



MINUTES

**Meeting of the Governmental Affairs Committee
of the Board of Trustees of the
State Universities Retirement System
12:40 p.m., Thursday, March 12, 2009
SURS Main Conference Room
1901 Fox Dr., Champaign, Illinois**

The following Trustees were present: Dr. Alice Palmer and Dr. Marva Williams (Co-Chairs), Ms. Christine Boardman, Mr. Mark Donovan, Mr. Michael Mackey, Mr. Michael Pizzuto, Mr. Antonio Vasquez and Mr. Mitchell Vogel.

Others present were: Ms. Judith Parker, Interim Executive Director; Mr. Daniel L. Allen, Chief Investment Officer; Mr. Douglas C. Wesley, Deputy Chief Investment Officer; Mr. Kelly A. Jenkins, General Counsel, Ms. Kimberly Pollitt, Senior Investment Officer; Ms. Lou Ann Fillingham and Mr. Tony Lee, Investment Officers; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Hanea Schluter, Ms. Lori Kern and Ms. Stacy Smith, Executive Assistants; Mr. Terrin Krantz, Director of Human Resources; Ms. Mary Pat Burns, Burke, Burns & Pinelli; Ms. Shelley Porter, Chief Financial Officer; Ms. Angie Lieb, Director of Member Services; Mr. Douglas Steele, Application Development Manager; Mr. Chris Hansen, Information Systems & Building Services Manager; Mr. Michael Sheppard, Assistant Deputy Director of SMP, Mr. Steve Hayward, Internal Audit Director; Mr. Bryan Perrero, Assistant General Counsel; Ms. Brenda Dunn, Human Resource Officer; Ms. Kendra Iffland, Publications Editor; Mr. Gary Guibert, Ms. Amy Sproull and Mr. Dan Hynes; The Northern Trust Company; Mr. Don Pollak, Northern Trust Investments.

Dr. Alice Palmer called the meeting to order at the time and location set forth in the notice of the meeting.

Roll call attendance was taken. Trustee Boardman, present; Trustee Donovan, present; Trustee Mackey, present; Trustee Palmer, present; Trustee Pizzuto, present; Trustee Vasquez, present; Trustee Vogel, present; Trustee Williams, present.

APPROVAL OF MINUTES

Dr. Palmer presented the Minutes from the Governmental Affairs Committee meeting of December 11, 2008. Mr. Mark Donovan moved to approve the Minutes, the motion was seconded and it carried.

CHAIR'S REMARKS

Dr. Palmer spoke about the upcoming legislative outreach event being planned for March 18, 2009, in Springfield. The invitation that was mailed out to legislators and legislative staffers, public plan trustees, as well as other interested parties, is incorporated as part of these Minutes as **Exhibit 1**. Dr. Marva Williams suggested that each Board member make an effort to personally reach out to legislators in order to promote the event.

LEGISLATIVE UPDATE

Ms. Judith Parker updated the trustees regarding Treasurer Giannoulis' ILPERS proposal, which has been introduced as Senate Bill 1734. The Commission on Government Forecasting and Accountability (COGFA) has recently hired a consulting firm to conduct a study to identify areas of savings or additional costs of the proposed legislation. The legislation is not expected to move until the results of the study are released. Ms. Parker provided an update on other pending legislation and also reported that Governor Quinn's budget address is scheduled for March 18th. There has been speculation that the budget address may include possible changes to the current funding plan as well as a possible 2nd tier benefits for new hires. It was the consensus of the Committee that staff, along with Board council will review the Governor's budget proposal in detail and then schedule a special meeting of the Governmental Affairs Committee to discuss the budget and how it will affect SURS. Ms. Parker's Legislative Update presentation and the Legislative Platform are incorporated as part of these Minutes as **Exhibit 2** and **Exhibit 3**.

DISCUSSION OF PRINCIPLES FOR RESPONSIBLE INVESTMENT

Mr. Daniel Allen distributed a memorandum to the Committee entitled, "Principles for Responsible Investment". The memorandum, which is incorporated as **Exhibit 4**, provides a summary of previous consideration of the adoption of these Principles by the Investment Committee. Dr. Palmer started the discussion by expressing her position in supporting the adoption of The Principles for Responsible Investment. Following discussion, Dr. Palmer moved:

- That, the Board having determined adopting the Principles for Responsible Investment (PRI) will have a positive effect on the economic value of the plan's investments that will outweigh the cost of adoption, the PRI be adopted.

Motion was seconded and it carried.

LEGISLATIVE OUTREACH

Ms. Parker discussed the upcoming legislative outreach event in more detail, noting that the theme of this year's event is "Education". Dr. Kent Redfield, Professor of Political Science at the University of Illinois of Springfield, will provide a presentation on "Ethical Requirements that Exist today". In addition, Ms. Beth Almeida, Executive Director of the National Institute on Retirement Security, will give a presentation entitled "The Preservation of Defined Benefit Plans". Ms. Parker informed that the State Universities Annuitants Association is once again co-hosting this event.

Mr. Kelly Jenkins then handed out the SURS Membership Counts and Net Benefits By Senate and Representative Districts, which are incorporated as part of these Minutes as **Exhibit 5** and **Exhibit 6**. This information has been popular amongst the legislators and staffers in the past as it provides a breakdown of SURS annual net benefits paid to each legislative district.

DISCUSSION OF LOBBYING SERVICES

Ms. Parker reported that the current contractual relationships with the three lobbying firms, Governmental Consulting Solutions, GII of Illinois, and Morrill & Associates, are scheduled to expire on June 30, 2009. Ms. Parker recommended that the contracts be extended through June 30, 2010, this way the new Executive Director can take part in the hiring process. Ms. Parker indicated that she has been in conversation with the lobbyists and has agreed to an additional one-year extension under the same contractual terms. Discussion followed. A motion was then made:

- That the legislative liaison contract with Morrill and Associated, P.C. and with Governmental Consulting Solutions, Inc. and GII of Illinois be extended for an additional year, through June 30, 2010.

Motion was seconded and it carried.

REPORT FROM SUAA

Ms. Parker reported that Ms. Linda Brookhart was required to testify in Springfield and therefore unable to attend the meeting. Ms. Parker read a prepared statement from Ms. Brookhart. Ms. Brookhart's statement is incorporated as part of these Minutes as **Exhibit 7**.

There being no further business to come before the Committee, the meeting adjourned.

Respectfully submitted,

Judith A. Parker

Ms. Judith A. Parker
Interim Executive Director

JAP:hns