



MINUTES

**Meeting of the Governmental Affairs Committee
of the Board of Trustees of the
State Universities Retirement System
9:30 a.m., Friday, June 14, 2013
The Northern Trust
50 South LaSalle Street, London Room B9
Chicago, Illinois 60603**

The following Trustees were present: Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller, and Mr. Mitchell Vogel.

Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel; Mr. Daniel Allen, Chief Investment Officer; Mr. Douglas Wesley, Deputy Chief Investment Officer; Ms. Phyllis Walker, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Chris Hansen, Director of Operations; Mr. Doug Steele, Director of Application & Development; Ms. Brenda Dunn, Director of Human Resources; Ms. Angela Lieb, Director of Member Services; Mr. Jeffrey Houch, Legislative Liaison; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Ms. Linda Brookhart of SUAA; Ms. Janet Jones of Janet Jones & Associates, Mr. Steve Zahn of Governmental Consulting Solutions; Ms. Renaye Manley of Service Employees International Union.

Roll call attendance was taken. Trustee Anderson, absent; Trustee Matthews, present; Trustee McCrohon, present; Trustee Miller, present.

APPROVAL OF MINUTES

Trustee Craig McCrohon presented the Minutes from the Governmental Affairs Committee meeting of March 13, 2013. Trustee Andrew Matthews moved:

- That the Minutes from the March 14, 2013 Governmental Affairs Committee meeting be approved as presented.

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

CHAIRPERSON'S REPORT

With the absence of Trustee Anderson, no Chairperson Report was given.

RULEMAKING

Mr. Weinstein reported on SURS' rulemaking, noting that the Board is required to adopt a Regulatory Agenda for Administrative Rules every six months. The proposed Regulatory Agenda for July 2013 was presented. Potential Changes to the Procurement Rule, Return to Work Rule and the Freedom of Information Act Rule were noted. Mr. Weinstein then gave a brief summary of recently adopted Administrative Rules. .

Trustee Matthews then made the following motion:

- That the July 2013 Regulatory Agenda be approved as presented.

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

A copy of "SURS July 2013 Regulatory Agenda," is incorporated as part of these Minutes as [Exhibit 1](#).

LEGISLATIVE UPDATE

Mr. Weinstein introduced Mr. Jeff Houch; SURS Legislative Liaison, Mr. Steve Zahn of Governmental Consulting Solutions and Ms. Janet Jones of Janet Jones & Associates. Mr. Houch, Mr. Zahn and Ms. Jones provided an update on recent legislation.

Mr. Houch noted that the General Assembly did pass a budget which included SURS full contribution as certified for Fiscal Year 2014 which is slightly more than \$1.5 Billion. He mentioned that SURS Legislative Team, as well as Mr. Mabe, spent a lot of time in Springfield working to try to assure the financial soundness of the system.

Mr. Houch noted that SURS continued to be a strong presence in Springfield throughout the entire spring session monitoring proposed legislation, specifically mentioning the following:

- HB 2293 SURS Technical Corrections Bill - This Technical Corrections Bill passed the House on April 16, 2013; passed the Senate on May 23, 2013. This Bill was introduced in the state house on February 26, 2013 and brings all of the Tier II provisions into SURS Article 15. All proposed changes in the SURS Technical Corrections Bill are administrative in nature and have no impact on revenue or expenses.
- HB 1296 Prohibited Investments with Firearm Manufacturing Companies - This Bill failed to pass the House. This means that the SURS Compliance Officer will not have to compile a gun divestiture list at this time.
- SB 1 Comprehensive Pension Reform (Madigan Bill) - this provides unilateral cuts to pension benefits and includes all member even those who are already retired. It will

require a separate appropriation request for employer normal cost and amortization of unfunded liability. The Governor must introduce and the systems must certify these costs separately. This passed the House but failed to pass the Senate.

- SB 2404 Comprehensive Pension Reform for 4 of the 5 State Retirement Systems - SURS included (Cullerton Bill) - this Bill requires members to make a voluntary election to reduce their pension benefits. This Bill establishes a taskforce to review the Tier 2 retirement plan to determine that plan's effectiveness to provide adequate retirement income and whether or not the Tier 2 meets federal compliance. This Bill passed the Senate; however has not been called for a vote in the House.

A complete summary of these items can be found in Mr. Houch's "Legislative Update - End of 2013 Spring Session," which is incorporated as a part of these Minutes as [Exhibit 2](#).

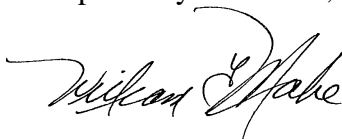
Mr. Steve Zahn briefly discussed the proposed IGPA Benefit Reform and SURS Cost Shift noting that the University of Illinois Institute of Government and Public Affairs ("IGPA") has taken an active role in the pension debate by introducing benefit reforms (SB2591) and supporting the proposed SURS cost shift (SB 1687). A complete summary of Mr. Zahn's comments regarding these items can be found in his memorandum entitled "IGPA Benefit Reform & SURS Cost Shift," which is incorporated as part of these Minutes as [Exhibit 3](#).

UPDATE FROM SUAA

Trustee McCrohon welcomed Ms. Linda Brookhart, Executive Director of the State Universities Retirement System (SUAA). Ms. Brookhart thanked the Committee for the opportunity to address them. Ms. Brookhart provided an update to the Board on SUAA's recent activities. A complete summary entitled "The State Universities Annuitants Report," has been incorporated as part of these Minutes as [Exhibit 4](#).

Since there was no further business before the Committee, Trustee Matthews 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

WEM:lk