MINUTES

Quarterly Meeting of the Administration Committee
(Benefits, Finance & Personnel)
of the Board of Trustees of the
State Universities Retirement System
Thursday, March 9, 2023, 1:25 p.m.
State Universities Retirement System
Via remote access only due to ongoing COVID-19 concerns

The meeting on March 9, 2023, was conducted via video conference pursuant to the Governor's COVID-19 Executive Order dated March 3, 2023, 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 neither practical nor prudent due to the ongoing COVID-19 disaster concerns.

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

Others present: Ms. Suzanne Mayer, Executive Director; Mr. Douglas Wesley, Chief Investment Officer (CIO); Ms. Ellen Hung, Deputy CIO; Ms. Tara Myers, Chief Financial Officer; Mr. Shane Willoughby, Sr. Investment Officers; Ms. Bianca Green, General Counsel; Ms. Nichole Hemming, Chief Human Resources Officer; Mr. Albert Lee, Associate General Counsel; Ms. Heather Kimmons, Associate Legal Counsel; Ms. Anna Dempsey, Investment Counsel; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Alicia Route, Legislative Analyst; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; Mr. Michael Calabrese of Foley; Ms. Erica Oropeza of Linea; and Mr. Joe Riza of CBIZ.

Administrative Committee roll call attendance was taken. Trustee Atkinson, present; Trustee Flaherty, present; Trustee Rock, present; Trustee Van Meter, present

APPROVAL OF MINUTES

Trustee Van Meter presented the minutes from the Administration Committee meeting of December 9, 2022.

Trustee Atkinson made the following motion:

- That the minutes from the December 9, 2022 Administration Committee meeting be approved as presented.

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

Trustee Atkinson	-	aye
Trustee Flaherty	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye

APPROVAL OF CLOSED MINUTES

Trustee Van Meter presented the closed minutes from the Administration Committee meeting of December 9, 2022.

Trustee Atkinson made the following motion:

- That the minutes from the December 9, 2022 Administration Committee meeting be approved as presented and remain closed.

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

Trustee Atkinson	-	aye
Trustee Flaherty	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye

CHAIRPERSON'S REPORT

Trustee Van Meter did not have a formal chairperson's report.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Ms. Tara Myers of SURS presented the SURS 81st Annual Comprehensive Financial Report educational training for the trustees.

The educational session lasted for fifteen minutes and concluded at 1:42 p.m.

QUARTERLY PAS UPDATE

Mr. Jefferey Saiger presented an update on Project Velocity, the SURS pension administration system (PAS) project. Mr. Saiger introduced Ms. Erica Oropeza of Linea Solutions who reviewed the highlights of the project and provided an overall update on the status of the PAS project. Her overview included a discussion of project milestones, a timeline update, recent accomplishments, and a summary of upcoming work.

A copy of the memorandum titled "Administration Committee Project Velocity Update" and a copy of the presentation titled "SURS Project Velocity, Pension Administration System (PAS) Replacement March 2023" are incorporated as part of these minutes as **Exhibit 1** and **Exhibit 2**.

MAJOR BUDGET INITIATIVE FOR FISCAL YEAR 2024

Mr. Jefferey Saiger presented the Budgetary Plan for FY 2024 to the board of trustees. He highlighted and explained specific areas of the plan including proposed member services program projects, security projects, administration program projects, IT operations/infrastructure, and facilities projects.

A copy of the memorandum titled "Administration Committee Budget Memo" and a copy of the presentation titled "Project Planning and Capital Budget Discussion FY 2024" are incorporated as part of these minutes as **Exhibit 3** and **Exhibit 4**.

FISCAL YEAR 2024 COMPENSATION ADJUSTMENT

Ms. Nicole Hemming and Mr. Joe Rice of CBIZ presented information concerning the SURS compensation package.

Trustee Atkinson made the following motion:

- That based on the recommendation from SURS staff and CBIZ, the Administration Committee approve that a 5% salary increase be budgeted to fund the salary program.

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

Trustee Atkinson	-	aye
Trustee Flaherty	-	absent
Trustee Rock	-	aye
Trustee Van Meter	-	aye

Trustee Atkinson made the following motion:

- That based on the recommendation from SURS staff and CBIZ, the Administration Committee approve that the pay ranges be moved upward by 4%.

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

Trustee Atkinson	-	aye
Trustee Flaherty	-	absent
Trustee Rock	-	aye
Trustee Van Meter	-	aye

Trustee Atkinson made the following motion:

- That based on the recommendation from SURS staff and CBIZ, the Administration Committee approve $25,000 to fund the Star Award Program.

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

Trustee Atkinson	-	aye
Trustee Flaherty	-	absent
Trustee Rock	-	aye
Trustee Van Meter	-	aye

A copy of the memorandum titled "Salary Recommendation Memo" and a copy of the CBIZ presentation titled "CBIZ SURS Compensation Planning 2023" are incorporated as part of these minutes as **Exhibit 5** and **Exhibit 6**.

UPDATE TO THE SURS VACATION POLICY

Ms. Nichole Hemming discussed the policy changes approved during the February 2023 meeting and she presented the current vacation policy with redline edits that reflect those changes.

Trustee Atkinson made the following motion:

- That the updated vacation policy be approved as presented.

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

Trustee Atkinson	-	aye
Trustee Flaherty	-	absent
Trustee Rock	-	aye
Trustee Van Meter	-	aye

A copy of the memorandum titled "Revised Vacation Policy," a copy of the vacation policy and a copy of the redline version of the vacation policy are incorporated as part of these minutes as **Exhibit 7**, **Exhibit 8** and **Exhibit 9**.
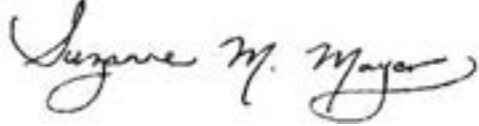
PUBLIC COMMENT

There was no public comment presented to the Administration Committee.

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

Trustee Atkinson	-	aye
Trustee Flaherty	-	absent

| Trustee Rock | - | aye |
| Trustee Van Meter | - | aye |

Respectfully submitted,

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

SMM:aa

Exhibit 1

To: Administration Committee
From: Jefferey S. Saiger, Chief Technology Officer
Date: 03/09/2023
Re: Project Velocity Update

The SURS Information Technology Department is here before the Administration Committee today to present an update regarding Project Velocity; our ongoing project to replace our legacy pension administration system (PAS) with one that is built upon modern technology and design principles.

Presenting today will be myself, Jefferey Saiger, CTO, and Erica Oropeza, lead project manager from our implementation partner, Linea Solutions.

To summarize, while the project is still within acceptable parameters for success, we are encountering increasing levels of changes, complexity and organizational challenges that put the status into the yellow, or at risk. In our report, we will discuss specifics as well as the steps we're taking to try and mitigate any significant risks to the project.

Thank you for your continuing support of Project Velocity.

Exhibit 2

SURS Project Velocity

Pension Administration System (PAS) Replacement

February 2023

Exhibit 2

Agenda

- Overall Project Status
  - Budget
  - Updates
- Validation Testing Cycle #1 Results
  - Progress made on fixes
- Next Steps & Looking Ahead

Exhibit 2

Overall Project Status

1/3
Complete

Exhibit 2

Project Status

Scope	Schedule
🟡	🟡

Budget	Quality
🟡	🟢

- Due to VAL1 prioritization, overlapping sprints were de-prioritized causing a backup in configuration, especially for pension calculations.

- Greater complexity / scope was identified than originally planned:
  - Service credit purchase (SCP)
  - Reciprocal retirement estimates
  - Data conversion of SCP, 'ticklers', and imaging >> Contingency budget

- The development of letters, forms, reports, queries, and interfaces is also delayed. Linea has brought on a dedicated resource to lead that effort.
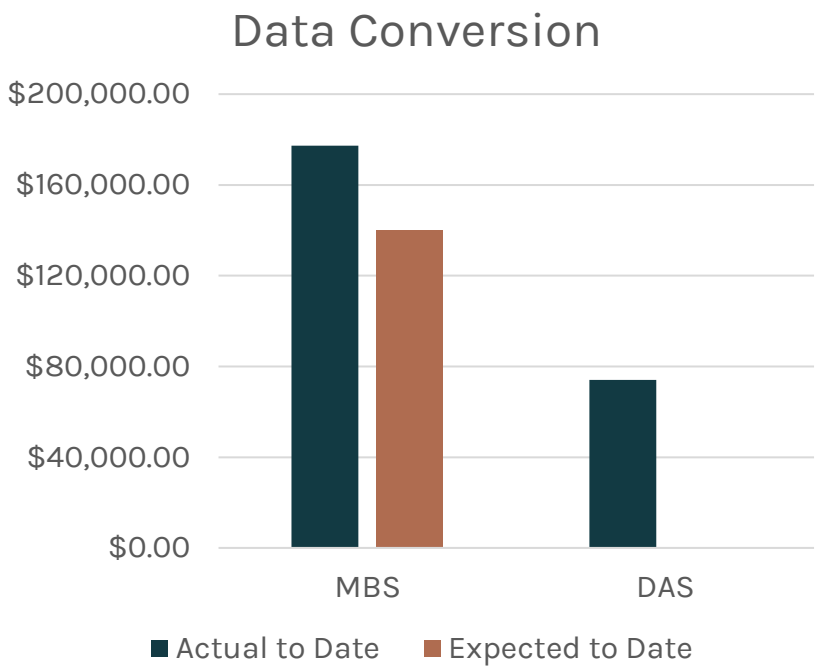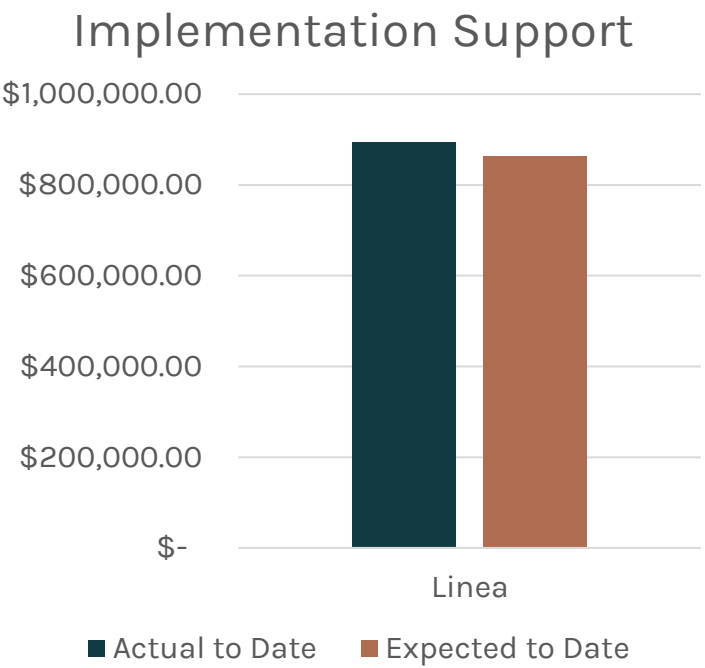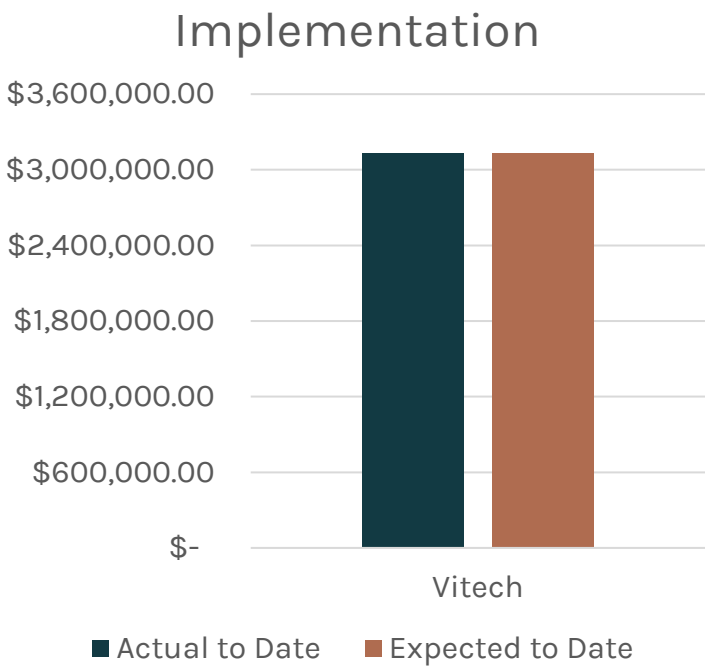
LEGEND
GREEN – ON TRACK
YELLOW – AT RISK
RED – Significant issues, WILL MISS DEADLINE

Exhibit 2

FY2023 Budget

Invoices received for work completed through January 2023.

Exhibit 2

Contingency Budget – Invoiced

Contingency is used for work that is considered out of original scope.

Only the invoiced amount is displayed in the chart.

Due to complexity of SURS data, an additional change order from MBS and Vitech were received.

Contingency

Legend:
- Remaining
- DAS - FileNet
- MBS
- Linea - Ops

Pie chart values: 87%, 8%, 4%, 1%
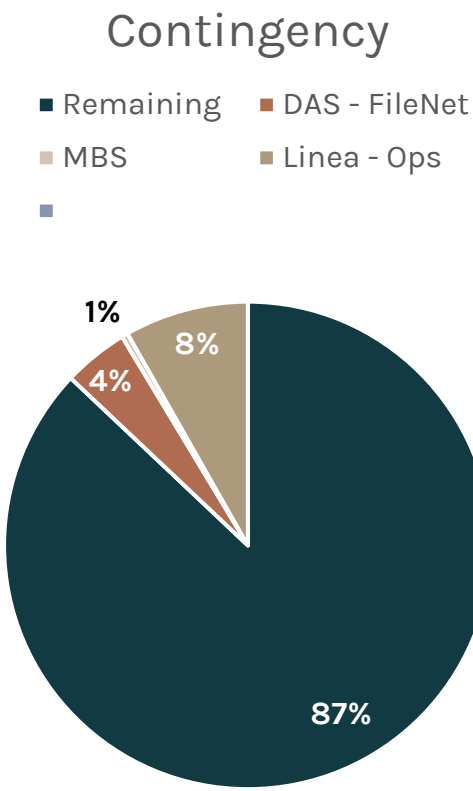
Fiscal Year	Contingency - Planned Burndown
2022	$600,710
2023	$559,585
2024	$569,459
2025	$270,246
2026	$0 (Parallel Testing)
Total	$2,000,000

Exhibit 2

Contingency Budget – Earmarked: Change Orders Signed to Date

Vendor	Amt	Date	Description	Approved Running Total	Remaining Contingency
Linea	$ 830,400	04/2021	C21-116 Amendment #1 Additional Resources: Training, Op Support, BPI	*included in project budget	$ 2,000,000
Linea	$ 230,400	04/2022	C22-109 Amendment #2 Additional Resources: Operational Support for FY22 and FY23	$ 188,884	$ 1,811,116
MBS	$ 91,750	04/2022	C22-111 Amendment #3 Subcontracting DAS for FileNet Migration	$ 280,634	$ 1,719,366
MBS	$ 42,068	07/2022	C223-011 Amendment #4 Added scope to DAS FileNet Migration	$ 322,702	$ 1,677,298
MBS	$ 58,172	12/2022	C23-039 Amendment #5 Additional Jira work tickets related to SCP	$ 380,874	$ 1,619,126
Linea	$ 0	01/2023	Additional Resource: Implementation Support – Track 3	$ 380,874	$ 1,238,252
Carahsoft	$ 60,000		**Contract Pending** - Genesys IVR API integration using subcontractor GTS	**$ 440,874**	**$ 1,559,126**

Exhibit 2

Vitech Data Conversion Hours

- SOW provided 7,500 hours.
  - Allotted hours are expected to be used up by June 2023.
- Overall expected amount for the project is an additional 12,695 hours at an estimated cost of $1.52M.
  - Cost may vary depending on the resources needed.
- Plan to execute change order in increments of 2,500 hours for budgeting purposes. Each change order will be $351,000.
  - Each chunk should last about 6 to 7 months
- Cost for this FY is $11,700.
- Cost for FY2024 is $702,000 for 2 expected change orders.

How did we use up the allotted hours?

Hours were used at almost double the pace than expected due to:

- Conversion of Ticklers (not expected)
- Image Proof of Concept (not expected)
- Service Credit Purchase (more complex)

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Exhibit 2

MBS Custom Data Tables & Reworks

- SURS has used up the 'custom table' allotment in the contract.

- Custom table = Data that is outside of the standard set presented by Vitech

- With data-complex topics like RSP, DCP, and retirement, it is expected that more custom tables will be needed.
    - Complexity is specific to SURS and CSG.

- Data tables that need to be reworked also result in a change order.

- Cost for FY2024 is projected to be $250,000 minimum.

- Cost for FY2023 is expected to be $150,000.

Exhibit 2

Change Order: Linea – Implementation Services

To get back on schedule, Linea brought on an additional resource in January 2023.

This person is 100% dedicated to Track 3: Spec-Based Deliverables (letters, forms, reports, queries, interfaces).

Change Order Amount: $0

To stay within budget, Linea adjusted its project resource allocations.

Project Phase	Contract Numbers	Proposed Estimates
Implementation & OCM	$ 5,756,200	$ 6,049,991
Post-Prod (Months 1 -6)	$ 528,600	$ 261,280
Post-Prod (Months 7 – 12)	$ 30,150	n/a
Total	**$ 6,314,950**	**$ 6,311,871**

Exhibit 2

Proposed Linea Budget by FY

FY	Proposal	Notes
2022	$ 1,025,404	Invoiced
2023	$ 1,367,708	Invoiced & Estimate
2024	$ 1,635,240	Estimate
2025	$ 1,599,600	Estimate
2026	$ 422,040	Estimate
2027	$ 261,280	Estimate
Total	$ 6,311,871	

Implementation & OCM Budget:

$ 6,314,950
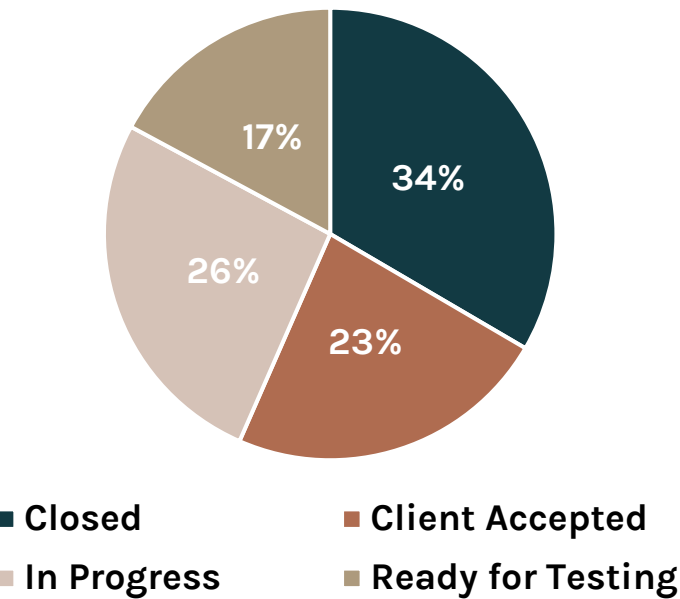
(per the contract, after procurement)

Remaining Amount:

$3,079

Exhibit 2

Validation Testing Cycle 1: Results

Exhibit 2

Progress of VAL1 Tickets
As of February 27, 2023

- Closed
- Client Accepted
- In Progress
- Ready for Testing

- Most impacted topics are:
  - Employer Payroll & Payment Processing
  - SCP Calculations (Principal & Interest)
- 13 of 215 executed test specs are still not passed.

Status	Critical	High	Medium	Low
Closed	3	38	54	22
Client Accepted	7	16	39	19
In Progress		11	44	37
Ready for Testing	1	8	35	16

Exhibit 2

Summary

Project Status

- Despite our challenges, we continue to make progress on all fronts. Schedule changes are likely to be needed, though what that looks like is still under analysis and discussion by all parties.

- The contingency budget will not last for the whole project. Additional funds will be needed for FY2025-2026.

VAL1 Testing

- Going through Val1 has been an important learning experience. Lessons learned are implemented.

- It was the first real test of the project's impact on the overall organization. We've been able to compare our assumptions of organizational performance against the actuality testing provided.

Exhibit 2

Next Steps & Looking Ahead

VAL1 Exit Agreement: Confirm all remaining High issues are fixed by end of March 2023.

Catch up on delayed topics.

Winter & Spring 2023

- Retirement Calculations & Estimates

- Retirement Claims Process

- Disability Claims Process

- Employer Digital Self-Service

Exhibit 2

LINEASOLUTIONS

Questions?

Exhibit 3

To: Administration Committee
From: Jefferey S. Saiger, Chief Technology Officer
Date: 03/09/2023
Re: Budgetary Planning

Integral to the strategic planning at SURS is our annual process of vetting the major project portfolio for the following fiscal year. This positions us to have predictability with regards to budgetary and resource allocations. I am here today to discuss some of the high-level portfolio planning for Fiscal Year 2024.

One change of note from previous iterations is that we've lowered the threshold for inclusion. Previously, we had only considered items in aggregate of $50,000 or more for inclusion. In this presentation, we included initiatives with a projected budget of $25,000 or higher.

Staff welcomes any questions or feedback that the Administration Committee wants to share.

Thank you.

Exhibit 4

Project Planning and Capital Budget Discussion

Fiscal year 2024

Rev. 2/17/23

Exhibit 4

Member Services Program Projects

Exhibit 4

PROJECT NAME: SURS Pension Administration System Replacement
PROJECT ID: 411995

PROJECT DESCRIPTION

SURS, along with implementation oversight partner Linea Solutions, continues into FY24 with our multi-year initiative to overhaul the core components of our pension administration system.

This includes replacement of the SURS legacy CSG system with a modern, flexible cloud-based solution (V3Locity by Vitech). Also in scope are new Member and Employer web portals, data migration and cleansing activities, and migration of our Enterprise Content Management (ECM) solution from FileNet to Vitech's proprietary ECM.

PROJECT CATEGORIZATION

- **PROJECT BUDGET YEAR: 2024**

- **LOB: Member Services**

- **PROJECT SPONSOR: Suzanne Mayer**

- **PROJECT BUSINESS OWNER: Suzanne Mayer/Jefferey Saiger**

- **PROJECT CATEGORY: Efficiency/Productivity**

PROJECT METRICS

- **PROJECT BENEFITS:**

- **PROJECT SUCCESS MEASUREMENT(S):**

- **PROJECT RISK: Medium-High, resource constraints, adoption of new processes by employers**

- **PROJECT LOE: High**

- **PROJECT DURATION: 5 years, through July 2026**

- **VENDOR(S): Vitech, Management Business Solutions (MBS)**

- **CONSULTANT(S): Linea Solutions**

ESTIMATED PROJECT BUDGET

	Vitech	MBS	Linea	Total
OPX:	$ 460,000	$ 95,868	$ 86,400	$1,355,727
CAPX:	$3,500,000	$100,716	$1,172,640	$4,773,356
Total Budget:	$3,960,000	$196,584	$1,259,040	$6,129,083

Exhibit 4

Security Projects

Exhibit 4

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PROJECT NAME: Security Enhancements

PROJECT DESCRIPTION

This portfolio covers a concerted effort to continue to enhance our cyber security position by introducing additional measures of protection across the network to guard against attacks.

FY24 initiatives include a 3rd party Risk Management Assessment, Crowe PEN testing with expanded scope, and fraud protection safeguards. Additionally, new tools acquired in FY23 will continue to be honed, and Information Security Roadmap initiatives will continue.

PROJECT CATEGORIZATION

- PROJECT BUDGET YEAR: 2024

- LOB: IT Security

- PROJECT SPONSOR: Jefferey Saiger

- PROJECT BUSINESS OWNER: Harold Keagle

- PROJECT TYPE: GRCL (Governance, Risk, Compliance, Legal)

PROJECT METRICS

- PROJECT BENEFITS: Increase protection against ransomware attacks, awareness of data leakage, email security, log analysis and event correlation, and NIST certification prep.

- PROJECT SUCCESS MEASUREMENT(S): Decreased Cyber security risk factor/score.

- PROJECT RISK: Medium, resource constraints.

- PROJECT LOE: High

- PROJECT DURATION

ESTIMATED PROJECT BUDGET

OPX
- LICENSES
- HOSTING:
- SUBSCRIPTIONS: $50,000
- ASSESSMENT: $278,520
- TRAINING:
- PROFESSIONAL SERVICES: $61,000
- TRAVEL:

- CAPX
- SOFTWARE:
- HARDWARE:
- IMPLEMENTATION:

Total projects budget: $389,520

Exhibit 4

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PROJECT NAME: Backup/Disaster Recovery

PROJECT DESCRIPTION

Increase backup space for PAS data migration.

Replace Tape Library.

Enhanced Telephony Services, including elimination of on-premise hardware for a 100% cloud DR position.

PROJECT CATEGORIZATION

- PROJECT BUDGET YEAR: 2024

- LOB: IT Infrastructure and Operations

- PROJECT SPONSOR: Jefferey Saiger

- PROJECT BUSINESS OWNER: Cindy Gones

- PROJECT CATEGORY: GRCL (Governance, Risk, Compliance, Legal)

PROJECT METRICS

- PROJECT BENEFITS: Disaster Recovery and reliability.

- PROJECT SUCCESS MEASUREMENT(S): Installation on schedule and on budget.

- PROJECT RISK: Medium

- PROJECT LOE: Low

- PROJECT DURATION: 6-9 months

- VENDOR(S): TBD

- CONSULTANT(S): TBD

ESTIMATED PROJECT BUDGET

OPX
- LICENSES:
- HOSTING:
- DATA MIGRATION:
- NETWORK DESIGN: $30,000
- TRAINING:
- ONGOING MAINTENANCE:
- TRAVEL:

CAPX
- SOFTWARE:
- HARDWARE: $159,400
- IMPLEMENTATION:

Total Budget: $189,400

Exhibit 4

Administration Program Projects

Exhibit 4

PROJECT NAME:
Migration of Special Filing from FileNet to SharePoint

PROJECT DESCRIPTION

This project will focus on migrating 'Special Filing' documents (NOT related to Members) from FileNet and into a new solution, likely SharePoint.

This will involve an RFP for a partner to assess the needs, develop the future-state process for ingesting new documents, and migration of historical documents into the new solution.

PROJECT CATEGORIZATION

- PROJECT BUDGET YEAR: 2024

- LOB: Administration, HR, Legal

- PROJECT SPONSOR: Jefferey Saiger

- PROJECT BUSINESS OWNER: Jefferey Saiger

- PROJECT TYPE: GRCL (Governance, Risk, Compliance, Legal)

PROJECT METRICS

- PROJECT BENEFITS: Better.

- PROJECT SUCCESS MEASUREMENT(S): % of utilization vs. current solution. Successfully deployed on-time and on-budget.

- PROJECT RISK: Low, resource availability and priority.

- PROJECT LOE: Low/Medium, depending on requirements

- PROJECT DURATION: 6-9 months

- VENDOR(S): TBD

- CONSULTANT(S): None

ESTIMATED PROJECT BUDGET

OPX
- LICENSES:
- HOSTING:
- DATA MIGRATION:
- ASSESSMENT: $15,000
- TRAINING:
- ONGOING MAINTENANCE:
- TRAVEL:

CAPX
- SOFTWARE:
- HARDWARE:
- IMPLEMENTATION: $25,000

Total Budget: $40,000

Exhibit 4

IT Operations / Infrastructure Projects

Exhibit 4

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PROJECT NAME: IT Infrastructure

PROJECT DESCRIPTION

Replace critical infrastructure and daily operational equipment at end-of-life.

Includes complete refresh of Network switches supporting the entire org, as part of a new 3-year Network roadmap.

Virtualization platform upgrades, Computer Room UPS battery replacement, and staff laptop replacements.

PROJECT METRICS

- PROJECT BENEFITS: Increased security and reliability.

- PROJECT SUCCESS MEASUREMENT(S): Installation on schedule and on budget. Equipment properly configured upon deployment.

- PROJECT RISK: Medium

- PROJECT LOE: Low

- PROJECT DURATION: 6-9 months

- VENDOR(S): TBD

- CONSULTANT(S): TBD

PROJECT CATEGORIZATION

- PROJECT BUDGET YEAR: 2024

- LOB: IT Infrastructure and Operations

- PROJECT SPONSOR: Jefferey Saiger

- PROJECT BUSINESS OWNER: Cindy Gones

- PROJECT CATEGORY: GRCL (Governance, Risk, Compliance, Legal)

ESTIMATED PROJECT BUDGET

OPX
- LICENSES:
- SUBSCRIPTIONS:
- SERVICES:
- ASSESSMENT:
- TRAINING:
- NON-CAP EQUIPMENT: $125,000
- ONGOING MAINTENANCE:
- TRAVEL:

CAPX
- SOFTWARE:
- HARDWARE: $502,780
- IMPLEMENTATION:

Total Budget: $627,780

Exhibit 4

Facilities Projects

Exhibit 4

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PROJECT NAME: Environmental and Safety

PROJECT DESCRIPTION

This project is a continuation of improvements to SURS technology and facilities in support of a safe and healthy hybrid work environment.
Includes air quality assessment for both facilities, and improved HVAC controls for 1801 Fox.
Noise masking technology for 1901 Fox areas to be renovated. A/V in more meeting spaces for seamless and productive experience during hybrid meetings with staff and vendors.

PROJECT CATEGORIZATION

- **PROJECT BUDGET YEAR: 2024**

- **LOB: IS**

- **PROJECT SPONSOR: Jefferey Saiger**

- **PROJECT BUSINESS OWNER: Shane Truitt/Cindy Gones**

- **PROJECT CATEGORY: Efficiency/Productivity**

PROJECT METRICS

- **PROJECT BENEFITS: Improved and more productive atmosphere by leveraging modern controls and technology.**

- **PROJECT SUCCESS MEASUREMENT(S): All intended technology and user training delivered on-time and on-budget.**

- **PROJECT RISK: Medium.**

- **PROJECT LOE: Medium**

- **PROJECT DURATION: 12 months**

- **VENDOR(S): TBD**

- **CONSULTANT(S): TBD**

ESTIMATED PROJECT BUDGET

OPX
- **ASSESSMENT: $75,000**
- **SERVICES:**
- **TRAINING:**
- **ONGOING MAINTENANCE:**
- **TRAVEL:**

CAPX
- **SOFTWARE:**
- **HARDWARE/TECHNOLOGY: $65,000**
- **IMPLEMENTATION:**
- **FACILITIES: $55,000**

Total budget: $195,000

Exhibit 4

PROJECT NAME: Building Maintenance Capital and Planning 1901 Fox Drive Renovations Roadmap

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PROJECT DESCRIPTION

In FY24 SURS will strategically prioritize areas for continued renovation of the 1901 Fox Drive building, and parking lot improvements at both facilities.

Projects will be fit-to-size based on budget approval and will follow the design elements established in FY21 - FY23. Budget estimates are based on construction averages from the past 2 years. Services are for architect construction management/administration.
A General Contractor RFP was conducted for FY24 projects, with expectation of a multi-year contract that takes us through final phases of renovation.

PROJECT METRICS

- **PROJECT BENEFITS:** Safety code compliance, increased employee protection, more efficient use of space

- **PROJECT SUCCESS MEASUREMENT(S):** Successful completion of renovations and improvements on time and within budget.

- **PROJECT RISK:** Low, staff availability

- **PROJECT LOE:** Medium

- **PROJECT DURATION:** 3-9 months

- **VENDOR(S):** Bailey Edward Architects, General Contractor TBD (RFP award pending)

- **CONSULTANT(S):**

PROJECT CATEGORIZATION

- **PROJECT BUDGET YEAR:** 2024

- **LOB:** Facilities

- **PROJECT SPONSOR:** Jefferey Saiger

- **PROJECT BUSINESS OWNER:** Shane Truitt

- **PROJECT CATEGORY:** GRCL (Governance, Risk, Compliance, Legal)

ESTIMATED PROJECT BUDGET

OPX
- ASSESSMENT:
- SERVICES: $25,000
- TRAINING:
- ONGOING MAINTENANCE:
- TRAVEL:

CAPX
- SOFTWARE:
- HARDWARE/TECHNOLOGY:
- IMPLEMENTATION:
- FACILITIES: $1,300,000

Total budget: $1,325,000

Exhibit 4

Proposed Project Financial Summary—FY 23*

	CapEx	OpEx
Pension Project	$ 4,789,052	$ 1,488,975
All Other	$ 1,874,500	$ 904,500
Total	$ 6,663,552	$ 2,393,475

* Basis for deck = Projects > $50k
    Does not include buffer for legislative mandates.

Exhibit 4

Proposed Project Financial Summary—FY 24*

	CapEx	OpEx
Pension Project	$4,773,356	$ 1,355,727
All Other	$2,107,180	$ 659,520
Total	$6,880,536	$ 2,015,247

* Basis for deck = Projects > $25k
Does not include buffer for legislative mandates.

Exhibit 5

SURS
STATE UNIVERSITIES RETIREMENT SYSTEM

To: Administration Committee
From: Nichole Hemming, Chief Human Resources Officer
Date: March 6, 2023
Re: FY 2024 Compensation Adjustments

The Board has steadily provided for salary increases to reward staff for their hard work and recognizing the level of difficult of the work across all areas. Increases of 3.0% and 5.7% were given for fiscal years 2022 and 2023, along with funding the Star Award Program at $15,000 each year.

The U.S. Bureau of Labor Statistics report from December 2021 to December 2022, consumer prices for all items rose 6.5%. The Employment Cost Index in December 2022 was 4.7% for public sector employment and 5.1% for civilian employment overall.

We have continued working with CBIZ to review recommendations for the salary program for FY 2024. Based on their recommendation, we are requesting a 4.9% increase to the personnel budget. The majority of employees who have passed probation would receive at least a 3.7% salary increase. The additional 1.2% would be distributed to employees based on their performance rating.

As a reminder, staff was directed to engage a third party to conduct a compensation study on a three-year basis at the September 2019 Administration Committee Meeting. This compensation study for all staff (excluding executives and investments) is currently underway.

Staff Recommendation

SURS staff recommends:
- **That a 4.9% salary increase be budgeted to fund the salary program.**
- **That pay ranges be moved 3.7%.**
- **That $25,000 be approved to fund the Star Award Program.**

Exhibit 6

CBIZ Compensation Consulting

State Universities Retirement System of Illinois | March 9, 2023

Annual Compensation Guidance

Your Team.

Local. Trusted. Nationwide.

Exhibit 6

Agenda

Staff Compensation Study

Labor market trends

2023 guidance

Exhibit 6

Staff Compensation Study

Exhibit 6

Staff Compensation Study

Staff Compensation Study

Currently conducting a staff compensation study

Similar process to the 2021 Executives & Investments study

Evaluating

- Pay, benefits, and total compensation
- Structure design

Will present results and recommendations to the board

- Goal to present on the April 20th board meeting

Exhibit 6

Labor Markets & Competitiveness

SIZE

- $26B AUM
- $30M budget
- 170 employees

GEOGRAPHY

- Champaign
- Illinois
- National
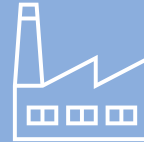
INDUSTRY

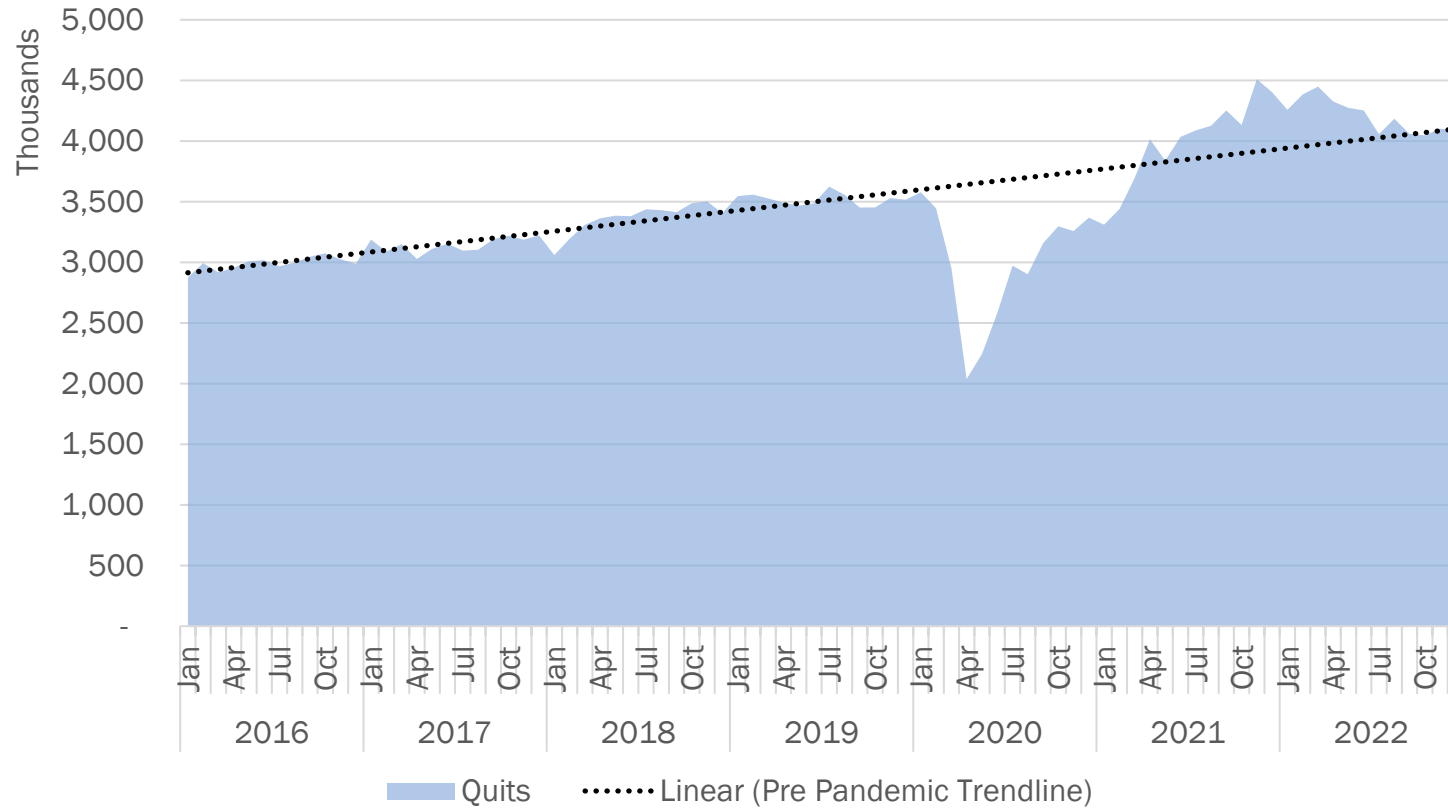- General industry
- Public pension

PLACEMENT

- Match the market
- 50th base salary

Exhibit 6

Labor Market Trends

Exhibit 6

Labor Market Trends

Quits

U.S. Bureau of Labor Statistics. Job Openings and Labor Turnover.

"Quits" measures the number of voluntary employee exits

Quits dropped during the pandemic

Quits has returned to the pre pandemic trend!

Is the "Great Resignation" officially over?

Exhibit 6

Labor Market Trends

Wages and Inflation
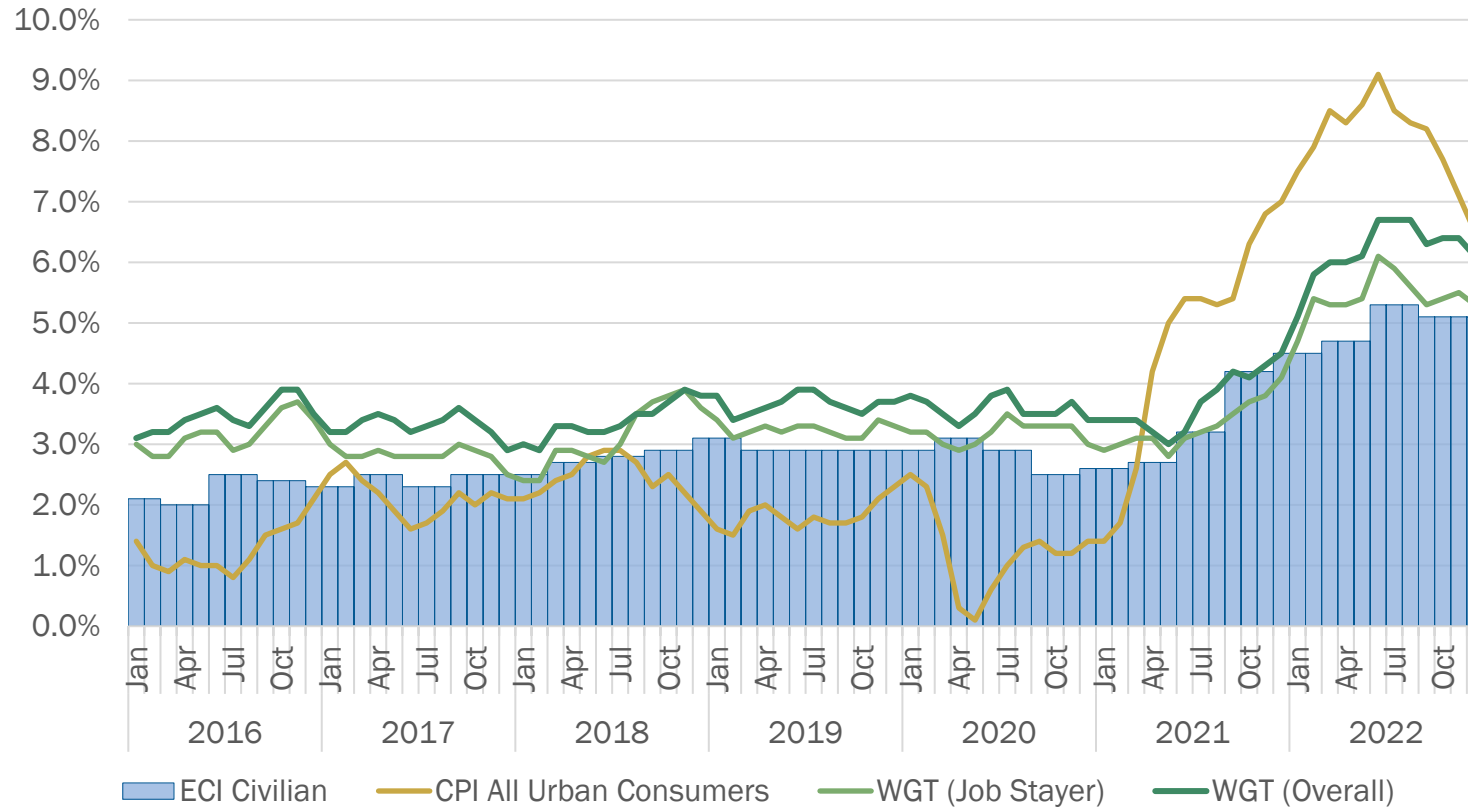
U.S. Bureau of Labor Statistics. Employment Cost Index.

U.S. Bureau of Labor Statistics. Consumer Price Index.

Wage growth shows signs of slowing, but its still quite high.

_____

Employment Cost Index (ECI)
- Measure of the 12-month increase in wages.
- The civilian data includes public and private workers.

Consumer Price Index (CPI)
- Inflation. All Urban Consumers.
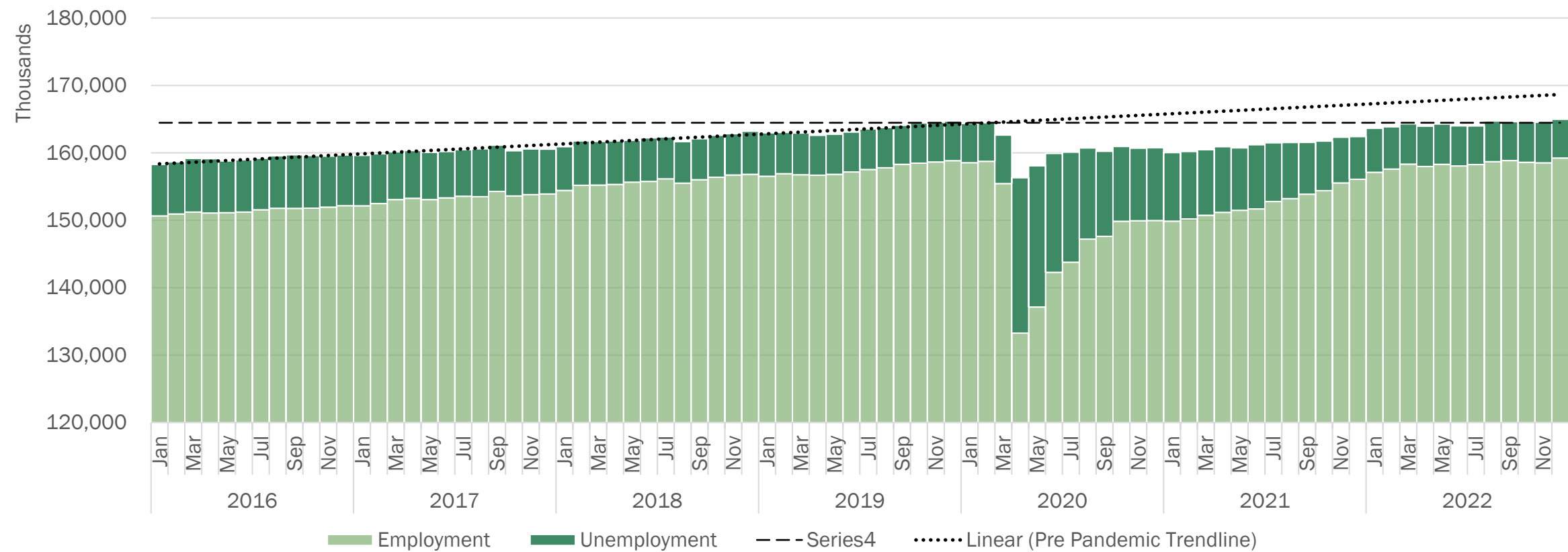
The Wage Growth Tracker
- Follows a group of individuals over time.
- The data here reflects workers who are in the same job over the prior year as well as the full data set.

CBIZ recommends that salary increases track wage metrics, not CPI/inflation

Typically wages grow faster than inflation

Exhibit 6

Labor Market Trends

US Labor Force

U.S. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey.
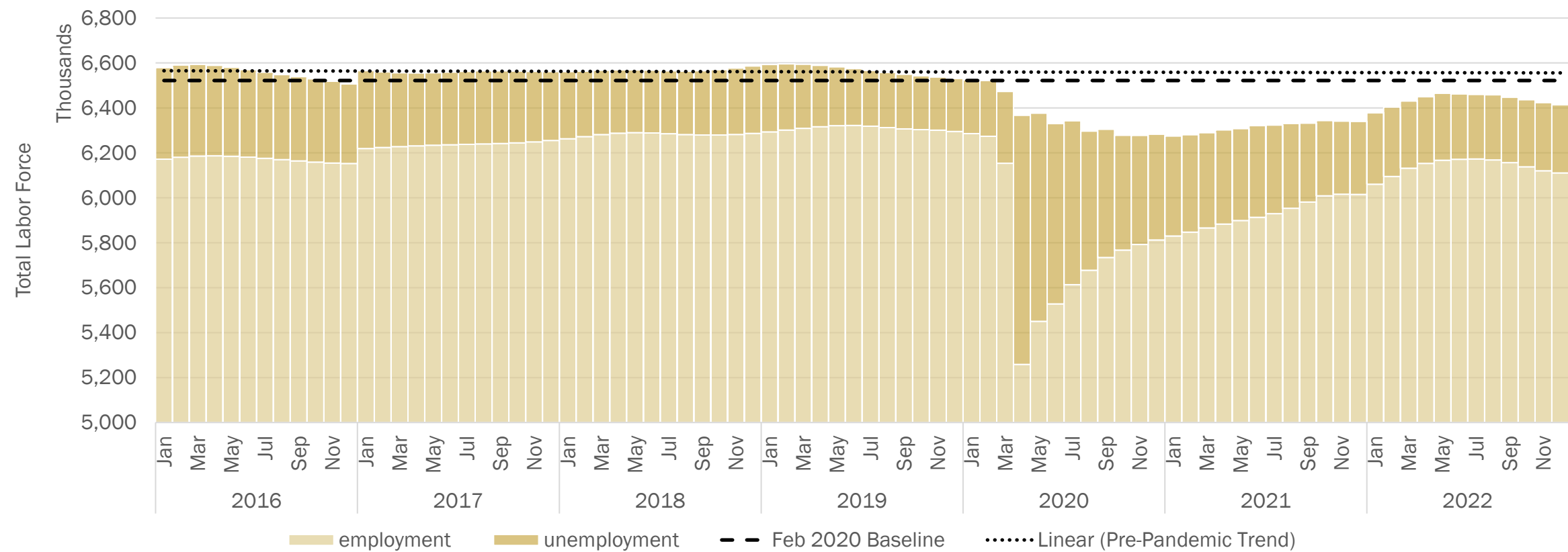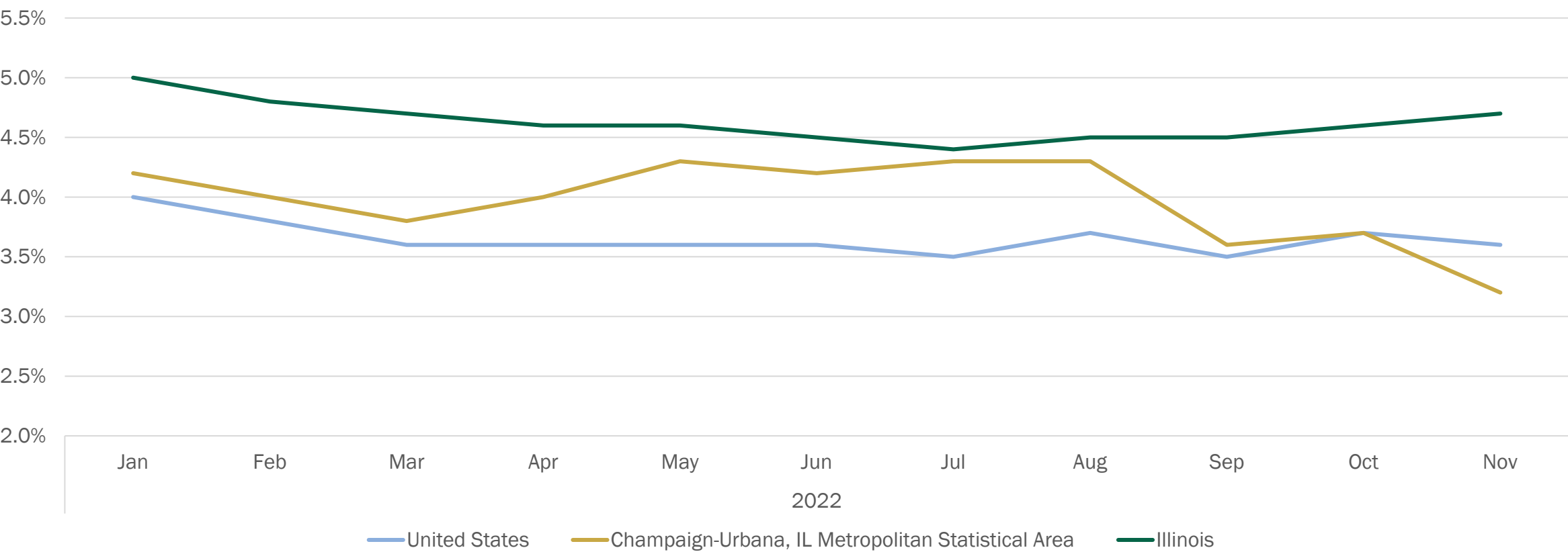
Exhibit 6

Labor Market Trends

Illinois Labor Force

U.S. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey.

Exhibit 6

Labor Market Trends

Unemployment Rate Comparison

U.S. Bureau of Labor Statistics. Employment Situation Summary

U.S. Bureau of Labor Statistics. State Employment and Unemployment Summary

Exhibit 6

Employment Cost Index

	March	June	September	December	March	June	September	December
		2021				2022		
Civilian	2.7%	3.2%	4.2%	4.5%	4.7%	5.3%	5.1%	5.1%
Private	3.0%	3.5%	4.6%	5.0%	5.0%	5.7%	5.2%	5.1%
Public	1.6%	1.6%	2.4%	2.7%	3.1%	3.2%	4.4%	4.7%

U.S. Bureau of Labor Statistics. Employment Cost Index.

Exhibit 6
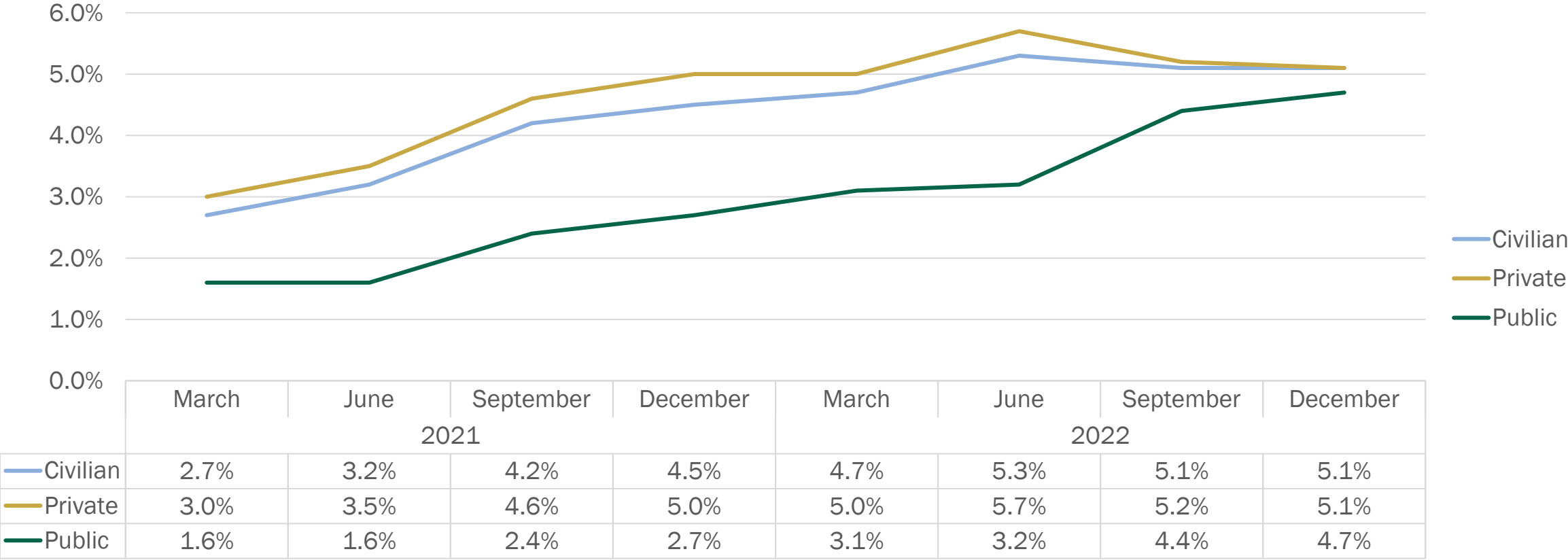
Labor Market Trends

Highest Demand Jobs (LinkedIn)

1. Registered Nurse
2. Salesperson
3. Software Engineer
4. Driver
5. Retail Salesperson
6. Project Manager
7. DevOps Engineer
8. Warehouse Associate
9. Cashier
10. Customer Service Representative

The Most In-Demand Jobs Right Now (linkedin.com)

Fastest-growing demand:
Front Desk Representative

+2.7x more job posts in Q4 '22 vs. Q3 '22

Exhibit 6

Layoffs

- 3M
- Alphabet (Google)
- Amazon
- Disney
- BlackRock
- BNY Mellon
- Capital One
- Cisco
- Dow
- Goldman Sachs

- Hasbro
- HP
- IBM
- Intel
- Meta (Facebook)
- Microsoft
- Salesforce
- SAP
- Spotify
- Vox

- Wayfair
- WeWork

Exhibit 6

Labor Market Trends

2023 Economic Outlook

National Association for Business Economics (NABE)

- 2023 NABE Outlook presents the consensus macroeconomic forecast of a panel of 48 professional forecasters
- Survey continue to reflect significant divergence regarding the outlook for the U.S. economy.
- Estimates of real GDP, inflation, labor market indicators, and interest rates are all widely diffused.

Variety of opinions on the fate of the economy—ranging from recession to soft landing to robust growth.

Exhibit 6

2023 Guidance

Exhibit 6

Summary

Layoffs and looming recession getting hard to ignore

Wage growth is cooling but still quite high

Exhibit 6

Pension Specific Data

Salary Increase Budgets

Public Funds (CBIZ)

- 2022 Predicted
- 2022 Actual
- 2023 Predicted

Exhibit 6
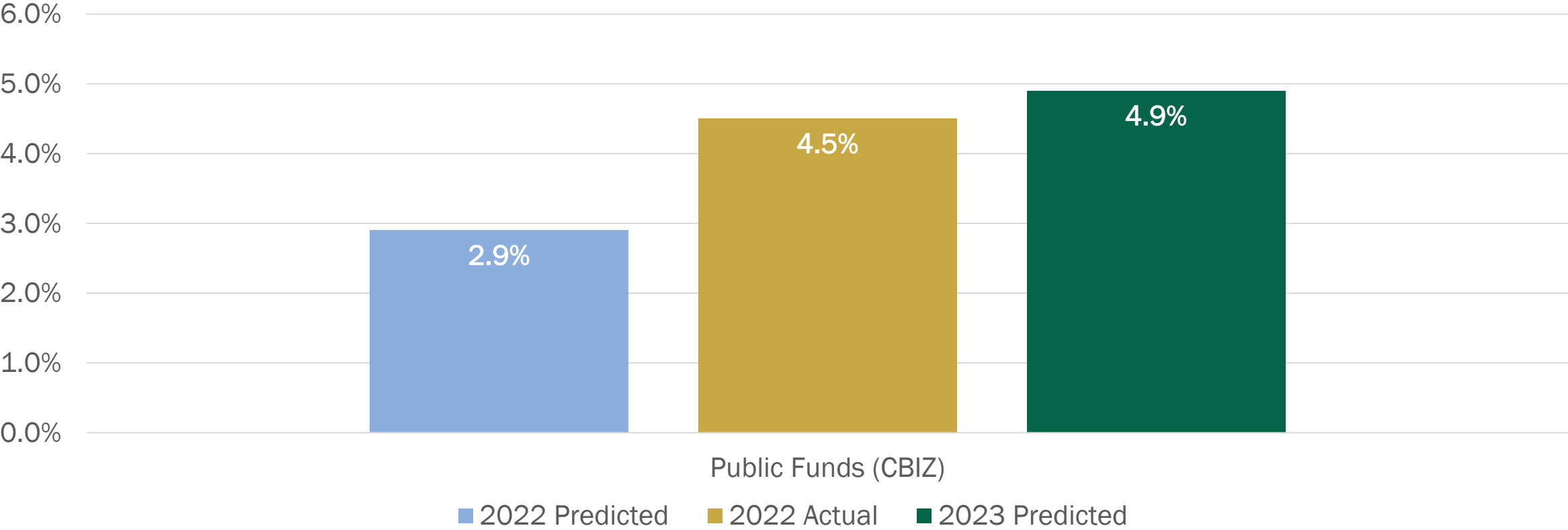
CBIZ 2023 Guidance

5.1%
Structure
Update

- Tied to ECI
- Broad Measure of Wage movement

6.3% - 8.0%
Salary
Increase
Budget

- Avoid/alleviate pay compression
- Employees need to move through the market range

Exhibit 6

Additional Considerations

Member/media perception

Budget/affordability

Conservative approach

- Wait and see… extent and impact of a recession (if any)
- Acknowledge behind trends for 2023

Course correct for future years

- May need to be above trend in future years to regain ground
- May need to pump the brakes if above market

Exhibit 6

Final 2023 Guidance

3.7% Structure Update

- Back off the salary increase data to avoid compression.

4.9% Salary Increase Budget

- Align to pension data.

Exhibit 6

2023 Guidance

Actions

Structure update will be applied to all SURS staff

As a reminder, staff not included in the 2021 compensation study are being evaluated now

Increases for staff will be included in the final compensation evaluation

Exhibit 6

Your Team.

QUESTIONS?

WE'RE HERE TO HELP.

Joe Rice
Director, Compensation Consulting
314.590.4070
jrice@cbiz.com

Exhibit 7

To: Administration Committee

From: Nichole Hemming

Date: March 2, 2023

Re: Revised Vacation Policy

SURS Human Resources was asked to revise the SURS Vacation policy to reflect the changes approved at the February 2, 2023, Board meeting stemming from potential benefits and compensation issues related to specific employees. The revised policy reflects the sunset of the "Grandfathered" vacation category, the transfer of leave to the "Excess Leave" leave category for those specific employees. The redline also includes updates to reflect the maximum vacation accrual limits allowed by Civil Service.

Recommendation:

The SURS Human Resources Department comes before you today to request approval of the revised Vacation policy.

Exhibit 8

OFFICIAL POLICY

S.   Vacation

Eligible employees are granted vacation leave, a pre-approved paid absence from work, to be used for vacation reasons. Leave for vacation purposes will be arranged with due regard for operating needs of SURS and to accommodate the convenience of the employee.

1. Eligibility

Probationary and status Civil Service employees and employees holding Principal Administrative Appointments (PAA) are eligible for vacation.

2. Vacation Accrual Rates

Eligible employees earn vacation time in accordance with the following schedule:

Completed Months Of Service in Pay Status[1]	Accrual Rate - Non-exempt Civil Service	Accrual Rate - Exempt Civil Service and PAA
0 – 36	12 days @ 3.46 hours per pay period	25 days @ 7.21 hours per pay period
37 – 72	15 days @ 4.33 hours per pay period	26 days @ 7.50 hours per pay period
73 – 108	18 days @ 5.19 hours per pay period	27 days @ 7.79 hours per pay period
109 – 168	21 days @ 6.06 hours per pay period	28 days @ 8.08 hours per pay period

Exhibit 8

169 or more	25 days @ 7.21 hours per pay period	28 days @ 8.08 hours per pay period

[1]Unpaid, unexcused absences; personal leave; unpaid FMLA; and other unpaid absences are not included in the accrual of service.

3. Requests and Approval for Leave

Unless an immediate supervisor grants an exception, vacation requests must be submitted to the immediate supervisor in a reasonable time frame in relation to the requested time off, typically a minimum of one week prior to the date leave is to be taken. Supervisors have the authority to grant or deny requests based on the operational needs of SURS. Denials of vacation requests related to a request for leave under the Family and Medical Leave Act must be approved by SURS Human Resources prior to denial of the leave. Vacation must be taken in a minimum of 15-minute increments. While using vacation leave, employees continue to receive the same State and SURS benefits as when actively working. All SURS-paid contributions for those benefits continue.

4. Accumulation and Accruals of Vacation Leave

Through the beginning of the first pay period of calendar year 2024, employees will accrue "vacation leave" at their current accrual rate and will be permitted to accrue balances greater than twice their annual accrual rate until that time. Effective the first day of the first full pay period after January 1, 2024, employees may accumulate, at the employee's then current accrual rate, an amount of vacation leave equal to that earned in two service years but upon reaching this accumulation will cease to earn vacation leave until their accumulated vacation balance is reduced to an amount below twice their annual accrual rate. Employees converting from principal administrative positions to a status civil service position may be allowed to transfer balances greater than the two-year accumulation maximum but will not continue to accrue vacation leave until their vacation balance is reduced to an amount below twice their annual accrual rate in their new position.

5. "Grandfathered" Vacation Balances[i]

Initial Transition Steps – Effective April 4, 2023

Exhibit 8

For current employees who have remaining "Grandfathered Vacation" balances of greater than twice their annual accrual rate on 4/3/2023, effective 4/4/2023, the following will occur:

- An amount equal to twice the employee's annual accrual rate will remain in their "Vacation Leave" category balance. This will be the same leave category to be used for all other employees who are eligible to accrue "Vacation Leave".

- The remaining balance of "Grandfathered Vacation" (the amount remaining greater than the twice the annual accrual rate) will be moved to a new leave category - "Excess Leave". If an employee has "Grandfathered Vacation" in an amount less than twice their current annual accrual rate, they will not have any "Excess Leave" to transfer to this new category and will not be eligible for "Excess Leave" on April 4, 2023, or on any date in the future.

- Employees cannot add or transfer any benefit time to their "Excess Leave" category after April 4, 2023.

- An employee with "Excess Leave" can use that leave for approved vacation leave, sick leave or to cover another approved leave when their "Vacation Leave" balance reaches zero.

- Employees with "Excess Leave" must use time from their "Vacation Leave" balance first. "Excess Leave" can only be used when the employee has fully exhausted their "Vacation Leave" balance or is separating employment from SURS and has a "Vacation Leave" balance of less than twice their annual accrual rate.

- When an employee separates employment from SURS with a "Vacation Leave" balance less than twice their annual vacation accrual rate, they may transfer time from their "Excess Leave" balance into their "Vacation Leave" balance to maximize their vacation payout and reported salary for Final Retirement Earnings purposes up to a maximum of twice their annual vacation leave accrual rate.

6.   **Payment of Accrued Vacation Leave at Separation**

At separation, **_all_** SURS employees with a "Vacation Leave" balance will be paid the value of their "Vacation Leave" balance up to a maximum of twice their annual "Vacation leave" accrual rate.

Exhibit 8

7.   Recording of Leave Time

It is the responsibility of the supervisor, their designee, and the employee to ensure that time sheets are filled out accurately in ADP and the appropriate leave documentation is provided to the SURS Human Resources Department.

8.   Policy Exceptions and Future Amendments

For the avoidance of doubt, the SURS Board of Trustees may revise any of the terms or conditions of this policy at any time and nothing in this policy should be construed as a contract, either stated or implied. Exceptions to Section 5 of the SURS Vacation Policy hereinabove require approval from the SURS Board of Trustees.

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[i] Employees who, as of October 1, 2018, had a vacation balance of greater than twice their annual accrual rate were provided a six (6) year "burn down period" to reduce their balance to twice their annual accrual rate. With the implementation of this updated vacation policy, the "burn down period" provided to those grandfathered employees is no longer in effect.

Exhibit 9

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~~Civil Service employees and Non-Civil Service employees earn vacation time in accordance with the following schedule:~~

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Exhibit 9

109 – 168	21 days @ 6.06 hours per pay period	28 days @ 8.08 hours per pay period
169 or more	25 days @ 7.21 hours per pay period	28 days @ 8.08 hours per pay period

[1] ~~Dock time,~~ unpaid, unexcused absences; personal leave; unpaid FMLA; and other unpaid absences are not included in the accrual of service.

[2] ~~Rates are per pay period. Non-Civil Service employees earn vacation at the same rate as Exempt Civil Service employees.~~

3. Requests and Approval for Leave

Unless an immediate supervisor grants an exception, vacation requests must be submitted to the immediate supervisor in a reasonable time frame in relation to the requested time off, typically a minimum of one week prior to the date leave is to be taken. ~~Vacation time must be reported on time sheets with approval documentation attached.~~ Supervisors have the authority to grant or deny requests based on the operational needs of SURS. Denials of vacation requests related to a request for leave under the Family and Medical Leave Act must be approved by SURS Human Resources prior to denial of the leave. ~~Advance notice of intent to use vacation is recommended, especially for longer periods of absence (1 week or more).~~ Vacation must be taken in a minimum of 15-minute increments. While using vacation leave, employees continue to receive the same State and SURS benefits as when actively working. All SURS-paid contributions for those benefits continue.

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Exhibit 9

amount below twice their annual accrual rate. Employees converting from principal administrative positions to a status civil service position may be allowed to transfer balances greater than the two-year accumulation maximum but will not continue to accrue vacation leave until their vacation balance is reduced to an amount below twice their annual accrual rate in their new position.

~~The maximum amount of accrued vacation that will be paid out at termination of employment is two times the rate of vacation being earned, at that time.~~

~~All SURS employees will accrue vacation benefits each year at their assigned accrual rates referenced in the schedules above.~~

~~No employee hired on or after October 1, 2018 shall have a vacation benefit account balance of more than two times their annual vacation accrual rate as of the 1st of each calendar year. Those employees who, as of October 1, 2018, have more than two times their annual vacation accrual rate in their vacation benefit accounts qualify for a six (6) year "burn down period" during which they can reduce the balance in said account to an amount equal to or less than two times their annual vacation accrual rate. This reduction must occur by December 31, 2024 or it is understood and agreed that the employee will lose his/her days in excess of two times their annual vacation accrual rate. In such a circumstance, the employee's vacation account balance will be reset to two times their annual vacation accrual rate as of January 1, 2025.~~

~~Once an employee using the "burn down period" has their vacation account balance at or below two times their annual vacation accrual rate, they will not be allowed to carryover more than two times their annual vacation accrual rate from one calendar year to the next. All vacation time that exceeds two times their annual vacation accrual rate as of the last day of the pay period for any calendar year will be forfeited and the same will occur at the end of the last day of the pay period for each calendar year thereafter. Their vacation benefit account balance will be reset to a maximum of two times their annual accrual rate of vacation on the first day of the first~~

Exhibit 9

~~pay period of the payroll schedule for the new calendar year.~~

~~Current employees who do not qualify for the "burn down period" and new employees hired on or after October 1, 2018 who have more than two times their annual vacation accrual rate in their vacation benefit account balance at the end of the payroll schedule for that calendar year will lose all vacation time that exceeds two times their annual vacation accrual rate as of the last day of the pay period of that calendar year and the same will occur at the end of the last day of the pay period for each calendar year thereafter. Their vacation benefit account balance will be reset to a maximum of two times their annual accrual rate of vacation on the first day of the first pay period of the payroll schedule for the new calendar year.~~

~~3.   Spending Down of Vacation benefits – Employees throughout their employment at SURS are expected to manage vacation benefits in a manner that will not cause them to have excess benefits at the end of their tenure. Resigning or retiring employees should plan on minimal vacation usage during the last 4-6 weeks of employment. This will increase availability and ability to provide cross training prior to their departure.~~

~~Unless an employee is using vacation time for FMLA purposes, under no circumstances shall an employee use more than fifty (50) vacation days in any calendar year. This applies to all SURS employees effective as of October 1, 2018 regardless of whether they qualify for the "burn down period" referenced herein.~~

~~4.   Unless dictated by a finding of law or previous legal ruling, SURS does not allow for the "repurchasing" of vacation time away from work.~~

5. "Grandfathered Vacation" Balances[i]

Initial Transition Steps – Effective April 4, 2023

For current employees who have remaining "Grandfathered Vacation" balances of greater than twice their annual accrual rate on 4/3/2023, effective 4/4/2023, the following will occur:

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