



MINUTES

**Closed Session Meeting of the Personnel & Resource Committee
of the Board of Trustees of the
State Universities Retirement System
10:30 a.m., Friday, June 14, 2013
The Northern Trust
50 South LaSalle Street, London Room B9
Chicago, Illinois 60603**

Upon motion by Trustee Miller, seconded by Trustee Berger and a unanimous roll call vote of all Trustees present, the Personnel & Resource Committee went into closed session under the Open Meetings Act pursuant to §2(c)(1) to consider employee matters relating to compensation and budget.

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; Ms. Brenda Dunn, Director of Human Resources; Ms. Lori Kern, Executive Assistant; and Ms. Mary Pat Burns of Burke, Burns & Pinelli.

FISCAL YEAR 2014 STAFF COMPENSATION

At the March meeting of the Personnel & Resource Committee, Ms. Brenda Dunn, Director of Human Resources was directed to gather more information on the Consumer Price Index ("CPI"), the current unemployment rate and SURS turnover rates. This request was the result of the Committee's previous discussion in March regarding the three components of compensation: pay equity, cost of living adjustments and merit. Ms. Dunn noted that the current CPI for Champaign County rose 1.7% in 2012, the unemployment rate as of April 2013 for Champaign-Urbana fell to 6.6% from April 2012 and SURS' had a record high turnover rate of 10.3% in 2013, due to six retirements.

Ms. Dunn discussed the results when polling universities, community colleges and various other employers throughout the state. She indicated that several of the schools still do not know what type of increase they are planning on giving this year. However, of the schools that she did receive information from, she noted that the average compensation adjustment being given by various employers throughout the State is forecasted to be 3%. After further

discussion, Ms. Dunn stated that she feels that 3% is a fair recommendation. Ms. Dunn also reviewed the merit increase, reclassification/overtime pool, the Performance Recognition pool which is used to recognize the top performers and the Star Awards Program which is used to recognize employees on the spot for exceptional performance.

Ms. Dunn further discussed the proposed 3% compensation adjustment for staff. Employees who fully meet their job expectations receive the full 3% increase. Employees who underperform or do not meet their job expectations have the potential to receive less than 3%. Ms. Dunn noted that the current pay plan does allow supervisors to withhold all or a portion of the increase to underperforming employees. Ms. Dunn noted that the percentages of employees denied an increase is very low.

The Committee discussed their concerns with the process. After discussion, the Committee directed staff to review the current policy to ensure that it includes a formal employee appeal process for those employees who disagree with their performance evaluation/appraisal. In addition, the Committee directed Mr. Mabe to review the cases of employees who were denied a full increase this year.

Ms. Dunn noted that SURS continues to make progress in moving to more of a “pay for performance” plan. One of the most challenging aspects of making this move is finding consistency throughout the organization when it comes to evaluating employees. Mr. Mabe indicated that staff will continue to move thoughtfully in this area, working closely with the Committee.

EXECUTIVE REVIEW

Ms. Dunn noted that it has been past practice that the Committee evaluate and have input around three positions: the Executive Director, the Chief Investment Officer and the General Counsel. The Committee discussed whether or not they wanted to continue this practice and it was the consensus of the Committee that they do want to continue to have input on these three positions; however, they would also like to have a general performance report of all staff members that report directly to the Executive Director. Ms. Dunn and Ms. Kern were asked to leave the room at this time. Mr. Mabe provided the Board with a brief overview of the performance of all staff that report directly to him. Mr. Mabe then discussed the evaluations of the Chief Investment Officer and General Counsel and recommended a 3% salary increase for both. Discussion of the recommendation followed. Consensus formed in favor of the salary increase recommendations for the Chief Investment Officer and General Counsel.

Mr. Mabe then left the room and the conversation turned to the Executive Director’s contract. Ms. Burns noted that at the last meeting, in March, the Board gave authority to the Executive Committee to enter into contract negotiations with Mr. Mabe. Ms. Burns discussed the terms of the drafted contract and stated that both Mr. Mabe and the three members of the Executive Committee were in agreement with the terms; however, Trustee Hightman abstained from voting due to her impending resignation. The Committee discussed the performance of Mr. Mabe and the proposed terms of the new contract. It was the consensus of the Committee to

accept the terms of the new contract and they directed Ms. Burns to move forward in execution of the contract.

SUCCESSION PLANNING EFFORTS

The Committee continued discussion regarding SURS Succession/Talent Development Planning efforts and options at the executive level. Mr. Mabe indicated that there is tremendous talent within the organization; however, there is a continued need to focus on succession planning at the executive level.

RETURN TO OPEN SESSION

On motion by Trustee Matthews that was seconded by Trustee Johnson and carried, the Personnel & Resource Committee resumed its meeting in open session.

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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