



MINUTES

**Quarterly Meeting of the Diversity Committee
of the Board of Trustees of the
State Universities Retirement System
Friday, December 9, 2022, 9:00 a.m.
State Universities Retirement System
Via remote access only due to ongoing COVID-19 concerns**

The meeting on December 9, 2022, was conducted via video conference pursuant to the Governor's COVID-19 Executive Order dated November 10, 2022, and subsection (e) of Section 7 of the Illinois Open Meetings Act. Chair John Atkinson of the SURS Board of Trustees determined that a full, in-person meeting was not practical nor prudent due to the ongoing Covid-19 disaster concerns.

The following trustees were present: Mr. John Atkinson; Mr. Richard Figueroa; Dr. Fred Giertz; Ms. Jamie-Claire Flaherty, Chair; Mr. Scott Hendrie, Mr. John Lyons; Dr. Steven Rock; Mr. Collin Van Meter; Mr. Antonio Vasquez and Mr. Mitchell Vogel.

Others present: Ms. Suzanne Mayer, Executive Director; Mr. Douglas Wesley, Chief Investment Officer (CIO); Ms. Ellen Hung, Deputy CIO; Ms. Bianca Green, General Counsel; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Alicia Route, Legislative Analyst; Ms. Tara Myers, Chief Financial Officer; Ms. Nichole Hemming, Chief Human Resources Officer; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Jackie Hohn, Chief Internal Auditor; Ms. Stephany Brinkman, Investment Analyst; Mr. Alex Ramos and Ms. Kelly Valle, Investment Officers; Ms. Tracy Bennett, Compliance Analyst; Ms. Heather Kimmons, Associate Legal Counsel; Ms. Anna Dempsey, Investment Counsel; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; and Mr. Michael Calabrese of Foley.

Diversity Committee roll call attendance was taken. Trustee Atkinson, present; Trustee Figueroa, present; Trustee Flaherty, present; and Trustee Lyons, present.

Trustee Vasquez joined the meeting at 9:11 a.m.

APPROVAL OF MINUTES

Trustee Flaherty presented the minutes from the Diversity Committee meeting of September 16, 2022.

Trustee Atkinson made the following motion:

- That the minutes from the September 16, 2022 Diversity Committee meeting be approved as presented.

Trustee Lyons seconded the motion which passed via the following roll call vote:

| | | |
|------------------|---|-----|
| Trustee Atkinson | - | aye |
| Trustee Figueroa | - | aye |
| Trustee Flaherty | - | aye |
| Trustee Lyons | - | aye |

CHAIRPERSON’S REPORT

Trustee Flaherty did not have a formal Chairperson’s report.

DIVERSITY EQUITY INCLUSION (DEI) UPDATE

Ms. Suzanne Mayer reviewed ways SURS may continue to advance its DEI initiatives which included hiring a CDO or hiring other Diversity, Equity and Inclusion (DEI) focused position(s). Due to some challenges and opportunities, staff has been closely analyzing the DEI needs, initiatives and accomplishments within Investments, Human Resources and Procurement. Mr. Doug Wesley explained that the investment department places a significant focus on DEI which is an effort undertaken by the entire Investment team. He, along with Ms. Ellen Hung, reviewed some of the accomplishments of the Investment team in this space. Ms. Nichole Hemming reviewed the plan for the Human Resource department regarding the DEI initiatives. She discussed recruiting, on-boarding, training and development, and other efforts the team is continuing to make. Ms. Mayer concluded by sharing recommendations based on the analysis of staff which supports the hiring of an Officer of Procurement and DEI to focus on the SURS centralized procurement process and our DEI efforts within it. The board agreed that an Officer of Procurement and DEI would be most beneficial to the organization and supported staff moving forward with recruiting for this position.

A copy of the SURS memo titled “DEI Position” and the job description titled “Officer of Procurement and DEI” is incorporated in these minutes as [Exhibit 1](#) and [Exhibit 2](#)

PUBLIC COMMENT

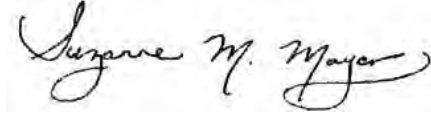
There were no public comments presented to the Diversity Committee.

There was no further business brought before the committee and Trustee Atkinson moved that the meeting be adjourned. The motion was seconded by Trustee Lyons and the motion passed via the following roll call vote:

| | | |
|------------------|---|-----|
| Trustee Atkinson | - | aye |
| Trustee Figueroa | - | aye |

Trustee Flaherty - aye
Trustee Lyons - aye

Respectfully submitted,

A handwritten signature in cursive script, reading "Suzanne M. Mayer". The signature is written in dark ink on a light background.

Ms. Suzanne M. Mayer
Executive Director and Secretary, Board of Trustees

SMM:cm/aa



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To: SURS Board of Trustees
 From: Suzanne Mayer, Nichole Hemming, Doug Wesley & Tara Myers
 Date: December 5, 2022
 Re: DEI Position

Background

At the September 2022 board meeting, we discussed how to best meet the diversity, equity and inclusion (DEI) needs of the organization. Possibilities included hiring a Chief Diversity Officer (CDO) and/or hiring other DEI focused position(s). Staff indicated we would bring a recommendation to the December board meeting on the best path forward.

Through our first and second efforts to identify candidates for the CDO position in 2020 and 2021, we did not find candidates with the knowledge, skills and abilities to focus and make strides in all areas that had been identified as priorities. The areas of priority included Investments, Human Resources and Procurement. In the current competitive job market, locating such a candidate would likely prove even more difficult. Recent discussions with search firms have confirmed that identifying candidates with this mix of qualifications and attributes is a challenge.

Considering these challenges, Staff closely analyzed the DEI needs, initiatives and accomplishments of Investments, Human Resources and Procurement.

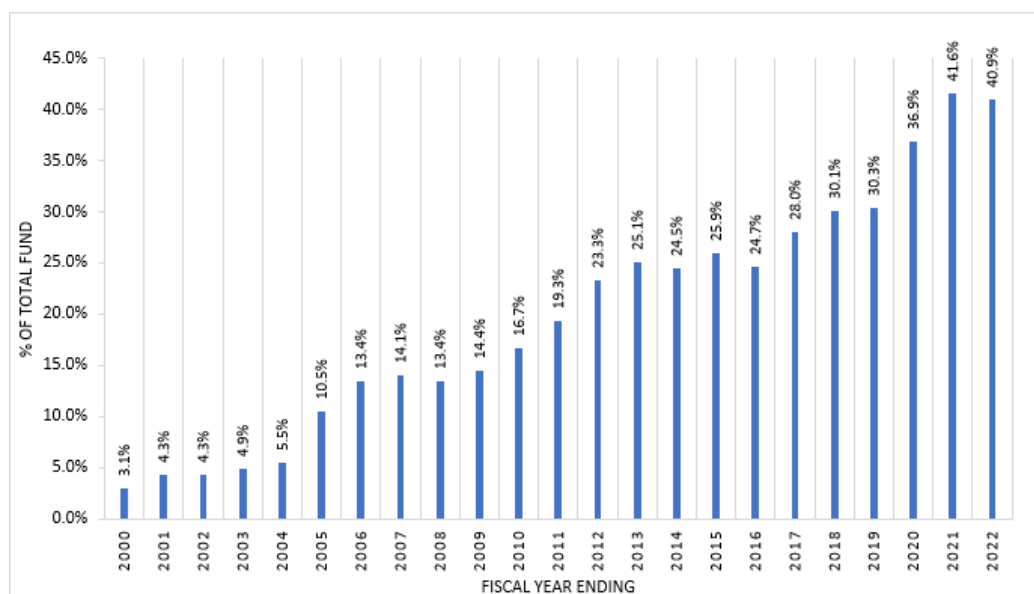
Investments

The Investment department places a significant focus on DEI. DEI is an effort of the entire Investment team and is driven by a team DEI committee.

Some DEI initiatives and accomplishments of the Investment team include:

- Identified internal committee to lead team diversity efforts and engage in monitoring and outreach. Committee consists of Ellen Hung, Alex Ramos and Kelly Valle. Additionally, 80% of Alex Ramos' job duties are devoted to emerging and minority managers. All investment staff have annual DEI goals related to their area of expertise.
- In 2020, SURS led an initiative and partnered with Morningstar to create an all-new program designed to collect organizational diversity data from investment managers. Managers and firms that respond to RFPs are asked to submit diversity data through this program in an effort to build more robust industry data.
- Since 2019, SURS has held an annual Diverse Managers week. The week consists of hour-long introductory meetings with prospective investment managers. SURS representatives include SURS Staff and where applicable, our private equity and private credit discretionary advisors, public market investment manager-of-managers, and investment consultants.
- In 2022, SURS investment staff participated in multiple DEI-related industry conferences and events including:

- Panelist on Association of Asian American Investment Managers Chicago Chapter Beyond the Glass Ceiling event
 - Participated in Meketa Emerging & Diverse Manager Roundtable
 - NASP Chicago Conference Private Credit Panel Moderator
 - Attended GCM Grosvenor Small & Emerging Manager Conference, Texas TRS/ERS Emerging Manager Conference, Big Path, NASP, NAIC, and 100Women in Finance, and others
- Most notably, SURS Assets managed by Diverse Investment Management Firms have increased significantly over time.



Human Resources

In 2021, SURS executive team participated in twelve hours of board DEI training and planning. Executives then partnered with the University of Illinois Office of DEI to bring training to all SURS staff. In fiscal years 21 and 22, staff incorporated DEI goals into their annual performance goal setting process.

In 2022, we hired a new Chief Human Resources Officer (CHRO). The CHRO brings several years of experience working on DEI initiatives. Though it will take time to implement and realize the efforts of new DEI initiatives the CHRO is overseeing, progress is being made.

DEI initiatives of the HR department planned or in progress include:

Recruiting

- Initiating the use of LinkedIn Recruiting
- Providing Interview training for staff who conduct interviews to ensure they are aware of potential implicit bias & providing development opportunities to grow recruiting skillset
- Developing an intern program with a focus on diversity for Investments and Legal departments utilizing universities and colleges in Illinois

On-Boarding

- Redesigning our on-boarding program to increase retention of newly-hired employees

Training and Development

- Continuing partnership with the University of Illinois Office of the Vice-Chancellor for Diversity Equity and Inclusion for DEI-related training (no cost due to our affiliation with the University). The office also offers consulting services for DEI-related topics at no cost.

Other Efforts

- Ensuring that internal committees and focus groups are representative of our diverse staff
- Reviewing our recognition programs to ensure they support our DEI efforts
- Ongoing analysis of trends in turnover, performance evaluations, etc. to inform us about areas where we should place focus

Procurement

Annually the SURS Board sets MWDBE goals for non-investment procurement spending. The last two years, the board has set the goal at 20%, matching the aspirational goal laid out in statute. Because of past utilized MWDBE vendors that are no longer providing us services and increased spending related to the pension system replacement project, moving towards this goal has been a significant challenge. In FY 22, our MWDBE non-investment spend was 9.8%. It is projected to be slightly lower in FY23.

Meeting the MWDBE procurement goal is an ongoing challenge as spending is largely driven by projects and services in-flight and those are continuously changing. Recently, we have also seen an increase in acquisitions of our MWDBE vendors by non-minority companies which negatively impacts progress towards the goal.

SURS staff has spent a considerable amount of time over the past two years analyzing data, increasing outreach efforts and identifying potential MWDBE vendors. However, we have not had a staff member able to dedicate themselves to this type of work.

In 2021, our Procurement Officer, who had been handling procurement duties as 50% of her job, left the organization. Procurement is now being handled as a part-time duty of an accounting team member.

While it will be difficult to significantly change our MWDBE numbers in the short-term, SURS could benefit from a full-time Procurement Officer to focus on procurement and MWDBE goals and making strides over the longer term. A Procurement Officer could also focus on analyzing data beyond what is required to meet statutorily defined goals, to better communicate the positive work SURS is doing.

Recommendation

It has proven challenging over the past few years to attract candidates who can fill a CDO role and effectively handle duties that span Investments, HR and Procurement.

SURS Investment and HR Departments are demonstrating that they are effectively able to handle DEI efforts at the departmental level. HR is able to extend its efforts to impact staffing and culture throughout the organization.

SURS Procurement process provides the most opportunity for impact as it could benefit from a fulltime Officer of Procurement and DEI to not only oversee the procurement process but also all MWDBE efforts within it.

The Officer of Procurement and DEI would be responsible for oversight of the procurement process for all areas of the organization with a focus on administration and operations related procurements.

Based on our analysis, Staff recommends SURS hire an Officer of Procurement and DEI to focus on SURS centralized procurement process and our DEI efforts within it. See attached job description draft.



Officer of Procurement and DEI

The State Universities Retirement System (SURS) is one of five state-funded retirement plans that provide retirement, survivor, death, and disability benefits on behalf of more than 240,000 members from 61 employers in Illinois, including state universities, community colleges and state agencies. SURS administers benefits and oversees a large investment program with assets approximating \$23.9 billion as of June 30, 2021.

The Officer of Procurement and DEI (OPDEI) is responsible for the oversight and direction of SURS centralized procurement process including oversight of diversity, equity, and inclusion initiatives for contracts and procurement. The OPDEI ensures the integrity of the public procurement process while overseeing the systems request for proposal (RFP) process. The OPDEI also engages with stakeholders and vendors throughout the state to build outreach.

The Officer of Procurement and DEI reports directly to the Chief Financial Officer.

Position: Officer of Procurement and Diversity, Equity and Inclusion

Position Type: Full-time

Main Duties

- Oversee the centralized planning, organizing, and managing of all procurement activities at SURS
- Enhance and maintain SURS procurement and contracting policies and procedures; set and monitor Minority, Women, Disability & Business Enterprise (MWDBE) metrics and goals as appropriate and in-line with statutory requirements
- Guide SURS towards achieving and exceeding MWDBE procurement goals while operating in a cost-effective, prudent manner
- Regularly communicate internally and externally SURS goals, achievements, concerns and statistics related to the procurement program and MWDBE
- Develop and conduct internal training on procurement policies, procedures and goals.
- Form and lead an internal procurement committee to meet regularly regarding procurement initiatives with representation from all departments across SURS involved in procurement activities
- Develop and maintain a qualified bidders list of firms that are interested in SURS projects
- Oversee the request for proposal (RFP) process and serve as the lead for gathering responses, answering questions and providing updates to staff and external vendors.
- Attend pre-bid and pre-proposal meetings ensuring diversity in contracting and procurement standards are met
- Follow-up with companies about working with SURS; surveying companies that did not bid on projects; report on findings
- Monitor performance and prepare monthly status reports, summaries, and other correspondence
- Attend industry and stakeholder meetings and events to raise awareness of SURS procurement opportunities
- Engage with vendors, contractors, consultants, and investments staff to ensure their commitments to DEI are met or exceeded