



## MINUTES

**Meeting of the Governmental Affairs Committee  
of the Board of Trustees of the  
State Universities Retirement System  
2:00 p.m., Wednesday, March 10, 2010  
President Abraham Lincoln Hotel  
701 East Adams Street, Springfield, Illinois**

The following Trustees were present: Ms. Carrie Hightman, Chairwoman; Dr. Jeffrey Beaulieu, Mr. Matthew Berns, Ms. Patricia Cassidy, Dr. John Engstrom, Dr. J. Fred Giertz, Ms. Dorinda Miller, 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; Ms. Kimberly Pollitt, Senior Investment Officer; Ms. Lou Ann Fillingham, Mr. Tony Lee, and Mr. Joe Duncan, Investment Officers; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Stacy Smith and Ms. Stefanie Rice, 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. Russell Ivinjack, Ms. Laurel Nicholson, Ennis Knupp & Associates; Ms. Leslie Thompson, Gabriel, Roeder, Smith & Company; Ms. Patti Somerville-Koulouris, The Northern Trust Company; Mr. Steve Zahn, Governmental Consulting Solutions;

Trustee Hightman called the meeting to order at approximately 2:00 p.m. Trustee Hightman served as Chair of the meeting in Trustee Williams' absence.

Roll call attendance was taken. Trustee Beaulieu, present; Trustee Berns, present; Trustee Cassidy, present; Trustee Engstrom, present; Trustee Giertz, absent; Trustee Hightman, present; Trustee Miller, present; Trustee Rogers, absent, Trustee Vasquez, present; Trustee Vogel, present; Trustee Williams, absent.

Trustee Giertz appeared immediately after roll call was taken.

Trustee Stephen Rogers was unable to physically attend the meeting due to employment commitments. Trustee Berns moved:

- To allow Trustee Rogers to participate via teleconference.

Motion seconded and carried with all Trustee present voting in favor.

### **CHAIR'S REMARKS**

Trustee Hightman noted the timeliness of having the meeting in Springfield. There will be a reception, Wednesday, March 10, 2010, from 5:30 to 7:00 p.m. at the Sangamo Club. Ms. Judith Parker noted that the entire General Assembly has been invited to the reception. In addition, certain members of the General Assembly who are interested and knowledgeable of the pension systems have been invited to attend a more intimate dinner which will follow the reception. Informational documents will be disseminated along with discussions to educate the legislature. SURS lobbyists and SUAA have extended invitations and confirmed attendance for both the reception and dinner. The Board will also be participating in the HELC breakfast on Thursday, March 11, 2010, from 7:30 a.m. to 9:00 a.m.

Trustee Hightman provided some highlights of the Governor's speech which addressed stabilization of the pensions. It is anticipated that the proposal for this stabilization will be completed in May.

### **APPROVAL OF MINUTES**

Trustee Hightman presented the Minutes from the Governmental Affairs Committee meeting of December 1, 2009, and January 15, 2010. Trustee Beaulieu moved that:

- The Minutes from the December 1, 2009, Governmental Affairs Committee meeting be approved as presented.
- The Minutes from January 15, 2010, Governmental Affairs Committee meeting be approved as presented.

Motion seconded and carried with all Trustees present voting in favor.

### **LEGISLATIVE UPDATE**

Mr. Steven Zahn provided an overview of the Governor's Address touching on the pension benefits and the stabilization of the pension system. He noted that a portion of the Governor's address mentioned that the State wanted to save approximately \$267 million, maintain current employee contribution levels, and intentions on funding the pension contribution in the same manner as in 2010.

Mr. Zahn provided an overview of House Bill 5418 (HB 5418), a two-tier benefit plan filed by Representative McCarthy. Mr. Zahn also noted that the Senate Republicans filed

a similar proposal two hours earlier which is substantially similar to HB 5418. Mr. Zahn reviewed the chart entitled “Comparison of Current Benefit Structures and HB 5418” which is incorporated as a part of these Minutes as [Exhibit 1](#).

Trustee Rogers joined the meeting via teleconference.

The Committee discussed the potential effects of HB 5418 on SURS and its members and noted that any certain action cannot be pursued until the Governor provides further direction. It was also discussed as to what tactics should be pursued on behalf of SURS to address these proposals. Mr. Zahn indicated that he and Ms. Parker discussed with President Cullerton’s staff of the Illinois Senate the needs of the SURS system. Ms. Leslie Thompson presented potential problems a two-tier plan could impose. Trustee Vogel suggested addressing this issue further at the April meeting. During this time, Mr. Zahn indicated that he will consult Ms. Parker prior to submitting a non-support slip on HB 5418.

The Committee directed the lobbyist not to oppose any bill without further direction from the Committee, and that the lobbyists are to advise the Committee when it becomes crucial that a position must be taken.

The Committee requested the attendance of Mr. Zahn at the April meeting for a more complete discussion of HB 5418. In preparation for said meeting, the Committee requested additional information from other state pension systems, the PEW study to see what improvements are being made across the country to address pension issues, reports from The National Institute of Retirement Security, and information from CII pertaining to the effects of a dual track system.

A copy of the legislative synopsis report is incorporated as a part of these Minutes as [Exhibit 2](#).

### **DISCUSSION OF LOBBYING SERVICES**

Ms. Parker presented to the Committee the current lobby services that are in place. SURS currently has three contractual lobbyist firms that support the organization and the contracts of all three services will terminate as of June 30, 2010. The original contracts for the lobbyists allowed for two one-year extensions. Both extensions have been exercised. Ms. Parker recommended the Committee extend the contracts for an additional six months to allow time for a new Executive Director to be hired and participate in the RFP process. It is anticipated that the RFP would be issued in September with contracts finalized with the selected candidate(s) by January 2011.

Motion by Trustee Engstrom that:

- The contracts of the current Lobbyists be extended for the period covering July 1, 2010, through December 31, 2010.

Motion seconded and carried with all Trustees present voting in favor.

### **TRUSTEE LOBBYING LIMITATIONS**

Ms. Mary Pat Burns advised the Trustees of the provisions of the Lobbyist Registration Act. She noted that any communications with an official of the government with the purpose of influencing any kind of action is deemed to be lobbying and all lobbyists are to be registered with the Secretary of State unless you fall within the exemption. All Trustees need to fall within the exemption in order to prevent resignation from the Board. In order to fit within the exemption there are two criteria the Trustees have to meet:

- 1) No compensation can be received for lobbying activities other than reimbursement for expenses up to \$500 per year while engaged in lobbying; and
- 2) Reportable expenditures to the government are not allowed under Section 6 of the Lobbyist Registration Act. Reportable expenditures are defined as travel and lodging, meals, beverages, entertainment and gifts to others.

### **REPORT FROM SUAA**

Ms. Parker distributed a report from Ms. Linda Brookhart for review. A copy of said report is incorporated as a part of these Minutes as [Exhibit 3](#).

### **CLOSED SESSION**

Trustee Hightman presented the Closed Minutes from the Governmental Affairs Committee meeting of December 1, 2009. Trustee Engstrom moved that:

- The closed meeting minutes of December 1, 2009, be approved as presented and that they be opened.

Motion seconded and carried with all Trustee present voting in favor.

There being no further business to come before the Committee, Trustee Giertz moved that the meeting adjourn. The motion was seconded and it carried.

Respectfully submitted,



Ms. Judith A. Parker  
Interim Executive Director

JAP:ssr