



MINUTES

**Meeting of the Governmental Affairs Committee
of the Board of Trustees of the
State Universities Retirement System
Thursday, September 10, 2009
The Northern Trust – London Room B9
50 S. LaSalle Street
Chicago, Illinois**

The following Trustees were present: Dr. Marva Williams, Chair; Dr. Jeffrey Beaulieu, Ms. Patricia Cassidy, Dr. John Engstrom, Dr. J. Fred Giertz, Mr. Antonio Vasquez, and Mr. Mitchell Vogel.

Others present were: Ms. Judith A. Parker, Interim Executive Director; Mr. Daniel L. Allen, Chief Investment Officer; Mr. Kelly A. Jenkins, General Counsel; Mr. Douglas C. Wesley, Deputy Chief Investment Officer; Mr. Steve Hayward, Director of Internal Audit; Ms. Shelley Porter, Chief Financial Officer; Mr. Doug Steele, Director of Application Development & Research; Mr. Chris Hansen, Director of Operations; Mr. Terrin Krantz, Director of Human Resources; Ms. Angela Lieb, Director of Member Services; Mr. Michael Sheppard, Assistant Deputy Director of SMP; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Lori Kern and Ms. Stacy Smith, Executive Assistants; Ms. Mary Pat Burns, Burke, Burns & Pinelli; Ms. Amy Williams, Gabriel Roeder Smith & Company; Ms. Patricia Somerville-Koulouris, The Northern Trust; Ms. Linda Brookhart, SUAA; Ms. Linda Baker, GII of Illinois; Mr. Chris Stone, Governmental Consulting Solutions, Mr. Steve Morrill and Mr. Curt Fiedler, Morrill & Associates, and Mr. Edgar Hernandez, SEIU.

Trustee Marva Williams called the meeting to order at 1:10 p.m. Ms. Parker reported that the order of committee meetings was altered to due to time constraints of the members of the lobby team.

Roll call attendance was taken. Trustee Beaulieu, present; Trustee Cassidy, present; Trustee Engstrom, absent; Trustee Giertz, present; Trustee Hightman, absent; Trustee Miller, absent; Trustee Rogers, absent; Trustee Vasquez, present; Trustee Vogel, present; Trustee Williams, present. Trustee Engstrom joined the meeting immediately after the roll call was taken.

CHAIR'S REMARKS

Trustee Williams stated that the purpose of the Governmental Affairs Committee is to establish and improve the System's relationships with the General Assembly and the Governor's Office, as well as to monitor legislative activity and initiatives that might affect SURS' participants. Ms. Williams reported that the Governmental Affairs Committee has been increasingly more active over the past few years. As part of this effort, SURS, along with the State Universities Annuitants Association, has hosted an annual legislative outreach event during the spring session.

LEGISLATIVE UPDATE

The following members of the SURS lobby team were present: Ms. Linda Baker, GII of Illinois; Mr. Chris Stone, Governmental Consulting Solutions; and Mr. Steve Morrill and Mr. Curt Fiedler of Morrill & Associates.

Mr. Fiedler provided a report on the client reporting process. As part of the year-round services provided, the lobby team reviews every bill and amendment that is filed in both chambers, monitors the administrative rule process and various task forces / committees, and creates supplemental materials to support legislative initiatives. Mr. Fiedler stated that both Ms. Parker and Mr. Jenkins have done an excellent job representing SURS in Springfield. Mr. Morrill furthered that SURS staff is highly regarded and often called upon for technical expertise by the legislators and their staffers.

Mr. Morrill reviewed the following priorities that were identified through a "proactive/defensive agenda":

- SURS Technical Corrections bill
- Full pension funding for fiscal year 2010
- ILPERS/"Comingling" Proposal
- Invest in Illinois

Discussion was held regarding challenges of the upcoming legislative session. It was noted that this year the pension systems fared well through the bonding initiative (assuming the sale occurs and proceeds are distributed as expected), considering the fact that some vital State programs received cuts. Next year's budget will be even more difficult to balance and the pension funds are a likely target for cuts. A tax increase, or some other form of substantial revenue generation, will be necessary in order to avoid underfunding.

The team reported on four pieces of ethics reform proposals that impact SURS, including:

- Senate Bill 364 – Pension Ethics Reforms. Passed as Public Act 96-0006.
- Senate Bill 51 – Procurement Reforms. Unresolved.
- Senate Bill 189 – FOIA Reforms. Passed as Public Act 96542.
- Senate Bill 1333 – "Fumigation" Bill. Unresolved.

The 2009 fall veto session is scheduled for October 14-16 and October 28-30. Topics affecting SURS that are likely to be discussed during the veto session include the FY 2010 Budget and ethics reform.

Trustee Williams thanked the lobbyists for their report, which is incorporated as a part of these Minutes as [Exhibit 1](#).

Mr. Jenkins noted that the 2010 Legislative Platform and Legislative Principles will be an item of discussion at the December meeting of the Governmental Affairs Committee.

UPDATE FROM SUAA

Trustee Williams welcomed Ms. Linda Brookhart, Executive Director of the State Universities Annuitants Association (SUAA). Ms. Brookhart thanked the Committee for the opportunity to address them.

Ms. Brookhart provided a report on SUAA's annual meeting which was held this past June. SUAA has been monitoring the progress of the Pension Modernization Task Force. The delay in insurance payments to medical providers as well as recent changes to the dental insurance coverage is causing hardship to many annuitants. SUAA has been busy fielding calls from concerned members. Ms. Brookhart noted that both the Community College Insurance Program (CIP) as well as the Teachers Retirement Insurance Program (TRIP) are experiencing financial deficiencies. SUAA is working hard to assist the membership and bring this problem to the attention of policy makers.

SUAA will hold its Fall Meeting on October 5th in Urbana. Trustee Giertz will be a speaker, along with Senator Michael Frerichs and Representative Chapin Rose.

Ms. Brookhart's written report is incorporated as a part of these Minutes as [Exhibit 2](#).

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
Secretary, Board of Trustees

JAP:ss