



## **MINUTES**

**Meeting of the Governmental Affairs Committee  
of the Board of Trustees of the  
State Universities Retirement System  
9:00 a.m., Friday, September 13, 2013  
Northern Trust  
50 South LaSalle Street, London Room B9  
Chicago, Illinois 60603**

The following Trustees were present: Ms. Lindsay Anderson, Chair; Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller, 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; Mr. Douglas Wesley, Deputy Chief Investment Officer; Ms. Phyllis Walker, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Albert Lee, Associate General Counsel; Mr. Jeffrey Houch, Legislative Liaison; Ms. Lori Kern and Ms. Karen Hipskind, Executive Assistants; Mr. Steve Zahn of Governmental Consulting Solutions; Ms. Mary Pat Burns of Burke, Burns & Pinelli; and Ms. Patti Somerville-Koulouris of the Northern Trust Company.

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

## **APPROVAL OF MINUTES**

Trustee Lindsay Anderson presented the Minutes from the Governmental Affairs Committee meeting of June 14, 2013. Trustee Andrew Matthews moved:

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

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

## **CHAIRWOMAN'S REMARKS**

Trustee Anderson stated that she had no remarks at this time.

## LEGISLATIVE UPDATE

Mr. Michael Weinstein reported that the Illinois General Assembly passed HB 2293, which then became Public Act 98-0092 upon the Governor's signature in August. Mr. Weinstein further reported that after the Governor signed the Bill, a few ambiguities were identified within the Act and he feels they should be addressed through the passage of "trailer" legislation. SURS has drafted language that would clarify that SURS Tier I members that migrate to any reciprocal system after January 1, 2011 are to be treated as Tier I members within those systems and funds. Staff has also drafted language to clarify that while eligibility for Tier II members is based upon the Tier II criteria, the calculation of their benefits is based upon the Tier I calculation that has always been in effect. The Bill could possibly be passed during the upcoming Veto session this fall or early next spring.

Mr. Weinstein then introduced Mr. Jeff Houch; SURS Legislative Liaison and Mr. Steve Zahn of Governmental Consulting Solutions. Mr. Houch and Mr. Zahn provided a brief update on recent legislation noting that this is normally the slowest time of the year for legislation and that not much has changed since their last legislative report in June. Mr. Zahn remarked that we are getting ready to enter into a political season, noting that traditionally in political seasons as they enter into Spring session, more legislation transpires and gets done in April and May rather than January, February and March. Mr. Houch also reported that although legislation has been slow moving, SURS and GRS have been extremely busy responding to requests from the Conference Committee for actuarial proposals regarding potential Pension Reform. Both Mr. Houch and Mr. Zahn agreed that any type of Pension Reform legislation is going to be difficult to pass and that it is going to have to pass through a lot of hurdles before it actually becomes law.

A complete summary of Mr. Houch's "Legislative Update" is incorporated as a part of these Minutes as [Exhibit 1](#).

## RULEMAKING

Mr. Weinstein reported that since the June Board meeting, the rules pertaining to the "Board Trustee Election" changes with respect as to how SURS chooses or fills vacancies on the Board were adopted and will be published in the September 27, 2013 issue of the Illinois Register. The rules were effective, as of Thursday, September 12, 2013.

Mr. Weinstein also presented an additional rule change that he would like to submit: an additional revision to the "Rules of Practice – Nature and Requirements of Formal Hearings". This amendment will clarify that SURS administrative staff has the responsibility to make initial determinations as to all applications for annuities and benefits, service credit or any other claims against or relating to SURS, consistent with the provision of the Illinois Pension Code. Additionally, the proposed rule formally allows the staff to file a Response to a Statement of Claim. A copy of Mr. Weinstein's memorandum entitled "Rulemaking Update" and a red-line version of the "Notice of Proposed Amendment" concerning SURS "Rules of Practice – Nature and Requirements of Formal Hearings" are incorporated in these Minutes as [Exhibit 2](#) and [Exhibit 3](#).

Trustee John Engstrom moved:

- That the Board approve the submission to JCAR for “First Notice,” the proposed amendment concerning SURS “Rules of Practice - Nature and Requirements of Formal Hearings.”

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

Since there was no further business before the Committee, Trustee Craig McCrohon 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 cursive script, appearing to read "William E. Mabe".

Mr. William E. Mabe  
Secretary, Board of Trustees

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