

Quarterly Meeting of the Legal & Legislative Committee
of the Board of Trustees of the
State Universities Retirement System
Thursday, March 9, 2023, 3:15 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 not practical nor prudent due to the ongoing COVID-19 disaster concerns.

The following trustees were present: Mr. John Atkinson, Dr. Fred Giertz, Mr. John Lyons; Dr. Steven Rock, Mr. Richard Figueroa, Mr. Scott Hendrie, 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. Jackie Hohn, Chief Internal Auditor; Ms. Tara Myers, Chief Financial Officer; Ms. Nichole Hemming, Chief Human Resources Officer; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Stephany Brinkman, Investment Analyst; Ms. Tracy Bennett, Compliance Analyst; Ms. Bianca Green, General Counsel; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Alicia Route, Legislative Analyst; Mr. Albert Lee, Associate General Counsel; Ms. Heather Kimmons, Associate General Counsel; Ms. Anna Dempsey, Investment Counsel; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; and Mr. Michael Calabrese of Foley.

Legal & Legislative Committee roll call attendance was taken. Trustee Atkinson, present; Trustee Bodnaruk, absent; Trustee Giertz, present; Trustee Lyons, present; and Trustee Rock, present.

APPROVAL OF MINUTES

Trustee Rock presented the minutes from the Legal & Legislative Committee meeting of December 9, 2023.

Trustee Lyons made the following motion:

• That the minutes from the December 9, 2023, Legal & Legislative Committee meeting be approved as presented.

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

Trustee Atkinson - aye
Trustee Bodnaruk - absent
Trustee Giertz - aye

Trustee Lyons - aye
Trustee Rock - aye

CHAIRPERSON'S REPORT

Trustee Rock did not have a formal chairperson's report.

LEGISLATIVE UPDATE

Ms. Kristen Houch and Ms. Alicia Route provided the legislative update, which included a recap of the current General Assembly session, a reminder of committee deadlines and an explanation of the pending bills that could impact SURS. The trustees then discussed Senate Bill 2152 and Senate Bill 1235 in detail.

Trustee Rock suggested the Legal & Legislative committee take a vote whether to formally oppose Senate Bill 2152 and Senate Bill 1235.

Trustee Lyons made the following motion:

That SURS formally oppose Senate Bill 2152 (Treasurer Proxy Voting Bill) and Senate Bill 1235 (IEA Part-time/Adjunct Bill).

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

Trustee Atkinson - aye
Trustee Bodnaruk - absent
Trustee Giertz - aye
Trustee Lyons - aye
Trustee Rock - aye

A copy of the "Legislative Reception 2023" is incorporated as part of these minutes as **Exhibit 1**.

RULEMAKING AND COMPLIANCE UPDATES

Status of Pending Rules

Mr. Lee provided an informational update on the status of the proposed rulemakings. The SURS draft rules he has been updating the committee about for the past several months will finally be published for First Notice in the Illinois Register. Mr. Lee reminded trustees that because of this publication date, *ex parte* communication rules are in effect and trustees and staff should forward any rules-related communications they receive to the SURS Legal Department.

A copy of the memo to the Legal and Legislative Committee, "Rulemaking Update" is incorporated as part of these minutes as **Exhibit 2**.

Compliance Stoplight Report

Ms. Green reviewed and discussed the current compliance stoplight report which reflects the status of SURS' compliance matters across the organization.

A copy of the report titled "February 2023 Stoplight Report" is incorporated as part of these minutes as **Exhibit 3**.

CLOSED SESSION

Trustee Lyons moved that the Legal & Legislative Committee go into closed session pursuant to §2(c)(1) of the Illinois Open Meetings Act to consider the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body. Trustee Atkinson seconded the motion which passed via the following roll call vote:

Trustee Atkinson - aye
Trustee Bodnaruk - absent
Trustee Giertz - aye
Trustee Lyons - aye
Trustee Rock - aye

RETURN TO OPEN SESSION

The Legal & Legislative Committee returned to open session at 5:15 p.m.

PUBLIC COMMENT

There were no public comments presented to the Legal and Legislative Committee.

There was no further business brought before the committee and Trustee Giertz 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 Bodnaruk - absent
Trustee Giertz - aye
Trustee Lyons - aye
Trustee Rock - aye

Respectfully submitted,

Ms. Suzanne M. Mayer

Executive Director and Secretary, Board of Trustees

SMM:cm/aa



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Legal Department

MEMORANDUM

To: Legal & Legislative Committee

From: Albert J. Lee, Associate General Counsel

Date: February 24, 2023

Re: Rulemaking Update

The Board approved the filing of the following proposed rulemakings at the quarterly meetings in December 2021 and June 2022.

- 1. Technical changes to the Group Trust Provisions that update the name of the Retirement Savings Plan (formerly the "Self-Managed Plan") and specifically include the SURS disability benefit fund as a participant trust (80 Ill. Adm. Code § 1600.150).
- 2. Technical changes to the Excess Benefit Arrangement Rule to enhance compliance with IRS Regulations (80 Ill. Adm. Code § 1600.430).
- 3. Updates and changes to Overpayment Recovery Rules to conform to public Act 102-746 (permitting recovery from estates) and provide more specific recovery methods involving the State Comptroller and/or State Treasurer (80 III. Adm. Code § 1600.450).
- 4. Changes to the Administrative Staff Determination and Rules for Appeal Nature and Requirements of Formal Hearings and Employer-Related Determinations and Rules for Appeal to update references, clarify various processes, clarify grounds for disqualification, provide *ex parte* communication exceptions for inquiries concerning bias or conflict of interest, and consolidate the employer appeals process under the Claims Panel process (80 Ill. Adm. Code §§ 1600.500, 1600.510).

The First Notice of the proposed rulemaking is scheduled to be published in the March 10, 2023 issue of the Illinois Register, subject to space availability. Once published, SURS is required to receive public comments concerning the proposed rulemaking for a minimum of 45 days. During this period, the Board and staff must comply with the *ex parte* communication rules. All communications from the public and responses thereto pertaining to the substance of the rulemakings are to be forwarded to the SURS Ethics Officer (Bianca Green) so that they are made part of the record and reported to the Executive Ethics Commission. Any trustees or SURS staff who need an *Ex Parte* Communication Report form should contact the SURS Legal Department.

FEBRUARY COMPLIANCE REPORT (2023)

			Complete/Next due > 30 days		Due < 30 days		Past Due/Misse	e <mark>d</mark>
Report Owner: C	ompliance Officer	* indicates n	ew requirement/change i	n requirement	EOQ= End of Quar	ter	EOM=End of	Month
Department	Report	Filed With	Frequency	Statute/Rule	Last Filed	Next Due	Status	Notes This is due by
Administration	Travel Exception Report	IHETCB	Quarterly	80 IL 2900.105	1/5/2023	4/15/2023		the 15th of the month after the Q ends.
Administration	Drivers License & Insurance Certification	U of I	Annual	625 ILCS 5/7-203 & JCAR 44 Sec 5040.500	6/30/2022	6/30/2023		
Administration	Certification of Board Training Requirement	DFPR-Public Pension/Insurance Div	Annual	40 ILCS 5/1/113.18	7/7/2022	6/30/2023		
Administration	Notice of Regularly Scheduled Board Meetings	SURS Lobby and SURS website	Annual	5 ILCS 120.202	Jun-22	Dec-23		
Administration	Oath of Office	Internal	Ad Hoc	40 ILCS 5/15-159(h)	As needed	As needed		
Administration	Disclosure of Appointee Interest in State Contracts	SOS	Ad Hoc	5 ILCS 420/3A.30	As needed	As needed		
Administration	Trustee Indemnification Agreements	Internal & Fiduciary Council	Ad Hoc	40 ILCS 5/1-107 & Board Governance Bylaws 1.1	As needed	As needed		
Administration	IPad User Agreements	Internal	Ad Hoc	Internal Requirement	As needed	As needed		
Audit	Deceased Annuitant Reporting	Internal	Quarterly	30 ILCS 805/8.40	12/8/2022	3/31/2023		
Audit	Fiscal Year Audit Completion Report	Internal - Filed with the Executive Director	Annual	Fiscal Control & Auditing Act	8/31/2021	9/30/2023		
Audit	FCIAA Internal Control Certification	Auditor General	Annual	FCIAA	4/29/2022	5/1/2023		
Audit	Two Year Audit Plan	Internal/ ED approval/A & R Committee	Annual	30 ILCS 10/2003	6/27/2022	6/30/2023		
Audit	Submission of System Audit (due after FY end)	Governor - submitted by SURS and by the Auditor General	Annual	State Auditing Act and 30 ILCS 5/3-14 and 40 ILCS 5/15-174	FY21 - 5/19/2022	FY22		
Finance	GAAP	Comptroller	Annual (by 10/15)	PA 097-1055/ Financial Reporting Standards Board Act	Prelim filed 9/23/2022 - Final due when final numbers are done - final filed 10/24/2022	10/15/2023		
Finance	Public Accountability Report	Comptroller	Annual (by 11/15)	SAMS	12/14/2022	12/15/2023		
Finance	IRS Form 941-Employer Fed Tax Return Form	IRS	Quarterly	IRS CODE	1/24/2023	4/30/2023		
Finance	IRS Form 945 Annual Return of Withheld Federal Tax	IRS	Annual	IRS Code	1/31/2023	1/31/2024		
Finance	Cash Receipts and Disbursement Reports	Comptroller	Quarterly	SAMS	1/31/2023	4/30/2023		
Finance	Agency Fixed Asset Report	Comptroller	Quarterly	SAMS	1/20/2023	4/30/2023		
Finance	Accounts Receivable	Comptroller	Quarterly	SAMS	1/23/2023	4/30/2023		
Finance	Report on SMP Participation Rate	COGFA	Annual	40 ILCS 5/15-158.3	10/26/2022	11/15/2023		
Finance	Cert. of State Contribution and CIP	Governor, CMS, and Comptroller	Annual (final by 1/15)	40 ILCS 15/1.4 *	1/3/2023	1/15/2024		
Finance Finance	Department of Insurance Report IRS Form 1099R (FIRE)	Pension Division of Illinois Dept. of Ins. IRS	Annual Annual	40 ILCS 5/1A-109 IRS CODE	12/28/2022 3/30/2022	12/31/2023 4/30/2023		
Finance	IRS 1042: Withholding US income of Foreign Persons	IRS	Annual	IRS CODE	4/19/2022	3/15/2023		Extn. Received filed in April
Human Resources	Report on State Employees Combined Appeal (SECA) Voluntary Deductions	Comptroller	Annual (by 3/1)	5 ILCS 340/8(c)	1/14/2022	3/1/2023		
Finance	Comptroller Agency Invoice	Comptroller	Annual	PA 98-0228	9/21/2017	No longer required		By law, we file monthly Debt Transparency Reports instead
Finance	Fee Imposition Report	to Comptroller who sends to Gen. Assembly by 9/1	Annual - to Comptroller by 7/31; Comptroller to GA by 9/1	15 ILCS 405/16.2	7/21/2022	7/31/2023		
Finance	5 year review of 90% funding target	COGFA	5 years	40 ICLS 1-103.3	10/27/2021	12/31/2026		The ED sends a letter to COGF, on this issue.
Finance	Certification of Overpayments	Internal and Board of Trustees	Determined Internally	80 III Adm. Code Sec.1600.450	As needed	As needed		
Finance	IRS W-3	IRS	Annual	IRS Code	1/23/2023	1/31/2024		
Finance	Information to COGFA	COGFA	Ad Hoc/At will	40 ILCS 5/22-803	As needed	As needed		
Finance	Debt Transparency Report	Comptroller	Monthly (due on the 10th)	30 ILCS 105/9.08	2/1/2023	3/10/2023		
Finance/Mem Serv	Illinois Revised Unclaimed Property Act	Treasurer's Office	Annual report due 11/1 reporting period covers 7/1-6/30 of the preceding year	765 ILCS 1026/15-403	1/10/2022* partial report filed for 2022 filing period	11/1/2022		We received an extension last time. We have not filed a full report that was due 11/1/2022.
Finance/Mem Serv Finance/Mem Serv	Fin. Stmts to Participants/ Serv. Cred Stmts Reports to Reciprocals	Annuitants Recip Systems	As requested As requested	40 ILCS 5/15-175 40 ILCS 5/20-126	Ongoing Ongoing	ongoing ongoing		300 . 1/ 1/2022.

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FEBRUARY COMPLIANCE REPORT (2023)

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Human Resources Human Resources	Separation Report Monthly Wage Report	State Universities Civil Service System IDES taxnet Online	Monthly (w/n 10 days EOM) Monthly (EXCEPT 1/4/7/10)	Civil Service Rule 250.30 IDES PA 97-0689	2/2/2023 2/6/2023	3/10/2023 3/31/2023	
Human Resources	Form UI-3	IDES taxnet Online	Quarterly (1/31, 4/30, 7/31/10/31	IDES PA 97-0689	1/2/2023	4/30/2023	
Human Resources Human Resources Human Resources	Report of Employee Served Exempt Employees Report Occupational Ethnic and Gender Report	State Universities Civil Service System State Universities Civil Service System State Universities Civil Service System	Quarterly (w/n 10 days EOQ) Quarterly Quarterly (w/n 10 days EOQ)	Civil Service Rule 250.30 110 ILCS 70/36e Civil Service Rule 250.3.1	1/2/2023 1/2/2023 1/2/2023	4/10/2023 4/30/2023 4/10/2023	
Human Resources	Agency Workforce Report	Secretary of State; Office of Governor	Annual	5 ILCS 410/15 and 5 ILCS 410/20	12/21/2022	12/31/2023	
Human Resources Human Resources	TA-2 I-9 Eligibility	Legislative Audit Commission Internal In File	Bi-Annually Ad Hoc w/n 20 days of hire	St. Fin. Act 30 ILCS 105/12-3 Dept. Homeland Security	1/3/2023 Time of Hire	7/31/2023 As needed	
Information Technology	Data Breach Report - Personal Info Protection Act	Notice to resident "in the most expedient time possible and without unreasonable delay."	Ad Hoc	815 ILCS 530/10	Eff. 1/1/20	As needed	
Human Resources	SSA 1945	Internal In File	Ad Hoc w/n 20 days of hire	SSA	Time of Hire	As needed	
Investments	Investment Update Report	Online Surs.org	75 days after month end	Internal procedure - monthly	Dec posted 2/23/2023	Jan due 3/15/2023	These reports are often delayed - waiting for private equity information
Investments	Investments Information Report - Monthly	Online Surs.org	Monthly (by the 15th)	30 ILCS 237/10 PA 93-0499	2/14/2023	3/15/2023	
Investments	Report to Gov. on MWDB Firms/HR/Vendors	Governor	Annual by January 1	40 ILCS 5/1-109.1(8)	12/19/2022	1/1/2024	These are filed
Investments	Consultant Report on MWDB searches*	SURS Board of Trustees	Annual by January 1	40 ILCS 5/1-113.22	Both - 12/16/22	1/1/2024	in the same document with the item below. Both statutes,
Investments	Consultant Report on Economic Opportunities*	SURS Board of Trustees	Annual by January 1	40 ILCS 5/1-113.23	Both - 12/16/22	1/1/2024	as written, are impossible to meet. Auditors have accepted 1/31 as the due date.
Investments	Quinquennial Rep. US Owned Foreign Securities**	Federal Reserve Bank	Only upon request 5 years	22 USC Sec 3101	2022 (no report required)	Not due until 2027	*req. threshold for reporting not met for 2017. Next reporting year = 2027 and only if we meet the reporting threshold.
Investments Investments	Restricted Companies Divestiture Reporting* Illinois Finance Entity/High Risk Home Loan Act Cert.	Illinois Investment Policy Board DFPR-Public Pension/Insurance Div	Annual by April 1 Annual	40 ILCS 5/1-110.16(g) 40 ILCS 5/1-110.10	3/24/2022 8/8/2022	4/1/2023 9/30/2023	ulleshold.
Investments	Invest in Illinois - Report of Economic Opportunity Investements in Illinois	Governor and General Assembly	Annual by September 1	40 ILCS 5/1A-108.5(c)	8/31/2022	9/1/2023	
Investments	Annual SEC ADV's from Financial managers	SEC	Annual-120 days from FY end	US Investment Advisors Act of 1940	Ongoing	Ongoing	*not all managers are required to file by 4/1
Investments	Investment Manager Fee Disclosure to the Board (DB and DC Fees) and description of investment adviser and consultant contracts posted to SURS website	SURS.org website	Quarterly	40 ILCS 5/1-113.14(e)(f)	2/21/2023	6/30/2023	This Q report is due by the end of the next Q
Investments	Written Investment Policies	Illinois Department of Insurance	Ad Hoc - within 30 days after policy is amended	40 ILCS 5/1-113.6	As needed	As needed	
Investments	Investment Services Policy Exemptions, Forms and	Illinois Procurement Policy Board	Ad Hoc	40 ILCS 5/1-113.14(b)	As needed	As needed	
Investments Investments Investments	Contract Summaries Qualified FOF Mgmt. Services Contract Summaries Annual Certification of Fiduciary Duty and Insurance Investment Policy - Initial Filing and Updates	SURS.org website Internal on file Illinois Department of Insurance	Ongoing Annual Ad Hoc	40 ILCS 5/1-113.15(b) contract provision 40 ILCS 5/1-113.17	As needed 9/1/2022 9/28/2021	As needed 9/1/2023 w/30 days of update	
Investments	Illinois Sustainable Investing Act - Inv. Policy New Requirements (eff. 1-1-2020)	Illinois Department of Insurance	Ad Hoc	30 ILCS 238/15 and 40 ILCS 5/1-113.17	1/31/2020	w/30 days of update	New statute requires inv. policy to include sustainabiliity factors

FEBRUARY COMPLIANCE REPORT (2023)

Legal & Ethics	Anti-Discrimination and Harassment Training for Lobbyists	OEIG	Annual	25 ILCS 170/4.7	No longer required	No longer required	SURS is no
Legal & Ethics	Ethics Training for Registered Lobbyists	Secretary of State	Annual	25 ILCS 170/4.5	No longer required	No longer required	longer registered as a lobbyist. This item will be
Legal & Ethics	Lobbying Expenditure Report (20th)	Secretary of State	Monthly	25 ILCS 170/6	No longer required	No longer required	removed. We sent this
Legal & Ethics	Lobbyist Registration Act Exemption Letter	Secretary of State	Annual	25 ILCS 170/3(a)(4 and 5) and 2 III. Admin. Code Sec. 560.210(e-f)	1/27/2021	No longer required	letter as a courtesy to inform that SURS is no longer a registered lobbyist.
Legal & Ethics	Lobbying Expenditure Report (5th)	Secretary of State	Monthly	25 ILCS 170/6	No longer required	No longer required	,
Legal & Ethics	Statement of Economic Interests (Board and Execs)	Secretary of State	Annual	5 ILCS 420/4A-101	5/5/2022	5/1/2023	Due on 5/2 this year - we had one late filer.
Legal & Ethics	Annual Ethics Training for Trustees	Internal-Cert of Completion by ED to Division of Insurance of the Department of Financial and Professional Regulation	Annual (to be completed by 6/30)	5 ILCS 430/5-10	2/7/2023	6/30/2023	The last trustee completed the 2022 training on 2/3/23
Legal & Ethics	Ethics Training Plan/Ethics Training State Employees- Part 1- staff only online	SURS Internal Auditor - OEIG at end of year	Annual	5 ILCS 430/5-10	5/2/2022	6/30/2023	
Legal & Ethics Legal & Ethics	ARDC Registration FOIA Officer Training & Annual Certification Ethics Officer Designation Notice Revolving Door Policy Sign off Ex Parte Communications Reports OMA Trustee Training QILDRO Forms Electronically Available OMA Officer Training	ARDC IAG IL Executive Ethics Commission Executive Inspector General Executive Ethics Commission IAG SURS.org website IAG	Annual Annual As Needed/Ad Hoc As Needed/Ad Hoc As Needed/Ad Hoc One Time Ongoing requirement Annual	128 III.2d 351, 538 NE 2d 1152 5 ILCS 140/3.5 2 IL 1620.83 5 ILCS 430/5-5-45 5 ILCS 430/5-50 5 ILCS 120/1.05 40 ILCS 5/1-119 5 ILCS 120/1.05	12/31/2022 Dec-22 As needed Time of Hire 9/13/2017 current various dates current 12/31/2022	12/31/2023 12/31/2023 as needed As needed As needed As needed as updated 12/31/2023	
Legal & Ethics	Annual Completed Ethics Training and Reporting- Staff	OEIG	Annual	5 ILCS 430/5-10	1/15/2023	1/15/2024	
Legal & Ethics	and Board -online & paper format Ethics Orientation for State of Illinois Employees-Paper	OEIG	W/n 30 days of hire	5 ILCS 430/5-10	As needed	As needed	All staff completed but
Legal & Ethics	Cybersecurity Training for Staff and Trustees	Dept. of Innovation and Technology	Annual	20 ILCS 450/25	12/31/2021	12/31/2022	we have 1 trustee who did not complete - training was due by 6/30/2022.
Legal & Ethics	Sexual Harassment Training for Staff and Trustees	OEIG	Annual - report due by 1/15 of following year	5 ILCS 450/5-10.5	1/15/2023	1/15/2024*	Same as above
Legal & Ethics	Anti-Discrimination and Harassment Training for Staff and Trustees	OEIG	Annual - report due by 1/15 of following year & w/in 30 days of commencing elected or appointed position/office	5 ILCS 430/5-10.5	1/15/2023	1/15/2024*	Same as above
Legal & Ethics	Fraud	SURS Board of Trustees and/or Appropriate State's Attorney	As needed	40 ILCS 5/1-135 and 40 ILCS 5/15-186	6/3/2022	As needed	

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