



MINUTES

**Meeting of the Governmental Affairs Committee of the
State Universities Retirement System
3:30 p.m., Wednesday, March 13, 2013
Abraham Lincoln Presidential Library and Museum
Governor's Conference Room, Library
212 North Sixth Street
Springfield, IL 62701**

The following Trustees were present: Ms. Carrie Hightman, Chairwoman; Ms. Jacqueline Berger, Dr. John Engstrom, 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. Kimberly Pollitt, Senior Investment Officer; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Phyllis Walker, Chief Financial Officer; Ms. Beth Spencer, Communications Manager; Mr. Jeffrey Houch, Legislative Liaison; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Ms. Patti Somerville-Koulouris of the Northern Trust Company; Ms. Janet Jones of Janet Jones & Associates; and, Mr. Steve Zahn of Governmental Consulting Solutions.

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

APPROVAL OF MINUTES

Trustee Carrie Hightman presented the Minutes from the Governmental Affairs Committee meeting of December 14, 2012. Trustee Dorinda Miller moved that:

- The Minutes from the December 14, 2012 Governmental Affairs Committee meeting be approved as presented.

Trustee Andrew Matthews seconded and motion carried with all Trustees present voting in favor.

CHAIRPERSON'S REPORT

Chairwoman Hightman reserved her remarks to insure sufficient time for discussing pending legislation.

MARCH 2013 LEGISLATIVE EVENT

Chairwoman Hightman stated that the Legislative Outreach Reception would be held immediately following the meeting today, March 13, 2013, at the Sangamo Club from 5:30 p.m. to 7:30 p.m. A Legislative Dinner, held in conjunction with the State Universities Annuitant's Association (SUAA) will begin at 7:30 p.m. for invited guests. She reminded the trustees that the purpose of the Legislative Event is to educate the Legislators on the importance of funding the System. The Legislative District Maps have been updated and will be on display during the legislative reception. These maps show the Legislators how many SURS members are in their district as well as how much money is going back to their district from the SURS System.

LEGISLATIVE UPDATE

Mr. Jeff Houch introduced himself as SURS internal Legislative Liaison and also introduced SURS External Lobbyists, 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 provided an update on HB 3411 - Pension Reform Bill that would affect four of the five State Retirement Systems, including SURS. HB3411 contains unilateral reforms for all Tier 1 Participants and Retirees. The part of this Bill drawing quite a bit of attention is the fact it will cap the pensionable earnings of a Tier 1 participant at the applicable Social Security Wage Base. HB 3411 would currently require the system to recertify the FY14 contribution based upon the reduction in liability that this would provide. Discussion regarding this issue continued.

Mr. Houch and Mr. Zahn discussed SB 1 – Comprehensive Pension Reform for four of the five State Retirement Systems, including SURS. Senator President Cullerton is the sponsoring SB1 and he did file an amendment to this Bill earlier today. This Bill consists of a Part A and Part B. Part B serves as a “back-up” so that if any benefit reforms contained in Part A are declared unconstitutional, then benefit reforms contained in Part B shall take effect.

Mr. Houch gave a brief summary of other potential legislation affecting SURS, a complete summary of these items can be found in Mr. Houch's Legislative Update as of March 1, 2013, which is incorporated as a part of these Minutes as [Exhibit 1](#) .

Mr. Michael Weinstein gave an update on HB 2293 (SURS Technical Corrections Bill). This Technical Corrections 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.

The Board discussed the suggested amendments to §15-163 regarding authorization of benefit payments. At the recommendation of Ms. Burns, the Board decided to eliminate this proposed amendment as being unnecessary. If the Board decides they want to change the current process, Ms. Burns recommended such a change could be more effectively done through an administrative rule.

Trustee Vogel moved that:

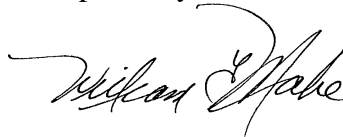
- The amended Technical Corrections Bill (HB 2993) as amended to remove reference to §15-163 be approved.

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

A copy of staff memorandum, entitled “House Bill 2993 (SURS Technical Corrections Bill) and the red-lined version of the Bill have been incorporated as a part of these Minutes as [Exhibit 2](#) and [Exhibit 3](#) .

Since there was no further business before the Committee, Trustee Miller moved that the meeting be adjourned. Motion seconded by Trustee Andrew Matthews 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 written in a cursive style with a large initial "W".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lak