings. Mr. Mabe remarked that if anyone had preferred topics that they would like to see addressed, to please let him know.

Trustee Figueroa made the following motion

- That the Board approve and adopt the SURS Pension Trustee Education Program.

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

A copy of the SURS Pension Trustee Education Program is incorporated as a part of these Minutes as [Exhibit 3](#).

### **TRUSTEE ELECTION**

Mr. Hayward provided the Committee an update on the May 2015 Board of Trustees Election. Mr. Hayward stated that there are two contributing member positions and one annuitant position up for election with each new Trustee serving a six-year term. Mr. Hayward then discussed the basics of the election process, the election timeline and the election calendar highlighting key dates during the election process. Mr. Hayward reported that sometime soon after the September Board meeting, the Secretary will announce the election via Press Release.

The candidate petition forms will be available for circulation on 10/1/14. Mr. Hayward noted that annuitant candidates must obtain 100 signatures and active members must obtain 400 signatures. SURS staff will verify all petitions. Candidates must complete an application and file it with the SURS office by 12/31/14. Mr. Mike Weinstein reiterated that candidate applications are due one month before petitions are due. Election materials will be mailed to the membership 03/20/15 with the voting period running 04/01/15-05/01/15 and results should be available 05/02/15.

Mr. Hayward stated that the Pension Code was amended in July 2013 to allow the adoption of rules providing for internet or phone balloting in addition to an election by mail. In March 2014, Trustees revised and adopted rules (1600.720) that allow the Board Secretary to

determine the specific voting methods used for each election in addition to the mandatory paper ballots required by the Pension Code. The other voting methods proposed at this time are electronic voting methods using the internet and telephone. Discussion of these proposed electronic voting methods and the advantages continued. Mr. Hayward assured the Committee that all of the final candidates in the election services provider search appear to be fully qualified to conduct member and annuitant elections via paper ballot, internet and phone voting. Therefore, SURS staff is recommending the approval of internet and phone voting for the 2015 annuitant and contributing member elections.

Trustee Engstrom made the following motion:

- The Board approve internet and phone voting for the 2015 Annuitant and Contributing Member Elections.

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

Copies of the “2015 Board of Trustees Election Update,” “2015 SURS Board of Trustees Election Timeline,” “SURS 2015 Board of Trustees News Release,” and staff memorandum entitled “Trustee Election Voting Methods” are incorporated as part of these Minutes as [Exhibit 4](#).

Mr. Doug Steele provided a brief update on the Election Services Provider Search reporting that the RFP was issued in July 2014, posted on the SURS website and advertised in the state newspaper. Mr. Steele summarized the search and the criteria used in the evaluation process that was utilized in narrowing the list of candidates to two finalists. Mr. Steele noted that one of the largest expenses of the election process is postage and suggested that in the future SURS may want to consider options that allow election materials to be sent via email. Unfortunately, the pension code does not allow for this. In conclusion, after all factors were considered, the SURS Election Service search team recommends that VR Election Services be selected for the 2015 SURS Board of Trustees elections.

Trustee Johnson made the following motion:

- That VR Election Services (VRES) be retained as the Election Services Provider, subject to successful contract negotiations.

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

A copy of the staff memorandum entitled “Election Services Provider Search Analysis” with attached Exhibit A – 2015 Election Service Provider Evaluation Matrix and Exhibit B – Estimate of the Cost of the 2015 SURS Board of Trustees Election is incorporated as part of these Minutes as [Exhibit 5](#).

## **FIDUCIARY EDUCATION (EDUCATION TOPIC)**

Ms. Burns provided the group fiduciary education on SURS travel policies, submitting travel vouchers and Trustee timesheets. Ms. Burns remarked on the importance of filing timely travel reimbursements, Board timesheets and education hours with the system. Ms. Burns reminded the Trustees that pursuant to Public Act 96-0006, the Trustees are required to have 8 hours of annual training and a majority of the Board must approve all Board travel in order to qualify for reimbursement of expenses in accordance with the Board's Travel Approval and Expense Reimbursement Policy. However, all of this information must be properly reported to ensure compliance.

Discussion ensued in which Ms. Burns clarified that there are currently two different types of timesheets. One is for the time spent working on SURS business and the other is for the education hours received when attending conferences. Ms. Burns stated that there are internal policies in place requiring Board members to submit timesheets and education hours to Ms. Lori Kern for proper reimbursement and reporting as fiduciaries.

Ms. Burns referred to a recent opinion from the Office of Executive Inspector General (OEIG) and summarized the highlights of the case and opinion issued. Ms. Burns encouraged the Board to read the opinions of the OEIG and be mindful of the appearance of impropriety.

The education topic began at 11:00 a.m. and ended at 11:15 a.m.

## **PUBLIC COMMENT**

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William E. Mabe". The signature is fluid and cursive, with the first name "William" and last name "Mabe" clearly distinguishable.

Mr. William E. Mabe  
Secretary, Board of Trustees

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