



MINUTES

**Meeting of the Personnel & Resource Committee
of the Board of Trustees of the
State Universities Retirement System
9:30 a.m., Friday, September 13, 2013
Northern Trust
50 South LaSalle Street, London Room B9
Chicago, Illinois 60603**

The following Trustees were present: Trustee 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 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 Berger; absent; Trustee Miller, present; Trustee Vasquez, present.

APPROVAL OF MINUTES

Trustee Antonio Vasquez presented the Minutes from the Personnel & Resource Committee meeting of June 14, 2013. Trustee Dorinda Miller moved:

- That the Minutes from the June 14, 2013 Personnel and Resource Committee meeting be approved as presented.

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

REVIEW OF CLOSED SESSION MINUTES

Trustee Vasquez presented the closed session Minutes from the Personnel & Resource Committee meeting of June 14, 2013. Trustee Mitchell Vogel moved:

- That the closed session Minutes from June 14, 2013 be approved as presented and be opened.

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

CHAIRPERSON'S REMARKS

Trustee Vasquez commended both Mr. Mabe and the entire staff for all of their efforts regarding the noted improvements that have been made to the performance evaluation structure and process. He knows that this hasn't been an easy task and he appreciates all of the time and effort that has gone into the process.

SURS UPDATE

Mr. Mabe noted that SURS will be working on several Human Resource related projects this year. Mr. Mabe remarked that SURS is currently in the middle of a compensation study for the investment staff and upon completion of this study SURS will conduct a compensation study for the rest of the organization. In doing these studies, SURS will be able to determine if the organization compensation and staffing levels are appropriate. Over the next several months, SURS will be gathering information from these studies and will present the findings to the Board at a future meeting.

Mr. Mabe advised that staff has also been working on succession planning and will be conducting an analysis of current SURS employees job knowledge and skills in order to help identify potential gaps between current capabilities and future needs created by changing needs of the organization and possible retirements over the next three to five years. Once this analysis is complete, SURS will develop a plan to address these needs which could include hiring more staff, providing more training, restructuring or hiring external candidates to fill skill gaps. During this process leadership will be working closely with staff to ensure that all necessary resources and tools are in place and that all roles are clearly understood in order to measure continued progress and success.

Mr. Mabe reported that SURS is developing a Project Management Office (PMO). In July, twenty-two managers and staff participated in a two-day training course entitled "Essentials of Managing Projects", conducted by the University of Illinois Business Innovation Services (BIS). While SURS has been managing projects for years, SURS lacks a formal process. The goal of the PMO is to enable the organization to complete more successful, timely, consistent, and cost effective projects.

Beginning later this month, SURS Management Staff will be participating in forty hours of Lean Leadership Training with the U of I BIS. The remaining staff members will be attending eight hours of training on Teamwork, Communications and Conflict Resolution in January 2014. A copy of Ms. Brenda Dunn's staff memorandum entitled "Status Update of Employee Training" has been incorporated as part of these Minutes as [Exhibit 1](#).

Mr. Mabe also updated the Board regarding the performance evaluations/appraisals for individuals who were denied a full increase this year. After a thorough review process, Mr. Mabe assured the Board that performance-related issues were the cause of all merit increase denials. Mr. Mabe noted that Human Resources is in the process of developing a formal appeal process for those employees who disagree with their performance evaluation/appraisal. Trustee Vogel requested that Mr. Mabe report back to the Board with respect to the plan for implementation of future merit increases as well as the progress of a formal appeal process.

An invitation was extended to the Board to attend the SURS Annual Employee Awards luncheon that will be held on October 2, 2013.

SURS INCLUSION GOAL AND POLICY

Ms. Phyllis Walker gave a brief overview of the history of the SURS Inclusion policy which establishes guidelines for the inclusion of minority, women or disabled-owned businesses in SURS procurement process. Observing that the policy must be revised annually to include the Board approved goal. Ms. Walker reviewed the previous fiscal year's goal and advised that although the stated goal was not met, she recommends the goal to be maintained at 25%. Ms. Walker advised that staff will continue to seek to expand this vendor group. Ms. Walker presented a minor amendment to the Inclusion Policy. A copy of Ms. Walker's staff memorandum entitled "Recommendation of Inclusion Goal for Fiscal year 2014" and a red-lined version of the amended Inclusion Policy have been incorporated as part of these Minutes as [Exhibit 2](#) and [Exhibit 3](#).

Discussion amongst the Committee ensued in regards to how compliance information is tracked. Mr. Weinstein noted that SURS certainly tries to remain aware of any cases that would come before the Illinois Department of Human Rights. Mr. Weinstein also noted that whenever SURS enters into a contract with a vendor, the vendor must agree and sign the SURS Standard Addendum which specifically states that they comply with the Illinois Department of Human Rights rules. If a vendor violates this contract, SURS can report them to the State's Attorney's office.

Trustee Dorinda Miller moved:

- That the SURS goal for contracts and purchases from businesses owned by minorities, women and persons with a disability be 25% for Fiscal Year 2014.
- That the revision to the SURS Inclusion Policy document be accepted as presented.

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

FISCAL YEAR 2014 AMENDMENT TO ADMINISTRATIVE EXPENSE BUDGET

Ms. Walker presented the Revised Fiscal Year 2014 Administrative Budget noting that after the approval of the budget at the June Meeting, a motion was made to increase the Executive Director salary which was not reflected in the approved administrative budget at that time.

This revised administrative budget reflects the approved salary increase for the Executive Director. A copy of Ms. Walker's memo entitled "Revised Fiscal year 2014 Administrative Budget" and the revised budget have been incorporated as part of these Minutes as [Exhibit 4](#) and [Exhibit 5](#).

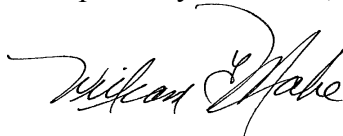
Trustee Figueroa moved:

- That the Revised Fiscal Year 2014 Defined Benefit Administrative and Self-Managed Plan (SMP) Expense Budget be approved as presented.

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

Since there was no further business before the Committee, Trustee Vasquez moved that the meeting be adjourned. The motion was seconded by Trustee Vogel 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, sweeping initial "W".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk