



MINUTES

**Meeting of the Personnel & Resource Committee
of the Board of Trustees of the
State Universities Retirement System
9:00 a.m., March 21, 2014
State Universities Retirement System
1901 Fox Drive, Main Conference Room
Champaign, Illinois 61820**

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

The following Trustees were absent: Ms. Jacqueline Berger.

Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel; Mr. Daniel Allen, Chief Investment Officer; Mr. Doug 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. Jeff Houch and Mr. Steve Zahn, Legislative Liaisons; Ms. Beth Spencer, Communications Manager; Ms. Angela Lieb, Director of Member Services; Ms. Pamela Butler, Director of Outreach; Mr. Chris Hansen, Director of Operations; Mr. Doug Steele, Director of Application Development/Research; Ms. Brenda Dunn, Director of Human Resources; Ms. Lori Kern and Ms. Karen Hipskind, Executive Assistants; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Ms. Patti Summerville of Northern Trust; and Ms. Linda Brookhart of SUAA.

Personnel & Resource Committee roll call attendance was taken. Trustee Berger, absent; Trustee Miller, present; Trustee Vasquez, present.

APPROVAL OF MINUTES

Trustee Antonio Vasquez presented the Minutes from the Personnel & Resource Committee meeting of December 13, 2013. Trustee Dorinda Miller moved:

- That the Minutes from the December 13, 2013 Personnel & Resource Committee meeting be approved as presented.

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

CHAIRPERSON'S REPORT

Trustee Vasquez indicated that there is no Chairperson Report at this time.

COMPENSATION STUDY

Trustee Vasquez commented that over the years the Committee has voiced concerns regarding the organization's pay structure and whether or not it is appropriate or in need of adjustment. Ms. Dunn reported that over the past several weeks, SURS has been in the process of participating in a Compensation Study that will provide insight and recommendations as to whether or not the organization's current compensation structure, policies and practices are effective or in need of adjustment.

CLOSED SESSION

Trustee Vasquez noted that in light of the conversation and the fact that we will be discussing employee matters it is felt that the discussion take place in closed session. Trustee Vasquez moved that the Committee go into closed session under the Open Meetings Act to discuss employee matters, pursuant to §2(c)(1). Trustee Mitch Vogel seconded and the motion carried in a roll call vote:

Trustee Berger	-	Absent
Trustee Miller	-	Aye
Trustee Vasquez	-	Aye

SUCCESSION PLANNING

The succession planning discussion was convened in closed session.

A copy of staff memorandum entitled "2015 Organizational Planning" is incorporated as part of these Minutes as [Exhibit 1](#).

CEM BENCHMARKING STUDY

The CEM Benchmarking Study discussion was convened in closed session.

A copy of staff memorandum entitled "CEM Benchmarking Study Project Update" is incorporated as part of these Minutes as [Exhibit 2](#).

RETURN TO OPEN SESSION

The Personnel & Resource Committee returned to open session.

Trustee Figueroa departed the meeting at 10:55 a.m.

PLANNING AND PROJECTS

Mr. Mabe presented a preliminary look of the Fiscal Year Planning for New, Ongoing and Major Projects noting that projects have been ranked by using a relative cost/benefit approach.

A copy of “SURS Fiscal Year 2015 Planning – New and Ongoing Projects” and “SURS Major Projects for Fiscal Year 2015” are incorporated as part of these Minutes as [Exhibit 3](#) and [Exhibit 4](#).

Mr. Mabe noted that Trustee Vogel was going to have to leave at 11:30 so in the consideration of time, he suggested moving the Pension Reform Discussion up on the Agenda in order to allow all Trustees to participate in the conversation.

PENSION REFORM IMPLEMENTATION

Mr. Mabe introduced Ms. Angela Lieb, the Director of Member Services and Project Manager of SURS Pension Reform Implementation. Ms. Lieb noted that PA 98-599 will become effective on June 1, 2014, and she remarked that this is by far, the biggest change that she has seen in her 25 years of employment at SURS. Many of the things that SURS is planning on implementing on June 1, 2014, may be found unconstitutional at some point in time and this would then require SURS to reverse actions. This could be months or years down the road but it is something that SURS is concerned about. Over the past couple of months, SURS has had their technical experts and the SURS Legal Department analyzing the legislative changes and working to come up with plans on how to implement the changes. Some of the changes that have been found would need to be corrected with a Trailer Bill. At this time, it is unsure if a Trailer Bill would pass or even be introduced so staff is working very hard to come up with a “Plan B”. Even though SURS is continually evaluating the programming changes that will be necessary to implement Pension Reform and prioritizing these changes, currently most of SURS efforts have been on educating members and employers.

Ms. Pamela Butler, Director of Outreach, then reported that Pension Reform has created serious demands for service, and that SURS Staff is taking extraordinary steps to respond to the demand. Ms. Butler then provided an overview of the efforts being made by staff to educate SURS members in order for them to make informed decisions.

Ms. Lieb commented that SURS is unique in that the Money Purchase Benefit is highest for approximately 65% of the members that retire. The Money Purchase factors are changing as well as the interest rate so that is why SURS is seeing such a big change in these retirement calculations. For the other Illinois Reciprocal Systems who have an actuarial or Money Purchase Benefit – it doesn’t make up that large of a percentage for their annuitants. SURS also has excess service and contribution waivers to consider which the other systems don’t have. So as other reciprocal systems may be taking a more “relaxed” approach to pension reform, this may work for them because they aren’t seeing as large of an impact on benefits as SURS is seeing.

Mr. Michael Weinstein then proceeded with an update on the current litigation, noting that there have been five cases filed. Four of them have been consolidated in Sangamon County with a

fifth case being filed in Champaign County. At this time, Mr. Weinstein is not aware of any movement with respect to getting the fifth case moved to Sangamon County with the other four cases. The four cases are scheduled for a status hearing in Sangamon County on Tuesday, March 25, 2014.

Mr. Albert Lee discussed the possibility of a stay of execution being entered and indicated that SURS has been in contact with the Attorney General's office regarding this issue. Mr. Lee reported that as of this morning, a stay of execution has not been requested. The Attorney General's office informed SURS that according to their reading of case precedent, the stay would be retroactive and the Attorney General could possibly push for the proposal that SURS would be a custodian for the disputed amounts. SURS would withhold at the old contribution rate while paying out the lower AAI so that when everything is decided, SURS would be in a position to refund money instead of collecting money. SURS doesn't even know if it is a possibility to implement from a programming standpoint with such little time to plan.

CLOSED SESSION

Trustee Vogel wanted to discuss the position, if any, that the Board would like to take on requesting a stay of execution. Being as though this involves consideration of strategy for pending litigation, Trustee Engstrom moved that the Committee go into closed session under the Open Meetings Act to discuss pending litigation, pursuant to §2(c)(11). Trustee Miller seconded and the motion carried in a roll call vote:

Trustee Berger	-	Absent
Trustee Miller	-	Aye
Trustee Vasquez	-	Aye

RETURN TO OPEN SESSION

The Personnel & Resource Committee returned to open session.

Trustee Vogel moved:

- That SURS ask the Attorney General to remain neutral in any request for a stay of execution in regards to 98-599.

After Trustee Matthews seconded the motion, further discussion ensued and Trustee Anderson stated that the SURS Board has a duty as Trustees to uphold and presume the constitutionality of the law. She feels strongly that not only should the Board not be taking a position on a stay of execution, but that the Board should not be advising the Attorney General on this issue.

No further discussion was requested and Trustee Anderson asked for a roll call vote:

Trustee Anderson	-	No
Trustee Berger	-	Absent

Trustee Engstrom	-	No
Trustee Figueroa	-	Absent
Trustee Johnson	-	No
Trustee Matthews	-	Yes
Trustee McCrohon	-	No
Trustee Miller	-	Yes
Trustee Newell	-	No
Trustee Vasquez	-	Yes
Trustee Vogel	-	Yes

The motion failed and no further discussion was had regarding this issue.

Trustee Mitch Vogel departed the meeting at 11:35 p.m.

FACILITIES UPDATE

Mr. Chris Hansen gave the Committee a brief overview of SURS' facilities noting that Staff moved into the current building in 1992. Mr. Hansen then went over the Capitalized Building Improvements reporting that we have spent approximately 1 million dollars in improvements since that time and that those numbers will only continue to increase as the building is almost twenty years old. He briefly touched on some of the major cost projects that will need to be addressed in the next couple of years. Mr. Hansen then outlined the Building Features noting that over time, SURS has continued to put more people in the building and space is continually becoming a challenge. He then discussed future growth alternatives such as: converting storage space for offices, allowing staff to work from home, relocating staff, adding-on to the current building, or looking at other relocation facilities.

A copy of the Mr. Hansen's "Building Layout/Facility Update" is attached as part of these Minutes as [Exhibit 5](#).

Ms. Mary Patricia Burns presented the proposed SURS Concealed Carry Policy which would allow SURS to post notices on the outside of the building that would prohibit the possession of weapons in the SURS building.

Trustee Johnson moved:

- That the Board approve the SURS Concealed Carry Policy and delegate authority to the Executive Director of SURS to promulgate additional policies, regulations and procedures related to and consistent with the Policy, the Concealed Carry Act and other applicable laws and regulations

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

A copy of the "State Universities Retirement System of Illinois Concealed Carry Policy" is attached as part of these Minutes as [Exhibit 6](#).

PUBLIC COMMENT

There were no public comments presented to the Personnel & Resource Committee.

ADJOURN

There being no further business to come before the Committee, Trustee Vasquez moved that the meeting be adjourned. This motion was seconded by Trustee Miller 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

WEM:lk