



CLOSED SESSION MINUTES

Special Meeting of the Executive Committee
of the Board of Trustees of the
State Universities Retirement System
Wednesday, May 18, 2016, 2:00 p.m.

Burke Burns & Pinelli, Ltd.
70 West Madison Street, Suite 4300
Chicago, IL

Upon Motion by Trustee Cullen seconded by Trustee Engstrom and a unanimous roll call vote, the Executive Committee went into closed session pursuant to §2(c)(1) of the Open Meetings Act to discuss personnel matters.

The following Trustees were present: Mr. Tom Cross, Chair; Mr. Aaron Ammons (by conference call), Mr. Dennis Cullen, Dr. John Engstrom, Dr. Fred Giertz (by conference call), Mr. Francis Idehen (by conference call), Mr. Paul R. T. Johnson Jr., Mr. Craig McCrohon, Ms. Dorinda Miller (by conference call), Dr. Steven Rock (by conference call), Mr. Antonio Vasquez (by conference call).

Others present: Ms. Brenda Dunn, Director of Human Resources; Mr. Lyndon Taylor, Dr. Sally Beatty, and Aaron Club all of Heidrick & Struggles and Ms. Mary Pat Burns of Burke Burns & Pinelli.

DISCUSSION OF PERSONNEL MATTERS

Discussion ensued regarding whether it was in the best interests of SURS to appoint an interim executive director given the current Executive Director's departure date. The Chair indicated that in an earlier conference with Heidrick and Struggles a representative of the firm had indicated that a process for selecting an executive director might take 120 days or more. Given that time frame and the current Executive Director having given 60 days' notice, the Chair opened the discussion as to whether trustees believed it would be prudent to appoint an interim executive director. The trustees then discussed various individuals both within and outside of SURS who might be willing to serve in such an interim position. Trustees discussed the advantages and disadvantages of having an individual appointed as interim who may then apply for the position as permanent executive director.

Discussion then centered on whether the Board should consider asking the prior Executive Director of SURS to return for a brief interim period. Trustees had previously indicated that they were interested in this former director's evaluations to insure that there were no issues. Chairman Cross shared with the trustees a performance evaluation of the former Executive Director for the appraisal period of July 1, 2014 – March 31, 2015. He opined that it seems to be a consensus amongst most of the trustees who expressed a view that Mr. Mabe would create a sense of stability for the staff and retirees and that given his familiarity with SURS and its operations, his presence at SURS is what is best for the Board and the participants of SURS. All Trustees agreed that an interim executive director needed to be appointed and concurred with the recommendation that the Chair reach out to discuss terms and availability with Mr. Mabe, with the expectation that he would report back to the Committee.

Chairman Cross then welcomed representatives from Heidrick & Struggles.

Mr. Lyndon Taylor, Dr. Sally Beatty, and Aaron Club from Heidrick & Struggles joined the meeting to discuss the process for the Executive Director Search and potential cost for such a search. Mr. Taylor also passed out information relating to the Chief Investment Officer Search. Chairman Cross reminded all trustees that all the information being presented in the closed session regarding potential Chief Investment Officer candidates should be kept confidential and not shared with anyone not on the Board since candidates have an expectation of privacy.

The presentation included potential constraints and how to mitigate those issues. Factors identified by Heidrick for the Board's consideration include: compensation, public sector funding, responsibility, power, no marketing/sales, quality of life, benefits, and location. Trustees indicated that it was important that any potentially successful candidate would need to be aligned with the local community. Mr. Taylor reiterated how important it is to start the search now. The timing is right because there are not competing searches currently in process.

The question was raised if it would be a conflict for Heidrick & Struggles to perform searches for the Executive Director and Chief Investment Officer. Mr. Taylor answered that it would not. He stated that it would be good to manage the story with the candidates. Candidates that are interested in the Chief Investment Officer would continue to be developed and updated on the Executive Director Search. The Executive Director would also definitely be able to be involved with the interview of candidates for the Chief Investment Officer position.

Chairman Cross thanked the individuals from Heidrick & Struggles and they left the meeting.

The next issue involved how to handle an Interim Chief Investment Officer or address the additional duties that Doug Wesley is performing due to Dan Allen's stepping back before his retirement. Trustee McCrohon suggested tabling this discussion until the June meeting. Trustees discussed the merits of providing Mr. Wesley with a temporary salary increase in recognition of the increased duties and responsibilities and of the merits of insuring that after the current Executive Director's departure there is an individual with the title of Interim Chief Investment Officer so that the Board has comfort as to whom is responsible for portfolio decisions pending the selection of a permanent Chief Investment Officer. The trustees agreed that this issue would be included on the Board's June agenda.

In closing, Chairman Cross will be working with the Communications team to drive the process of the press releases to announce the Interim Executive Director.

Upon motion by Trustee Cullen that was seconded by Trustee McCrohon, and carried with all Trustees present voting in favor, the Meeting of the Executive Committee resumed in open session.

RETURN TO OPEN SESSION

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mr. W. Bryan Lewis". The signature is fluid and cursive, with a large initial "W" and "L".

Mr. W. Bryan Lewis
Secretary, Board of Trustees

WBL: bd