



MINUTES

**Meeting of the Diversity Committee
of the Board of Trustees of the
State Universities Retirement System
September 12, 2019, 9:45 a.m.
State Universities Retirement System
Main Conference Room
1901 Fox Dr., Champaign, Illinois 61820**

The following trustees were present: Mr. Aaron Ammons, chair, Ms. Jamie-Clare Flaherty; Mr. John Atkinson, Mr. Richard Figueroa, Dr. Fred Giertz, Dr. Steven Rock, Mr. Collin Van Meter, Mr. Antonio Vasquez and Mr. Mitch Vogel.

Others present: Mr. Martin Noven, Executive Director; Mr. Doug Wesley, Chief Investment Officer (CIO); Ms. Ellen Hung, Deputy CIO; Ms. Brenda Dunn, Chief Human Resources Officer; Ms. Suzanne Mayer, Chief Benefits Officer; Ms. Tara Myers, Chief Financial Officer; Ms. Kimberly Pollitt, Mr. Joe Duncan and Mr. Shane Willoughby, Senior Investment Officers; Mr. Alex Ramos and Mr. Brian DeLoria, Investment Officers; Ms. Kelly Valle and Mr. Akshay Patel, Investment Analysts; Ms. Bianca Green, General Counsel; Ms. Emily Vock, Assistant Counsel; Mr. Albert Lee, Associate General Counsel; Ms. Kristen Houch, Head of Legislative Affairs; Ms. Kelly Carson and Ms. Annette Ackerman, Executive Assistants; and Mr. Neil Rue of Meketa.

Diversity Committee roll call attendance was taken; Trustee Ammons, chair, present; Trustee Flaherty, present; Trustee Lyons, absent.

UPDATE ON CHIEF DIVERSITY OFFICER SEARCH

Ms. Brenda Dunn provided an update on the chief diversity officer search. Ms. Dunn stated that staff decided to use a search firm to assist in the hiring process due to the importance of this newly created position. The RFP was issued on August 2, 2019, with responses due on August 30, 2019. Ms. Dunn reported that SURS is in the process of reviewing the RFP responses and will provide an updated report during a future meeting.

SURS INCLUSION POLICY UPDATE

Ms. Tara Myers presented an update on the SURS Inclusion Policy and the diversity goal for FY 2020 as it relates to the SURS procurement policy. Per statute, the policy is reviewed annually, and the proposed procurement goal is brought to the board for approval. SURS staff recommended maintaining the diversity goal at 25% for fiscal year 2020. Ms. Myers reviewed the previous fiscal year's goal and explained that the procurement goal applies to accounts payable vendors for anything expensed. This goal does not apply to procurement within the investment department.

Based upon discussion and suggested changes, the board decided to consider the overall policy at a later date after board members are able to review all of the information.

Trustee Ammons made the following motion:

- Based upon staff recommendation, that the SURS goal for contracts and purchases from businesses owned by minorities, females, and persons with a disability remain at 25% for fiscal year 2020.

Trustee Flaherty seconded the motion and it carried with all trustees present voting in favor.

A copy of the staff memorandum titled “SURS Inclusion Goal Board Memo 2019” and a copy of SURS Procurement and Staffing Inclusion Policy are incorporated as part of these minutes as [Exhibit 1](#) and [Exhibit 2](#).

PUBLIC COMMENT

There were no public comments presented to the Diversity Committee.

There was no further business brought before the committee and Trustee Ammons moved that the meeting be adjourned. The motion was seconded by Trustee Atkinson and carried with all trustees present voting in favor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. Noven', with a long horizontal flourish extending to the right.

Mr. Martin Noven
Secretary, Board of Trustees

MMN: aa



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To: Diversity Committee
 From: Tara Myers, CFO
 Date: September 12, 2019
 Re: Recommendation of SURS Procurement Inclusion Goal for Fiscal Year 2020

Overview

The Board of Trustees of State Universities Retirement System (SURS) adopted an Inclusion Policy in December 2009 to establish guidelines for inclusion of minority, women or disabled owned businesses in SURS procurement processes consistent with 40 ILCS 5/1-109.1(6). The policy is reviewed, and a procurement goal is approved each year. The procurement policy is also included in the SURS Diversity Report to the Governor and General Assembly.

The Inclusion Policy has been updated based on prior year feedback from the Board. The Board of Trustees recently created a Diversity Committee and approved the hiring of a Chief Diversity Officer. Based on these recent changes, staff anticipates that the Inclusion Policy and SURS vendor group diversity will continue to evolve. Given that SURS is in a period of flux as these changes are implemented, staff recommends maintaining the goal at 25% for Fiscal Year 2020.

The following is a brief history of “MWDBE % of Total Expenditures”:

Fiscal Year	Board Approved Goal	MWDBE %
2014	25%	13.8%
2015	25%	20.0%
2016	25%	17.4%
2017	25%	13.2%
2018	25%	15.1%
2019	25%	20.8%

In addition to the SURS internally determined Inclusion Goal, in pursuant to 40 ILCS 5/1-109.1(10), SURS has an aspirational goal of no less than 20% utilization of businesses owned by minorities, females, and persons with disabilities of contracts awarded for specific categories of vendors. The categories include the following: “information technology”, “accounting services”, “insurance brokers”, “architectural and engineering services”, and “legal services”. Purchases for the aspirational goal vendors for Fiscal Year 2018 and 2019 were 22.5% and 26.3% respectively.



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Recommendation

Staff recommends:

- The revised SURS Inclusion Policy be approved as submitted,
- That the SURS goal for contracts and purchases from businesses owned by minorities, female, and persons with a disability remain at 25% for Fiscal Year 2020.



SURS Procurement and Staffing Inclusion Policy



Purpose

This policy outlines the State Universities Retirement Systems (SURS) goals for diversity in our senior staff, investment managers, fiduciaries and outside vendors.

Philosophy

SURS is about people – the members we serve, the partners we conduct business with and our employees. We understand that to meet our members' needs, we must recognize the value of diversity in the

workplace and embrace our differences. That's what inclusion is all about. When people are accepted and feel valued for who they are, they are engaged, productive, creative and innovative.

That's why over the past years, SURS has done extensive work formulating what inclusion and diversity mean to us as an organization and have developed a long-term strategy that will enable us to bring our vision to life. In fiscal year 2020, SURS created the board of trustees Diversity Committee, initiated our first on-site Diverse Manager Week; and will hire a chief diversity officer to create further concrete strategies and best practices to recruit, hire and retain a diverse workforce and businesses owned by women, minorities and persons with a disability (MWDDBE).

Objectives

- Promote competitive utilization of businesses owned by minorities, females, and persons with a disability in SURS contracts, purchases and services in order to meet our set goals;
- Advance racial, ethnic, and gender diversity of SURS fiduciaries, including consultants and senior staff in order to meet our set goals;
- Create a culture of inclusion to ensure a strong, productive work environment; and
- Assure compliance with Illinois statutes

Policy

SURS is responsible for the prudent administration of SURS members' trust fund. SURS strives to ensure that members and taxpayers receive the maximum value for each dollar spent. To this end, SURS recognizes that promoting diversity of fiduciaries and vendors provides an open, competitive and diverse business environment and allows us to draw from the wisdom of a workforce that reflects the population we serve and better meets the needs of our members.

SURS procurement and employment processes will further diversity in vendors and fiduciaries, including consultants and senior staff.

SURS employment processes to promote racial, ethnic and gender diversity of SURS fiduciaries, including senior staff must be developed to work in tandem with existing State University Civil Service System law when appropriate. To this end, SURS is committed to the ongoing efforts to seek job candidates from underrepresented groups, bring them into the organization, and offer additional growth/leadership opportunities with the intent of creating mutually beneficial long-term employment partnerships.

SURS procurement process includes a concerted effort to attract qualified minority, female owned business enterprises, and businesses owned by a person with disability (as defined by the Business Enterprise for Minorities, Females, and Persons with Disabilities Act: collectively, "MWDBE") to participate in the procurement process. SURS further commits to the objective evaluation of all qualified businesses regardless of race, gender or handicap in fair consideration of all suppliers and consultants in the acquisition of goods and services.

SURS stresses its goal of inclusion of MWDBE firms among prospective providers of purchased goods and services. Special efforts will be made to ensure identification of eligible firms for inclusion in the bid process, including monitoring of MWDBE-related listings to identify possible MWDBE contractors and service providers. MWDBE firms will be identified using resources such as the United States Small Business Administration, Illinois Central Management Services Business Enterprise Program and other public agency resources. SURS will seek new ways to expand our efforts to do business with MWDBE suppliers and consultants.

If necessary, SURS will take proactive action to ensure that certified minority-owned, women-owned and disabled-owned business enterprises are provided notice of and given the opportunity to demonstrate their ability to provide products and services at competitive prices. SURS staff who either directly or indirectly determine procurement needs or procurement decisions will seek and encourage MWDBE businesses to submit bids each time SURS publishes a request for bids or proposals.

SURS contracts require vendors to avoid unlawful discrimination in employment and to assure equality of employment opportunity and compliance with the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.

Pursuant to 40 ILCS 5/1-109.1 (10) SURS shall set an aspirational goal of no less than 20% utilization of businesses owned by minorities, females, and persons with disabilities of contracts awarded for "information technology," "accounting services," "insurance brokers," "architectural and engineering services" and "legal services."

SURS has set a goal of 25% for purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. This information will be tracked by the chief financial officer and reported annually as required by Public Act 96-0006.

SURS has set a goal to promote diversity from the top down and the bottom up to ensure a culture of inclusivity. SURS will also recruit from a diverse, qualified pool of potential applicants to increase the racial, ethnic, and gender diversity of its senior staff. This information will be tracked by the director of human resources and reported annually as required by Public Act 96-0006.

(Aug. 2019)