



## MINUTES

**Quarterly Meeting of the Administration Committee  
of the Board of Trustees of the  
State Universities Retirement System  
Friday, June 6, 2025, 10:45 a.m.**

**Northern Trust - 50 S. LaSalle St. – Global Conference Center - Chicago, IL, 60603**

**\*Optional Remote Connection for Members of the Public\***

This meeting was held in person at Northern Trust in Chicago, IL.

The following trustees were present: Dr. Andriy Bodnaruk, Mr. Richard Figueroa, Dr. Fred Giertz, Mr. Scott Hendrie, Ms. Jeanine Jiganti, Mr. Pranav Kothari, Mr. John Lyons, Dr. Steven Rock, Mr. Collin Van Meter (chair) and Mr. Antonio Vasquez.

Others present: Ms. Suzanne Mayer, Executive Director; Mr. Michael Schlachter, Chief Investment Officer (CIO); Mr. Jefferey Saiger, Chief Strategy & Technology Officer; Ms. Jackie Hohn, Chief Internal Auditor; Ms. Tara Myers, Chief Financial Officer; 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. Amanda Baker, Organizational Strategy Analyst; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; Mr. Michael Calabrese of Foley; Ms. Catherine Jackson of Mosaic; and Ms. Erica Oropeza of Linea.

Administrative Committee roll call attendance was taken. Trustee Bodnaruk, present; Trustee Kothari present; Trustee Rock, present; Trustee Van Meter, present; Trustee Vasquez, present (via Zoom).

### **MOTION TO ALLOW TRUSTEES TO PARTICIPATE VIA ELECTRONIC MEANS, IF NECESSARY**

Trustee Rock made the following motion:

- That trustee(s) Antonio Vasques be allowed to participate via video or audio conference call for the Administrative Committee Meeting on June 6, 2025 pursuant to Section 7(a) of the Open Meetings Act.

Trustee Kothari seconded the motion, and it passed via the following roll call vote:

Trustee Bodnaruk - aye  
Trustee Kothari - aye  
Trustee Rock - aye  
Trustee Van Meter - aye  
Trustee Vasquez - not called

Roll call for Trustee Vasquez was taken. Trustee Vasquez, present.

### **APPROVAL OF MINUTES**

Trustee Van Meter presented the minutes from the Administration Committee meeting of March 7, 2025.

Trustee Rock made the following motion:

- That the minutes from the March 7, 2025, Administration Committee meeting be approved as presented.

Trustee Kothari seconded the motion, and it passed with all trustees present voting in favor of the motion.

### **CHAIRPERSON'S REPORT**

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

### **STRATEGIC PLANNING WORKING SESSION**

Ms. Catherine Jackson of Mosaic facilitated the strategic planning work session and asked the trustees to consider and discuss information Mosaic learned from SURS stakeholders, the SURS Mission Statement and guiding principles and lastly, from the strengths, weaknesses, opportunities and threats (SWAT) analysis developed by SURS. She also opened the floor for questions or additional discussions.

A copy of the SURS memo titled, "Organizational Strategy Working Session" is incorporated as part of these minutes as **Exhibit 1**. A copy of Mosaic's memo titled, "Pre-decisional Draft SURS Materials for June 6, 2025, Boarding Meeting" and Mosaic's presentations titled, "Strategic Planning Stakeholder Research" and "Developing the SURS Strategic Plan" are incorporated as part of these minutes as **Exhibit 2**, **Exhibit 3** and **Exhibit 4**.

### **QUARTERLY PENSION ADMINISTRATION SYSTEM UPDATE**

Mr. Jefferey Saiger, along with Ms. Erica Oropeza of Linea, provided a Project Velocity update. They discussed significant roadblocks encountered by the project team that created a backlog of operational and project-related tasks. This caused SURS management to reevaluate the timeline and overall cost of the project. They have been working with the project vendors with the goal of

identifying a path to successful completion of the project. The discussion focused on the financial ramifications and adjustment of the go-live date to March 2028.

A copy of SURS memo titled, “Project Velocity Update” and SURS presentation titled, “Pension Administration System (PAS) Replacement – June 2025” have been incorporated in these minutes as Exhibit 5 and Exhibit 6.

Trustee Rock made the following motion:

- That the Administration Committee approve the Project Velocity timeline extension to March 2028 and approve the related additional cost in the amount of \$5,480,260.

Trustee Van Meter seconded the motion, and it passed via the following roll call vote:

Trustee Bodnaruk	-	aye
Trustee Kothari	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	aye

Trustee Rock made the following motion:

- That the Administration Committee approve an additional contingency of \$658,000 for the Project Velocity budget to account for unforeseen issues, complexities, or legislative mandates, with the understanding that any changes that would exceed this amount must be vetted and approved by the board.

Trustee Van Meter seconded the motion, and it passed via the following roll call vote:

Trustee Bodnaruk	-	aye
Trustee Kothari	-	nay
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	aye

**FISCAL YEAR 2026 ADMINISTRATIVE EXPENSE & CAPITAL EXPENDITURE**  
**BUDGET AND INVESTMENT DEPARTMENT BUDGET**

Ms. Tara Myers presented before the board to discuss the Administrative Expense and Capital Budget for fiscal year 2026. The overview of the discussion included the administration expense and capital budget that is submitted annually for approval by the committee and then by the board, including all operational costs of the Defined Benefit Plan, the Retirement Savings Plan (RSP, the Deferred Compensation Plan (DCP) and the Investment Department administrative expenses. The proposed capital budget recommended by SURS staff includes major initiatives, services, and purchases. Ms. Myers explained all the details of the proposed budgets.

Copies of the SURS memos and presentations titled, “Administrative Expense and Capital Budget – Fiscal Year 2026,” “State Universities Retirement System FY2026 Administrative Expense and Capital Budget,” and “Investment Operations Budget – Fiscal Year 2026” have been incorporated into these minutes as Exhibit 7, Exhibit 8 and Exhibit 9.

Trustee Rock made the following motion:

- That the FY2026 Administrative Expense Budget be approved as presented.

Trustee Bodnaruk seconded the motion, and it passed via the following roll call vote:

Trustee Bodnaruk	-	aye
Trustee Kothari	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	aye

Trustee Bodnaruk made the following motion:

- That the FY2026 Capital Expenditure Budget be approved as presented

Trustee Rock seconded the motion, and it passed via the following roll call vote:

Trustee Bodnaruk	-	aye
Trustee Kothari	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	aye

Trustee Rock made the following motion:

- That the Investment Department Administrative Expense Budget for FY2026 be approved as presented.

Trustee Kothari seconded the motion, and it passed via the following roll call vote:

Trustee Bodnaruk	-	aye
Trustee Kothari	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	aye

Trustee Rock made the following motion:

- That the projected Investment Department Investment Management Fees for FY2026 be accepted as presented.

Trustee Kothari seconded the motion, and it passed via the following roll call vote:

Trustee Bodnaruk - aye  
Trustee Kothari - aye  
Trustee Rock - aye  
Trustee Van Meter - aye  
Trustee Vasquez - aye

### **CLOSED SESSION**

At 3:15 p.m., Trustee Rock moved that the Administration 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. Trustee Kothari seconded the motion which passed via the following roll call vote:

Trustee Bodnaruk - aye  
Trustee Kothari - aye  
Trustee Rock - aye  
Trustee Van Meter - aye  
Trustee Vasquez - aye

### **RETURN TO OPEN SESSION**

The Investment Committee returned to open session at 3:47 p.m.

Trustee Kothari made the following motion:

- That the Chief Investment Officer's salary be increased at the percentage assigned to his performance rating, beginning with the pay period that includes July 1, 2025.

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

Trustee Bodnaruk - aye  
Trustee Kothari - aye  
Trustee Rock - aye  
Trustee Van Meter - aye  
Trustee Vasquez - aye

Trustee Kothari made the following motion:

- That the Executive Director's salary be increased at the percentage assigned to her performance rating, beginning with the pay period that includes July 1, 2025.

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

Trustee Bodnaruk - aye  
Trustee Kothari - aye  
Trustee Rock - aye  
Trustee Van Meter - aye  
Trustee Vasquez - aye

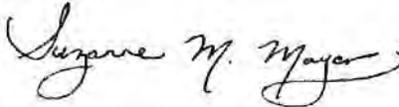
**PUBLIC COMMENT**

There was no public comment presented to the Administration Committee.

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

Trustee Bodnaruk - aye  
Trustee Kothari - aye  
Trustee Rock - aye  
Trustee Van Meter - aye  
Trustee Vasquez - aye

Respectfully submitted,



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

SMM:cm



To: Administration Committee  
From: Jefferey S. Saiger, Chief Strategy & Technology Officer  
Date: June 6, 2025  
Re: Organizational Strategy Working Session

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On behalf of SURS staff, I am joined by our Executive Director, Suzanne Mayer, and Mosaic, our strategic planning advisory firm, to facilitate a working session around Organizational Strategic Planning.

In summary, today SURS executives and SURS trustees will be asked to consider and discuss:

- Information gleaned from SURS stakeholders,
- The SURS Vision Statement, Mission Statement and Guiding Principles, and
- A Strengths, Weaknesses, Opportunities and Threats analysis of SURS.

Catherine Jackson of Mosaic will be the primary facilitator of the session.

We thank you for your participation and support of our strategic planning process.

Thank you.



## Memo

**To:** Members of the Board of Trustees, State Universities Retirement System of the State of Illinois (SURS)

**From:** Catherine Jackson, Mosaic Governance Advisors, LLC (Mosaic)  
Christie Nolan, Mosaic  
Abhishek Kumar, Mosaic

**cc:** Suzanne Mayer, Executive Director, SURS Executive Leadership Team

**Date:** May 27, 2025

**Re:** Pre-decisional Draft SURS Materials for the June 6, 2025 Board Meeting

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The SURS Board of Trustees (Board) is scheduled to engage in a strategy discussion with members of the SURS Executive Leadership Team at their Board meeting on Friday, June 6, 2025. We are looking forward to facilitating your discussions.

The meeting is structured as a discussion meeting. The purpose is to engage the Board and Executive Leadership Team members in interactive dialogue to consider SURS long-term future direction. No Board action will be sought, but we will be looking to hear your impressions and observe where there is consensus. The discussion outcomes will inform a new draft SURS Strategic Plan document.

### **Status Update**

In preparation for this meeting, we have been working closely with the Executive Leadership Team to develop a starting point for the Board reaction and discussion.

After compiling and analyzing the results of the stakeholder research we conducted in March and April 2025, we met with the Executive Leadership Team in May in our first of several meetings to begin working on the strategic plan components. The focus of our first meeting was to:

- engage in a visioning exercise to identify a picture of SURS desired future state,
- evaluate the SURS vision statement, mission statement and guiding principles; to develop research-based options for refinement,
- develop an analysis of the strengths, weaknesses, opportunities, and threats of SURS internal and external environment.

May 23, 2025  
Members of the Board of Trustees  
**SURS**  
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### **Strategy Session Discussion and Materials**

We will discuss the following topics:

1. Key insights from the SURS stakeholder research, including the Board,
2. Vision Statement, Mission Statement and Guiding Principles, and
3. Key insights from SURS Strengths, Weaknesses, Opportunities and Threats analysis.

A briefing report from the stakeholder research we conducted earlier this year.

### **Summary**

We are pleased to have this opportunity to work with the Board and Executive Leadership Team and look forward to facilitating your discussion at the June Board meeting. Should you have questions in advance of the meeting, please feel free to contact us via email at [Catherine.Jackson@MosaicGovernance.com](mailto:Catherine.Jackson@MosaicGovernance.com).

Attachments:

1. Pre-read: Briefing Report: Strategic Planning Stakeholder Research



# Briefing Report: Strategic Planning Stakeholder Research

## State Universities Retirement System, IL

Mosaic Governance Advisors, LLC

May 22, 2025



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## Overview

Stakeholder research is an essential input to the strategic planning process. It yields insights into an organization's current and expected operating environment and can highlight where a focus is needed to be successful in the eyes of stakeholder audiences going forward.

As part of formulating the strategic plan, Mosaic conducted stakeholder research through a series of online surveys and interviews in March and April 2025.

Although the surveys varied by stakeholder group, we asked similar questions to gather sentiment on SURS mission statement, strengths, areas for improvement, and perceived value in SURS benefits and services, among others.

Mosaic compiled and analyzed the responses received. This report presents key takeaways and insights, summarized without attribution. We blended similar concepts in the research results to identify higher-level and common themes.

## Board & Executive Leadership Team Discussion Questions

Please consider the following questions as you review this briefing report, and come to the June 6, 2025, strategy session prepared to share your thoughts.

1. What did you find interesting or intriguing about the stakeholder research?
2. Which two to three takeaways and insights did you think are most important?
3. Other comments?



## Part 1. Common Themes Across Stakeholder Groups

Some themes appeared in the feedback from two or more stakeholder groups as follows:

### 1) Mission Statement:

- a. SURS is a **mission-driven** organization with a strong focus on providing **excellence in member service**.
- b. There is widespread agreement among stakeholders on the clarity and alignment of the current **mission statement**. The highest-rated phrases were "secure" "promised" and "secure and deliver".
- c. Small refinements could be made to emphasize service delivery characteristics (such as high quality, accurate) and benefits earned.

### 2) Organizational Culture:

- a. **The organizational culture is shifting; it must be unified and personified.** Addressing this should involve leadership being more visible to staff through in-person engagement and modeling the organization's values in interactions with staff.

### 3) Staffing, Training and Knowledge Development:

- a. This included the ability to **attract and retain internal talent, maintain staffing levels, training and leadership development and succession planning to preserve institutional knowledge and maintain continuity in operations.**

### 4) Customer Service:

- a. Despite having a high Net Promoter Score from members, **member engagement can be improved through earlier and ongoing engagement with members at all stages.** Timeliness in new retiree benefit calculations should be improved while education available through the website and online tools can be made more intuitive and easier to navigate.
- b. Both members and employers would benefit from **enhanced responsiveness** from SURS when calling for assistance.
- c. Employers note **room for improvement in training resources** because new hires are having difficulties accessing SURS training which impacts their ability to engage effectively with SURS systems. They also noted that there could be improvement in **portal functionality** as well as **support for unique employment situations.**



5) Communications:

- a. **Member communication was cited as a strength** while employers noted satisfaction with how SURS communicates with them. **More focus is required to improve communications with staff** and possibly the **General Assembly**.
- b. **Staff see gaps in interdepartmental communication, leadership communication and collaboration.**
- c. Trustees noted that **providing enhanced education to the General Assembly or advocating for Tier 2 and funded status could be explored.**

6) Funded Status and Investment Performance:

- a. SURS must **maintain its focus on improving defined benefit plan funded status and its diligence in monitoring investment performance.**

7) Technology and Process Modernization:

- a. **Modernizing technology to serve all stakeholders more effectively and efficiently is an urgent need** at SURS. For staff this includes completing the PAS implementation and improving internal processes to streamline workflows. Employers would like a more user-friendly website and enhanced employer portal. Members have difficulties accessing online tools and navigating the website.
- b. To balance the risk of increased use of technology, SURS must **maintain enhanced information security practices and procedures** that keep pace with the rapidly changing risk environment.



## Part 2. Board Research

### Key Takeaways and Insights

- a. Top **strengths** of SURS cited were as follows:
  - **Mission-driven staff:** Staff is professional, cohesive, and aligned with the mission; there is high trust, continuity, and a strong executive team
  - **Collegial, effective Board with a focus on fiduciary duty:** The Board is engaged, harmonious, and collegial, with clear fiduciary understanding and strong communication with staff.
  - **Exceptional focus on members:** Member service is trusted, transparent, and people centered.
  - **Well-Defined Structures and Processes:** Clear roles and responsibilities support efficient operations.
  - **Change management:** Flexibility in managing change, though not a standout strength.
  
- b. Most frequently mentioned **weaknesses or challenges** are as follows:
  - **Strategic focus and execution:** There is a need for stronger focus on strategy execution, especially in timeliness of new retiree benefits processing and service responsiveness.
  - **Technology gaps:** Legacy systems and PAS implementation strain resources and partner relationships.
  - **Member engagement:** Pension benefits education and feedback mechanisms need strengthening.
  - **Funding Concerns:** Low funded status and Tier 2 benefit constraints require innovative, statute-compliant solutions.
  - **Staffing-related issues including ability to attract and retain top talent, and succession planning:** Recruiting and retaining specialized talent in Champaign is difficult. Succession planning, training, and advancing staff will provide advancement opportunities and help maintain continuity.
  - **Board-focus:** There is a need for more policy-level discussion and less discussion of operational details including investments.
  
- c. Trustees identified a wide array of internal and external risks that could significantly impact SURS. Top mentions include the following:
  - **Funding,** particularly State funding given competing demands.
  - **External risks that could impact investment performance.**
  - **Membership Demographics:** Declining higher education enrollment is reducing active members while the number of retirees increases.
  - **Political and Legislative Risks:** The global political environment is volatile; shifting state leadership could undermine pension support.
  - **Staff Succession:** Recruitment and retention challenges could impair long-term



- operations. Long-term succession planning for key staff positions is crucial.
- **System Complexity:** Managing dual-tier benefits and evolving technology needs will require adaptable systems.
- d. Trustees noted that stakeholder expectations continue to shift:
- **Members:** Demand for faster, tailored communication and accurate benefit information as well as engagement of members.
  - **Tier 2 Members:** Tier 2 members may need legislative solutions to address insufficient retirement savings.
  - **Employers:** HR turnover at partner institutions causes data delays and system pressure.
  - **Legislature:** SURS may need to shift from education to active advocacy to protect pension interests.
  - **Staff:** Promoting internal talent and attracting new expertise is important to long-term success.
- e. When asked to identify a bold step that SURS could take to ensure a successful future, trustees mentioned:
- **Modernizing Services:** Use AI for triaging member service, reduce operational costs, and improve responsiveness.
  - **Enhancing Strategic Focus:** Create a member-centered strategic plan with measurable outcomes.
  - **Strengthening Advocacy:** Engage more actively with lawmakers to drive innovative funding and policy solutions.

## Part 3. Internal Staff Research

### Key Takeaways and Insights

1. **A majority (67%) of staff felt the current mission statement is sufficient** and did not need adjustment.
  - **Constructive feedback on improving the statement included the following:** missing service delivery characteristics (i.e. professional, time, accurate), and emphasize 'benefits earned' rather than 'benefits promised'.
2. There was greater constructive feedback on the **values**.
  - Words selected as being "highly meaningful" were: **Trustworthy, Accurate, and Supportive**.
  - **Communication** and **Innovation** were the top two suggested additions.
3. Top SURS **strengths** brought forward were as follows:
  - **Member focus and customer service:** SURS is deeply committed to its members and provides quality interaction to its members; staff are knowledgeable, empathetic, and take pride in assisting members.
  - **Communication:** Some respondents felt that communication with **staff** is transparent; most felt that communication with **members** is clear and transparent.
  - **High Quality & Accurate Work:** Employees maintain high standards of accuracy and attention to detail. Emphasis on clear procedures and a commitment to "getting it right the first time".
  - **Adaptable to Change & Technology Innovation:** Currently modernizing legacy systems; willingness to innovate; competency in adapting to new laws that affect members.
  - **High Ethics and Values:** Fosters a values-driven culture grounded in ethics, trust, and respect, but noted that how they are experiencing the culture is shifting.
4. The five areas of **most frequently mentioned weaknesses or challenges** are as follows:
  - **Internal Communication Gaps:** Including interdepartmental, within teams and from leadership.
  - **Knowledge Silos & Training Deficiencies:** Slow training/onboarding, lack of onboarding resources, loss of institutional knowledge due to retirements, high workloads impacting morale.
  - **Process and Technological Inefficiencies:** Outdated processes, limited use of modern tools, and inconsistent implementation of automation/AI.
  - **Culture of Accountability:** Organization-wide performance accountability; desire for more leadership, less management.
5. Staff suggestions on how SURS can improve itself or the services it offers:



- **Increase Staffing Levels:** Will alleviate backlogs and high workloads.
- **Leadership, Management and Culture:** Develop current leaders and nurture future leaders and increase executive interactions with staff.
- **Communication and Collaboration:** Create opportunities for interdepartmental communication and learning, create accountability mechanisms to encourage collaboration.
- **Process and Efficiency Improvements:** Streamline training and onboarding, focus on continuous improvement, and simplify processes.
- **Member and Employer Education:** Engage younger members, create more intuitive fact sheets and documents, enhance education on systems and processes.
- **Technology Modernization:** Focus on and complete PAS platform, modernize portals and user interfaces, offer more online/self-service tools, leverage technology to modernize services.
- **Policy and strategic planning:** Sustainable planning and learning culture, develop reward systems that build long-term loyalty, advocate for legislative changes specific to SURS needs.

## Part 4. Employer Research

### Key Takeaways and Insights

1. Most respondents (60%) work in Human Resources department.
2. Overall, employers highlighted **more areas of improvement than areas of strengths.**
3. Areas of **strength**:
  - Almost all respondents (96%) **agreed the Mission Statement reflects SURS work at least moderately well (96%) and find it to be complete (84%)**
  - A significant majority (94%) **agreed that SURS communicates through their preferred methods.**
  - Majority (71%) feel that SURS **sends relevant and timely communications,** though delays were noted
4. Employers highlighted several **areas of improvement** such as:
  - Provide more **structured training** and **update learning resources** especially for new hires.
  - **Improve responsiveness,** especially related to wait times and proactive support.
  - **Simplify employer portal and streamline event submission process,** especially for academic staff and unique employment situations.
  - Arrange **more one-one-one and in-person** sessions.
  - **Modernize website and make it more user friendly.**
5. **There were high levels of neutral responses** (up to 42% in some areas) which signal a significant opportunity for SURS to build stronger alignment and shift neutrals into agreement through **clearer communication, better training, and improved responsiveness to inbound requests.**
6. Respondents indicated a **lack of understanding of SURS role.** For example, they would like SURS to fix the Tier 2 benefit structure and competitiveness. Education is needed to ensure that employers understand what SURS has control over and what it doesn't.



## Part 5. Membership Research

### Key Takeaways and Insights

1. The majority (64%) of respondents were retired members between 61-80 years old.
2. Majority (83%) of respondents **agreed that SURS Mission Statement captures the work it does for them** and that **no key themes were missing** from the mission statement.
3. **“Secure and Deliver”, “promised”, “secure”, “deliver” and “benefits”** emerged as the words and phrases from the Mission Statement that meant most to the members. Words like “secure” and “deliver” reflected a **sense of trust and security** and were identified as **strong action words** that leave little room for interpretation. Further, the word **“promised” had more emotional association** and reflected the idea that **SURS will deliver what members have counted on them to do.**
4. When it comes to measuring member enthusiasm, loyalty, and satisfaction, **SURS Net Promoter Score (NPS) was 56 which is considered ‘great’.** NPS scores range from –100 to +100, with 0 as the neutral midpoint. While benchmarks vary by industry, generally a score less than 0 is considered “needs improvement”; between 0 and 30 is considered good; **between 30 and 70 is considered great**, and 71 or above is excellent.
5. Members highlighted **communication, customer service, benefit delivery, and timely payments** as top things that SURS does particularly well.
6. Overall, members rated themselves **moderately confident (3/5) on their knowledge about various benefits** such as Retirement, Death and Survivor, disability, and Supplemental Deferred Compensation plan available through SURS
7. Majority (92%) of the responding members **value the benefits delivered by SURS** and around 80% agreed that SURS **makes benefit information easy to access.**
8. Some of the areas of improvement highlighted by members are:
  - **Retirement Planning Support** - More help preparing for retirement, more counseling, and detailed retirement preparation sessions.
  - **Communication / Clarity** - Members seek clearer, more proactive communication, particularly around changes and options.
  - **Benefit Clarity / Calculation** - There were concerns about understanding pension calculations, benefits formulas, and payout structures.
  - **Customer Service / Responsiveness** – Some members highlighted delays or difficulty in reaching knowledgeable staff.



- **Plan Options / Flexibility** - Members asked for better plan choices, easier switching between plans, or flexibility.
- **Processing Time / Delays** - There were complaints about slow processing of retirement forms, service credit purchases, and changes.
- **Website / Online Tools** - Several members highlighted website navigation, login issues, and access to tools were pain points.

# Developing the SURS Strategic Plan

*(Information Item)*

A Facilitated Discussion with the SURS Board of Trustees | June 6, 2025

Catherine Jackson | Christie Nolan | Abhishek Kumar

# Agenda

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- ✓ **Overview and Session Objectives**
- ✓ **Stakeholder Research Findings**
- ✓ **Vision Statement**
- ✓ **Mission Statement**
- ✓ **Guiding Principles**
- ✓ **SWOT Analysis**
- ✓ **Next Steps**

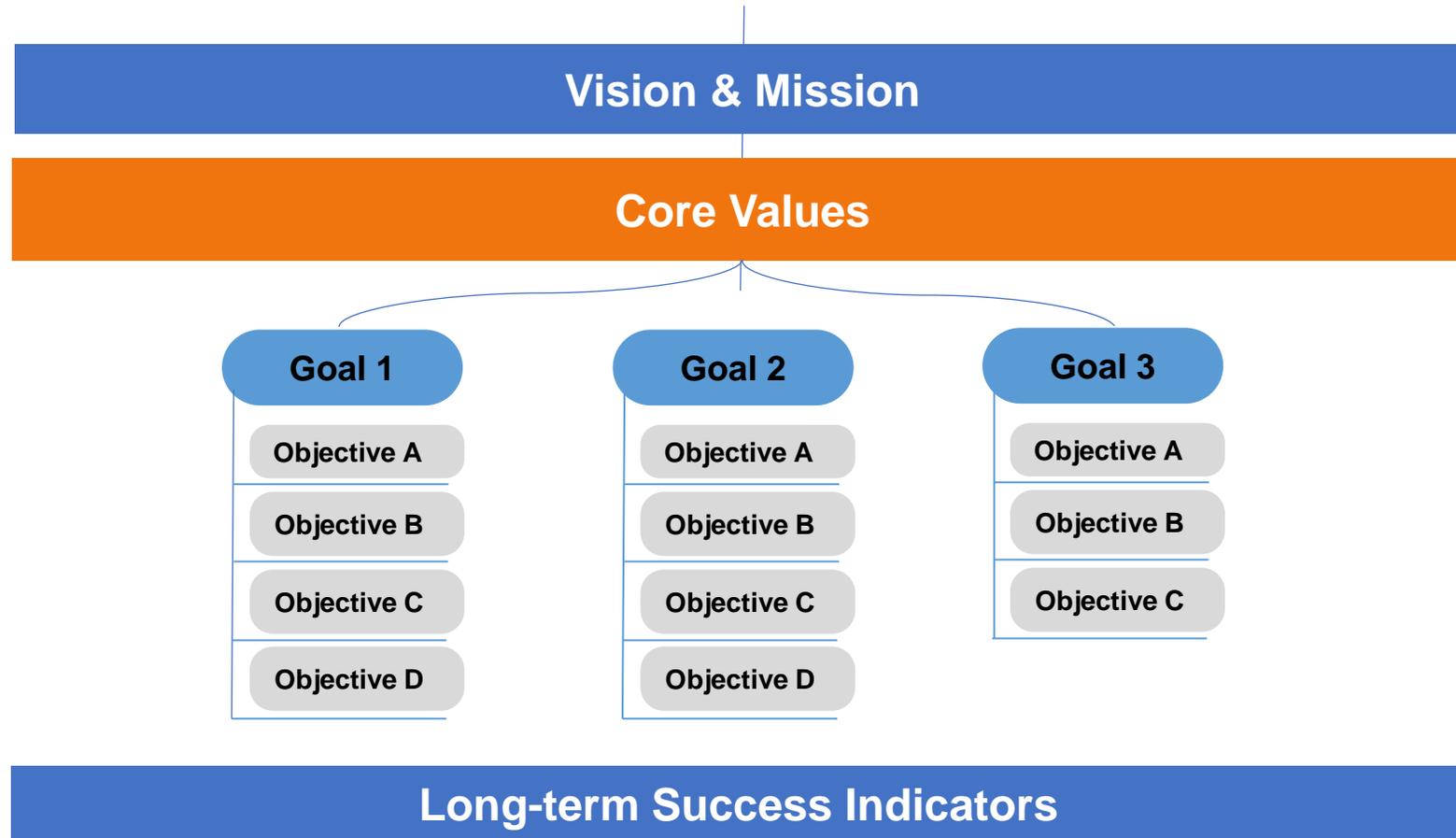


# Overview and Session Objectives

# Strategic Planning is Cyclical



# Strategic Plan Architecture



**Note: This architecture is an illustration. There may be more than three goals in the strategic plan**

# Strategic Plan Process and Timeline

**1****Jan. – Mar. 2025**

- Executive Leadership Team survey
- Review peer practices in strategic planning & develop a consensus approach for SURS.
- Present overview of findings and Executive Leadership Team's Approach

**2****Mar. – July 2025**

- Initiate Strategic Planning process.
- Conduct stakeholder research.
- Analyze sentiment and summarize results.
- Facilitate three Executive Team Strategic Planning Sessions.
- **Facilitate Board Strategic Visioning Session (June)**

**3****Aug. – Dec. 2025**

- Prepare draft Strategic Plan document.
- Present draft to Board for first reading (*October 2025*).
- Present final draft for second reading and Board approval (*December 2025*).

# Today's Objectives

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We are seeking your direction – no votes will be taken.



We ask that you ground your comments in the research insights.



We will seek your consensus on high-level, strategic concepts – we will take care of the wordsmithing later.



We want to hear from everyone – Board and Executive Leadership Team.



We will be identifying items to be solved via SURS strategic plan.



Other expectations?

# Stakeholder Research Findings



# Stakeholder Research (March – April 2025)

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01 SURS Board

02 SURS Staff

03 Employers

04 Members

# Common Themes Across Stakeholder Groups

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- Mission statement and values
- Organizational culture
- Staffing, Training and Development
- Customer Service
- Communications
- Funded status and investment performance
- Technology and Process Modernization

# Discussion: Stakeholder Research Insights

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1. What stood out to you?
2. Which 2-3 takeaways and insights do you think are most important to carry forward into the strategic plan?
3. Other comments?



# Vision Statement



# Reminder: What Makes a Good Vision Statement?

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One concise and aspirational sentence that:



**Describes the future an organization hopes to create through its work.**

# SURS Vision Statement

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*To be recognized as a respected leader  
among public pension plans.*

# ELT Consensus Recommendation: Vision Statement



*Significant change to the Vision Statement is needed*

# Vision Statement Concepts to be Considered

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## Retain:

- ✓ Respected leader could be qualified (i.e. by whom, for what)
  - Respected aligns with reliability
  - Leader aligns with being a resource (to stakeholders)

## Include:

- ✓ Focus should be on the member
- ✓ Emphasize service delivery characteristics
- ✓ Sustainability
- ✓ Trust

# Discussion

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1. What is your reaction to the ELT's consensus recommendation?
2. Which Vision Statement concepts stood out to you as being most important?



# Mission Statement

# Reminder: What Makes a Good Mission Statement?

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- One concise, timeless sentence that:



**Defines what business an organization is in, why it exists or what purpose it serves.**

# SURS Mission Statement

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*To secure and deliver the benefits promised to our members.*

# ELT Consensus Recommendation: Mission Statement



*Keep the existing Mission Statement with only slight changes*

# Mission Statement Concepts to be Considered

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- ✓ Current Mission Statement aligns with the language in the Illinois Pension Code
  
- ✓ Benefits promised versus benefits earned
  - Brings members more into focus

# Discussion

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1. What is your reaction to the ELT's consensus recommendation?
2. Which Mission Statement concepts stood out to you as being most important?



# Guiding Principles

# Reminder: What Makes Good Core Values?

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- A set of words that:



**Are the fundamental beliefs and guiding principles that shape an organization's culture, decisions, and behavior.**

**Guide interactions with both internal and external stakeholders.**

# SURS Current Guiding Principles

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## **Values**

Honest, Ethical, Professional, Trustworthy

## **Service**

Accountable, Efficient, Accurate, Timely, Empathetic

## **Relationships**

Caring, Collaborative, Supportive, Inclusive

# ELT Consensus Recommendation: Guiding Principles

---

*Change is needed:* Keep key words and simplify the structure by using value statements

# Core Values and Value Statements

---



# Guiding Principles Concepts to be Considered

---

- ✓ Important to ensure that changes apply to and are understood by all of SURS members
  
- ✓ Address overlap in the current Guiding Principles:
  - Honest / trustworthy
  - Caring / supportive / empathetic
  
- ✓ Other concepts to consider:
  - Continuous improvement
  - Leading by example-
  - Stewardship

# Discussion

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1. What is your reaction to the ELT's consensus recommendation?
2. Which concepts stood out to you as being most important?



# S.W.O.T. Analysis



# Overview of S.W.O.T. Analysis

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# Discussion *(After each letter of the S.W.O.T. Analysis)*

---

1. What questions do you have?
2. Which three are most important to our future success?
3. Other comments?



# Strengths

*Strategic attributes inherent or internal to SURS that support the likelihood of a successful outcome.*

1. Member trust and satisfaction in SURS.
2. Collegial, high-functioning and engaged Board; focus on fiduciary duty.
3. Experienced and professional staff and consultants; strong leadership team.
4. Culture of service excellence focused on delivering quality service in an ethical manner.
5. Operational governance and structure are well-defined and understood.
6. Strong, recognized member education program.
7. High competency in adopting changing legislative mandates and laws that impact members.
8. Sound investment strategy that appropriately considers SURS risk profile.
9. Strong, customized defined contribution program.



# Weaknesses

*Strategic attributes inherent or internal to SURS that may challenge a successful outcome. These are areas where additional alignment, improvement, or further progression of efforts already underway is needed to support a successful outcome.*

1. Long-term strategic focus.
2. Workforce constraints and leadership development.
3. Outdated technology systems and tools.
4. Tailored member communications strategy.
5. Underutilized employer tools and resources.
6. Wait times for certain claims processing and services.
7. Internal communications challenges.
8. Alignment of organizational culture to support change.
9. Streamline investment governance to allow for more agile investment decision-making and broaden Board oversight in other areas.



# Opportunities

*Strategic factors that the organization can capitalize on or use to its advantage to advance its vision.*

1. Create frictionless stakeholder experience through improved technology applications.
2. Enhance legislator education to secure & improve funding and to facilitate prudent policymaking.
3. Build stronger relationships with employers.



# Threats

*External factors that could impact the organization's strategic success.*

1. Security risks arising through increased use of technology.
2. Dependence on state for funding and vulnerability to policy and legislative changes.
3. Economic instability and market volatility.
4. Demographic shifts and employer workforce challenges.
5. Public perception of pensions.
6. Reliance on employer systems and processes.



# Wrap-up / Next Steps

# Next Steps

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- ✓ Incorporate board direction.
- ✓ Work with the ELT to develop a Draft Strategic Plan.
- ✓ Present the Draft Strategic Plan to the Board at the October meeting.



# Questions/Discussion

[www.MosaicGovernance.com](http://www.MosaicGovernance.com)



To: Administration Committee  
From: Jefferey S. Saiger, Chief Strategy & Technology Officer  
Date: 06/06/2025  
Re: Project Velocity Update

---

SURS staff 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 can support the needs of SURS and its members for the foreseeable future. Presenting with staff will be Erica Oropenza from Linea Solutions.

During the past several months, the project team has encountered significant roadblocks with the project. Most notably, as we have delved into the more complicated processes within SURS, the backlog of tasks both operationally and project-related has continued to mount. This has caused management to reevaluate the project timeline, and work with the project vendors to identify a path forward to successful completion.

As a result of this analysis, we propose that we adjust the go-live date of Project Velocity to March 2028. The discussion today will focus on the financial ramifications of that decision, as well as the justifications for doing so.

Thank you for your time and attention, and as always, we are appreciative of your ongoing support.

**\*Staff recommends that the board approve the Project Velocity timeline extension and related additional costs in the amount of \$5,480,260.**

**\*Staff recommends that the board approve an additional contingency of \$658,000 for the Project Velocity budget to account for unforeseen issues, complexities, or legislative mandates, with the understanding that any changes that would exceed this amount will need to be vetted and approved by the board.**

# Project Velocity Update

*Extension Request – Clear Path to Completion*

Pension Administration System  
(PAS) Replacement – June 2025



# Agenda

- Project Status
- Project Success Story
  - Payroll Reporting
- Project Extension
  - Request
  - Cost
  - Justification

The logo for Velocity, featuring the word "Velocity" in a bold, italicized, dark blue sans-serif font. To the left of the text are three parallel, slanted lines in shades of green and blue, suggesting motion or speed.

# Project Status – Extension Request

Scope	Schedule
	
Budget	Quality
	

**GREEN** – ON TRACK

**YELLOW** – AT RISK

**RED** – RISK IS REALIZED & ACTION PLAN IS  
IN PLACE TO ADDRESS

- The extension request reflects critical lessons learned and necessary adjustments to ensure a successful go-live.
  - Previously delivered scope requires rework to meet SURS standards.
  - Progress on remaining scope is delayed by resource limitations and misalignment between Vitech’s deliverables and SURS business needs.
- Vitech’s proposed “zero-cost” is not feasible for SURS.

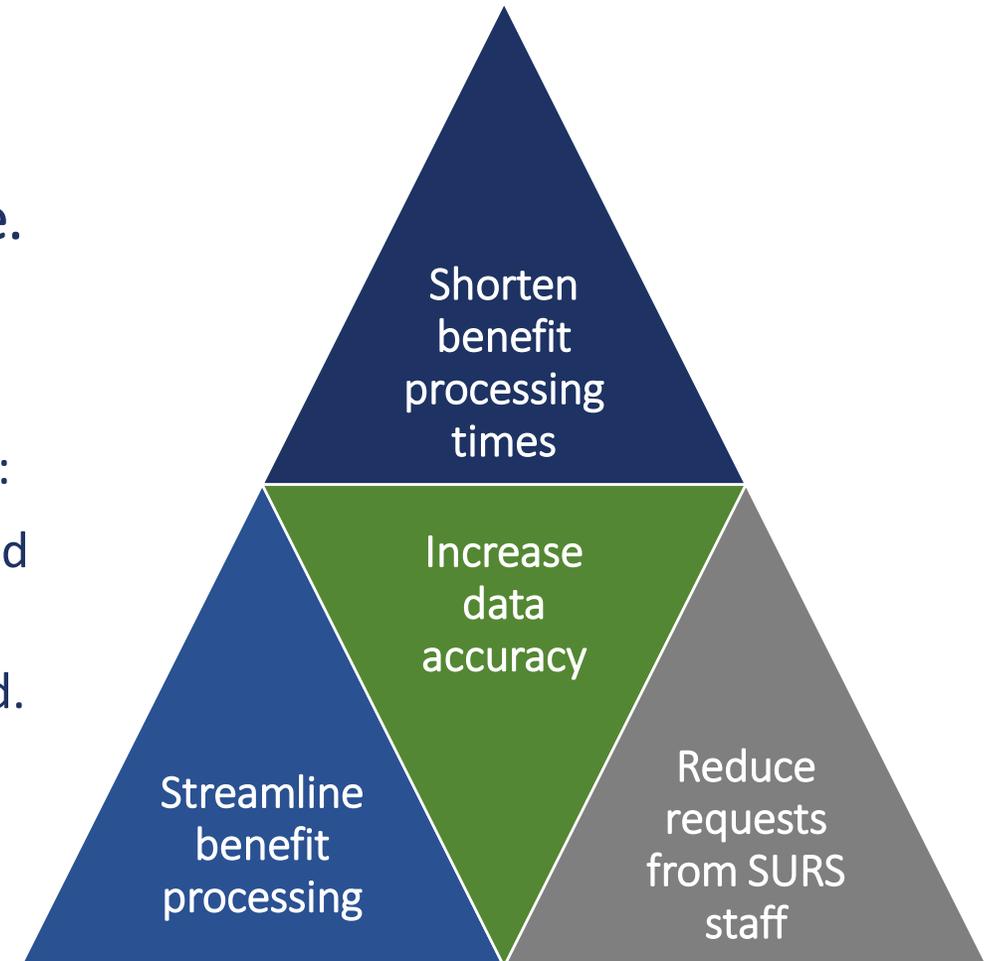


# Project Success Story: Payroll Processing

SURS' vision is to improve the employer (*and member*) experience.

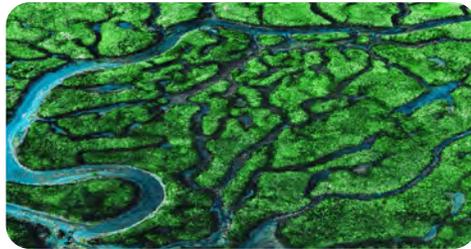
The goal of Payroll Processing is to ensure:

- 1) Active member pay, contributions, and service data are accurately captured.
- 2) All contributions due to SURS are paid.

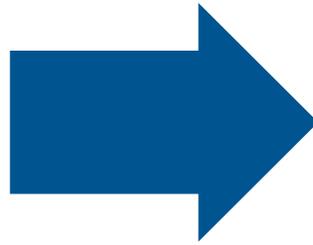


# Project Success Story: Payroll Processing

## Current State



- 4 payroll record types
- **Limited** validations
- Time **intensive** corrections for SURS and employers
- **Individual** reporting for demographic changes and academic contract reporting

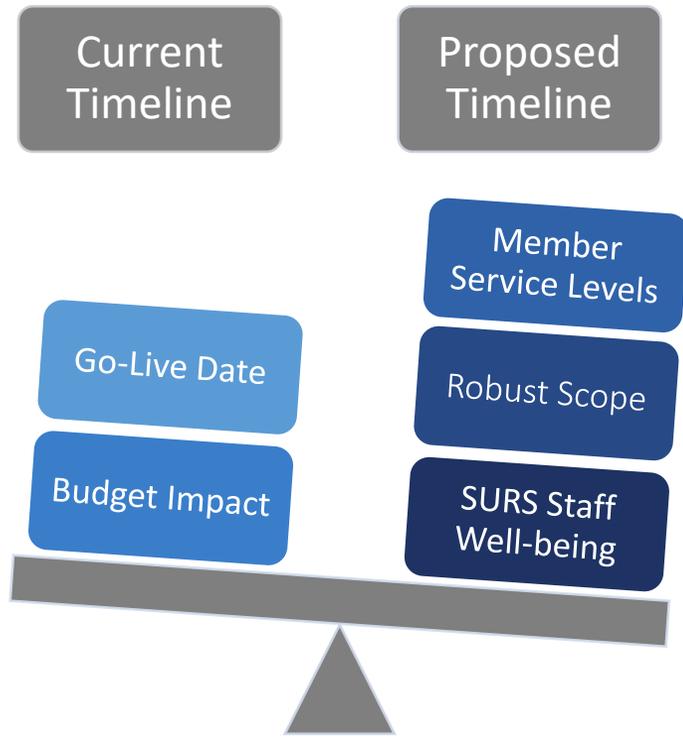


## Future State



- 1 **simplified** payroll layout
- **Comprehensive** validations upon submission for employer to correct
- **Batch** reporting for demographic changes and academic contract reporting

# Extension Timeline → Go-Live March 2028



# Project Extension Request

Change Order includes extended duration of:

- Configuration phase, including rework of Retirement & Refund processes
- Validation testing cycle 3 (VAL3)
- User acceptance testing (UAT)
- Analytical support
- Data design and cycle updates

Note: Vendors will maintain their current teams at least through VAL3.

Total Change  
Order Request

\$ 5,480,260

Contingency  
Request

\$658,000

# Extension Cost: Project Totals

	Vitech	Linea	MBS	Project Totals
Funds Spent FY22-FY25*	\$15,982,726	\$6,586,191	\$1,349,779	\$23,918,696
12/23 Alloc + Expected CO FY26-FY28	\$5,889,250	\$3,417,913**	\$524,721***	\$9,831,884
2025 Extension Change Order	\$4,100,000	\$880,026	\$500,234	\$5,480,260
<b>Vendor Totals</b>	<b>\$25,971,976</b>	<b>\$10,884,130</b>	<b>\$2,374,734</b>	<b>\$39,230,840</b>

Note: Amounts include change orders and are rounded to the nearest dollar.

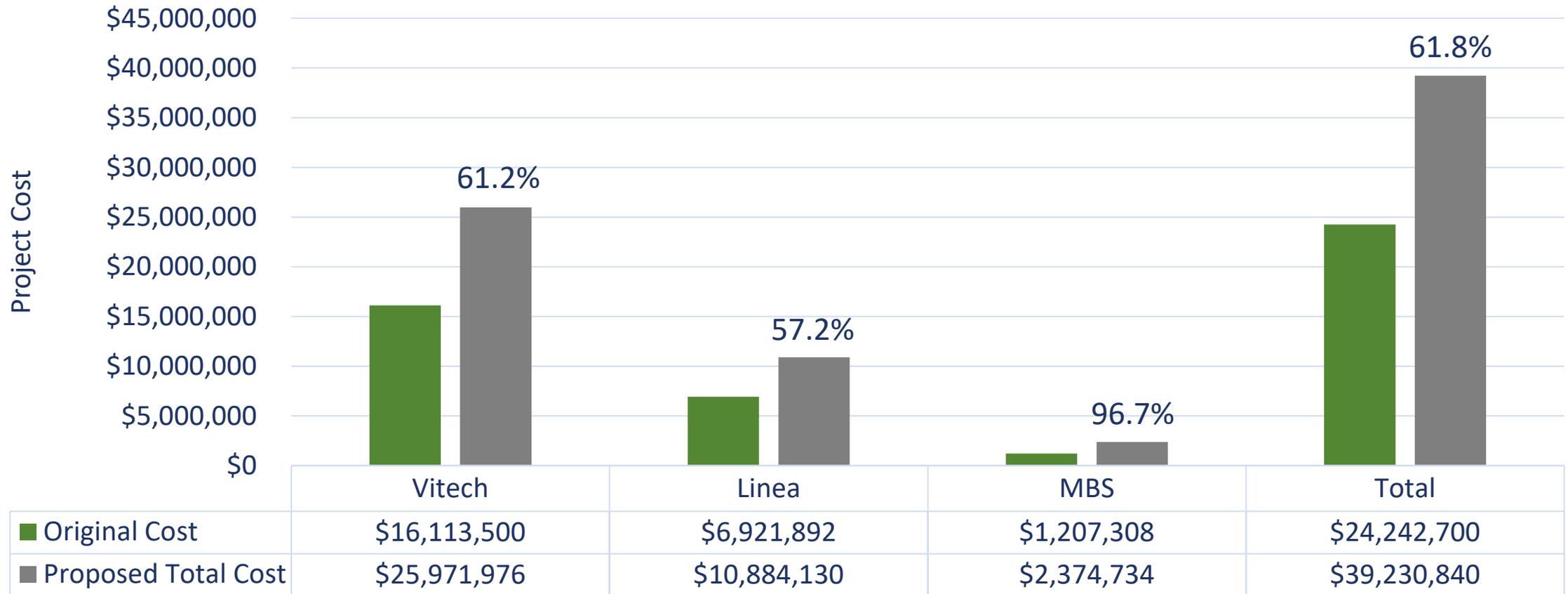
\*FY25 funds spent = invoiced amounts as of May 28 + estimated funds through June 30.

\*\* Includes rollover of unused FY25 funds.

\*\*\*Includes approved change orders.

# Extension Cost: Comparison to Initial Approval

**Project Cost Increase**

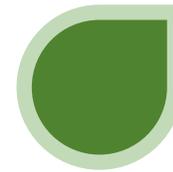


# Extension Cost: CapEx / OpEx Breakdown

	FY26	FY27	FY28	FY29	
<b>CapEx</b>					<b>All FY CapEx Total</b>
Vitech	\$4,872,000.00	\$2,738,250.00	\$1,812,000.00	\$-	\$9,422,250.00
Linea	\$1,900,400.00	\$1,402,400.00	\$562,200.00	\$-	\$3,865,000.00
MBS	\$398,349.00	\$31,416.00	\$48,230.00	\$-	\$477,995.00
<b>Vendor CapEx Total</b>	<b>\$7,170,749.00</b>	<b>\$4,172,066.00</b>	<b>\$2,422,430.00</b>	<b>\$-</b>	<b>\$13,765,245.00</b>
<b>OpEx</b>					<b>All FY OpEx Total</b>
Vitech	n/a	n/a	n/a	\$500,000.00	\$500,000.00
Linea	\$148,080.00	\$173,920.00	\$170,930.00	\$-	\$492,930.00
MBS	\$171,023.00	\$219,815.00	\$156,122.00	\$-	\$546,960.00
<b>Vendor OpEx Total</b>	<b>\$319,103.00</b>	<b>\$393,735.00</b>	<b>\$327,052.00</b>	<b>\$500,000.00</b>	<b>\$1,539,890.00</b>
<b>CapEx &amp; OpEx Total</b>	<b>\$7,489,852.00</b>	<b>\$4,565,801.00</b>	<b>\$2,749,482.00</b>	<b>\$500,000.00</b>	<b>\$15,305,135.00</b>

# Extension Cost: Contingency Funds

Contingency Available  
\$1,507,958.84

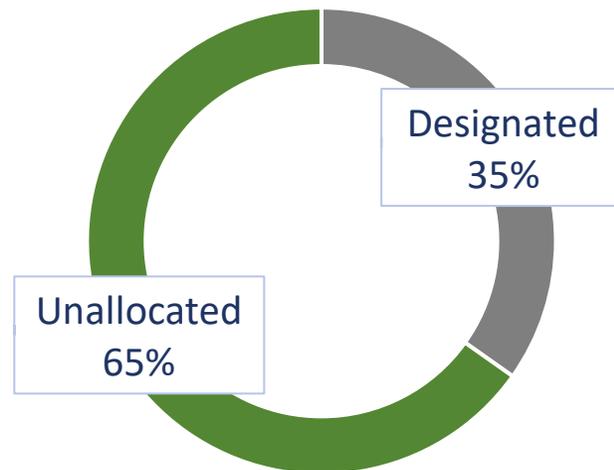


Contingency Request

\$658,000

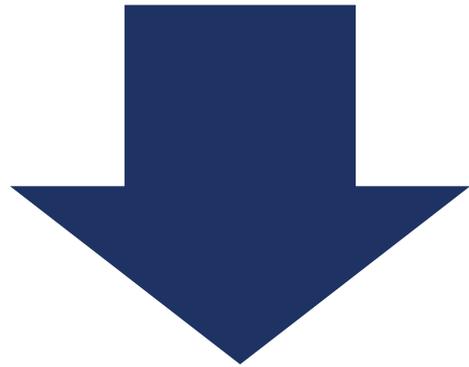
Expected Contingency Use

Use Cases



- Exceeding caps on:
  - Test candidates
  - Interface hours
  - Workflows, letters, forms, etc.
- Data mapping / conversion
- Additional support for testing, training, organizational change management, etc.

# Risks if Extension Is Not Approved



## **SURS staff focus on project**

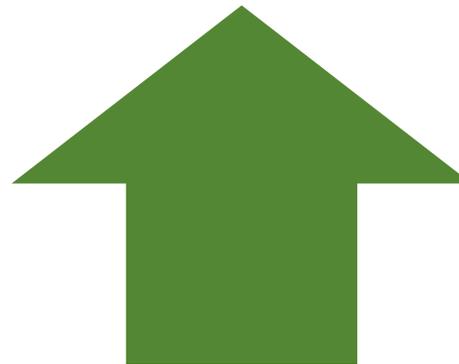
- SURS staff burnout and operational risk.
- Compromised member experience.

## Potential impacted scope:

- Workers' compensation
- High impact / risk scope:
  - Death workflows
  - Recalculations
  - Benefit payments processing

## **BAs drive project decisions**

- Increased likelihood of defects and rework.
- Decreased SURS staff readiness.



# Path Forward: What's Different This Time?

## Refined Test Strategy

- Greater focus on validation and user acceptance testing (UAT).
- Early access to system for informal testing.

## Increased Vendor Accountability

- Milestone payments tied to delivery of functionality.
- Milestone payment tied to UAT quality.

## Revised Project Governance

- Higher frequency of decision checkpoints.
- Faster issue escalation.
- Reinforce project allocation of SURS staff.



# Discussion & Questions

# Appendix: Extension Risk Mitigation

---

Staff fatigue  
or turnover at  
SURS

---

Align resource planning with clear roles and realistic workloads; spread knowledge across team.

---

Vendor staff  
changes

---

Add contractual language to ensure knowledge transfer and cross-coverage within vendor teams.

---

Loss of  
momentum

---

Maintain consistent cadence of milestones and communication to keep urgency and focus.

---

Budget  
pressure

---

Re-prioritize non-critical scope and optimize resource allocation.

---

# Appendix: Risk Mitigation Results

## Scope management

- Rework needed on past scope.
- Vitech did not understand full scope.

## Expectations setting

- Did not change reality of SURS staff constraints.
- Vitech provides mock-ups to SURS sooner for feedback.

## Sprint preparation

- Implemented between BAs and SURS staff.
- Mixed results with Vitech.
  - BAs will meet with Vitech.

## Change management

- Revamped the Change Network.
- Giving 'Feature Spotlights' to all staff.

## In-person interactions

- Linea presence increased.
- Vitech does not have any regular travel to SURS.

## Communicate alternatives

- SURS staff and Vitech still have trouble getting on the same page.
- Meetings held to clarify system functionality.

# Appendix: Validation Cycle 3 Progress

Completed	In Progress	Just Starting	Not Started
<ul style="list-style-type: none"> <li>• Excess Benefit Annuity</li> <li>• Reciprocal Estimates</li> <li>• Disability</li> <li>• Rework Needed:               <ul style="list-style-type: none"> <li>• Retirement</li> <li>• Refund / Portable Lump Sum Retirement (PLSR)</li> <li>• QILDRO</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Disability Retirement</li> <li>• Death: Pre-Retirement</li> <li>• Return to Work</li> <li>• Re-retirement</li> <li>• Required Minimum Distribution (RMD)</li> <li>• Additional Refund / PLSR</li> <li>• Reciprocal Retirement</li> </ul>	<ul style="list-style-type: none"> <li>• General Ledger</li> <li>• Benefit Payments Processing</li> <li>• Benefit Recalculations</li> </ul>	<ul style="list-style-type: none"> <li>• Death: Post-Retirement</li> <li>• Overpayments / Collections</li> <li>• Reciprocal Data Exchange</li> <li>• Tax Reporting</li> <li>• Workers' Compensation</li> </ul>

# Appendix: FY Comparisons for All Vendors

	Current	New	Difference
FY25	\$6,067,011	\$5,071,886	-\$995,125
FY26	\$4,751,757	\$7,489,852	\$2,738,095
FY27	\$3,004,294	\$4,565,810	\$1,561,516
FY28	\$500,000	\$2,749,482	\$2,249,482
FY29	\$0	\$500,000	\$500,000
<b>Totals</b>	<b>\$14,323,062</b>	<b>\$20,377,030</b>	<b>\$6,053,968</b>

# Appendix: FY Comparisons for Vitech

	Current Plan	Proposed Plan	Difference
<b>FY25</b>	\$3,498,250	\$2,800,000	-\$698,250
<b>FY26</b>	\$2,218,250	\$4,872,000	\$2,653,750
<b>FY27</b>	\$1,937,000	\$2,738,250	\$801,250
<b>FY28</b>	\$500,000	\$1,812,000	\$1,312,000
<b>FY29</b>	n/a	\$500,000	\$500,000
<b>Totals</b>	<b>\$8,153,500</b>	<b>\$12,722,250</b>	<b>\$4,568,750</b>

Note: Only implementation costs are reflected, not additional change orders or subscription costs.

# Appendix: FY Comparisons for Linea

	Current	Proposed	Difference
<b>FY25</b>	\$2,348,540	\$1,946,707	-\$401,833
<b>FY26</b>	\$2,147,120	\$2,048,480	-\$98,640
<b>FY27</b>	\$928,960	\$1,576,329	\$647,369
<b>FY28</b>	n/a	\$733,130	\$733,130
<b>FY29</b>	n/a	n/a	\$0
<b>Totals</b>	\$5,424,620	\$6,304,646	\$880,026

# Appendix: FY Comparisons for MBS

	Current	New	Difference
FY25	\$220,221	\$325,179	\$104,958
FY26	\$386,387	\$569,373	\$182,986
FY27	\$138,334	\$251,231	\$112,897
FY28	n/a	\$204,352	\$204,352
FY29	n/a	n/a	n/a
<b>Totals</b>	<b>\$744,942</b>	<b>\$1,350,135</b>	<b>\$605,193</b>



1901 Fox Drive, Champaign, IL 61820-7333  
800-275-7877 • 217-378-8800 • (Fax) 217-378-9800  
www.surs.org

To: Administration Committee  
From: Tara R. Myers  
Date: June 6, 2025  
Re: Administrative Expense and Capital Budget – Fiscal Year 2026

---

### **Overview**

Annually, the administrative expense and capital budget is submitted for approval. The administrative expense budget covers all operational costs of the Defined Benefit Plan, the Retirement Savings Plan (RSP), the Deferred Compensation Plan (DCP) and the Investment Department administrative expenses. The total proposed Fiscal Year 2026 administrative budget is \$38,731,763.

The capital budget includes major initiatives, services, and purchases. The total proposed Fiscal Year 2026 capital budget is \$12,932,706 and includes the Pension Administration System (PAS) work to be performed in Fiscal Year 2026.

### **Recommendation**

SURS staff recommends:

- **That the Fiscal Year 2026 Administrative Expense Budget be approved as presented.**
- **That the Fiscal Year 2026 Capital Expenditure Budget be approved as presented.**



**State Universities Retirement System  
Fiscal Year 2026  
Administrative Expense and Capital Budget**

**June 6, 2025  
Administration Committee**



Date: June 6, 2025

To: Administration Committee

From: Suzanne M. Mayer, Executive Director and Tara R. Myers, Chief Financial Officer

Re: Fiscal Year 2026 SURS Administrative and Capital Budget

We are pleased to submit for your review and approval the Administrative Operating Expense and Capital Budget for the State Universities Retirement System (SURS) for the Fiscal Year 2026, which begins July 1, 2025, and ends June 30, 2026. The budget reflects the staff's commitment to provide services and programs in alignment with the SURS mission and strategic goals. Our staff has been resilient through the challenges of changes in administration, state funding and pension reform. The staff continues to service our members and employers with skill, professionalism, and passion.

The proposed Fiscal Year 2026 administrative budget of \$38,731,763 is a 6% increase over prior year's budget. The total proposed Fiscal Year 2026 capital budget is \$12,932,706 and includes the Pension Administration System (PAS) implementation work to be performed in Fiscal Year 2026.

Thank you to the management team for their assistance as we completed the Fiscal Year 2026 budget.

Sincerely,

A handwritten signature in black ink that reads 'Suzanne M. Mayer'.

Suzanne M. Mayer  
Executive Director

A handwritten signature in black ink that reads 'Tara R. Myers'.

Tara R. Myers  
Chief Financial Officer

**STATE UNIVERSITIES RETIREMENT SYSTEM  
FISCAL YEAR 2026 CONSOLIDATED OPERATING BUDGET**

	FY 2025 Budget	FY 2025 Projected Actual	FY 2026 Budget	FY25 Budget to FY 25 Projected Actual		FY25 Projected Actual to FY26 Budget		FY25 Budget to FY26 Budget	
				\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase
Operating Admin Expense-All Plans	31,441,028	28,398,572	33,654,709	(3,042,456)	-9.7%	5,256,137	18.5%	2,213,681	7.0%
Investment Administrative Expense	5,103,555	4,547,813	5,077,053	(555,741)	-10.9%	529,240	11.6%	(26,501)	-0.5%
<b>Total All Administrative Expense</b>	<b>36,544,583</b>	<b>32,946,385</b>	<b>38,731,763</b>	<b>(3,598,197)</b>	<b>-9.8%</b>	<b>5,785,377</b>	<b>17.6%</b>	<b>2,187,180</b>	<b>6.0%</b>
<b>Capital Budget</b>	<b>11,450,513</b>	<b>10,316,340</b>	<b>12,932,706</b>	<b>(1,134,173)</b>	<b>-9.9%</b>	<b>2,616,366</b>	<b>25.4%</b>	<b>1,482,193</b>	<b>12.9%</b>

**STATE UNIVERSITIES RETIREMENT SYSTEM  
FISCAL YEAR 2026 PERSONNEL & BENEFITS BUDGET**

	FY 2025 Budget	FY 2025 Projected Actual	FY 2026 Budget	FY25 Budget to FY 25 Projected Actual		FY25 Projected Actual to FY26 Budget		FY25 Budget to FY26 Budget	
				\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase
<b>All SURS Staff Payroll</b>									
Salaries/Wages	16,683,995	15,534,992	17,884,653	(1,149,003)	-6.9%	2,349,661	15.1%	1,200,659	7.2%
Insurance	5,798,072	5,408,922	6,534,554	(389,150)	-6.7%	1,125,632	20.8%	736,482	12.7%
Pension	1,879,090	1,922,011	1,986,740	42,921	2.3%	64,728	3.4%	107,649	5.7%
Payroll Tax	241,918	219,228	262,179	(22,690)	-9.4%	42,951	19.6%	20,262	8.4%
Less: PAS Related Payroll & Benefits	(820,000)	(1,181,621)	(1,200,000)	(361,621)	44.1%	(18,379)	1.6%	(380,000)	46.3%
<b>Total Personnel &amp; Benefits</b>	<b>23,783,075</b>	<b>21,903,533</b>	<b>25,468,126</b>	<b>(1,879,542)</b>	<b>-7.9%</b>	<b>3,564,594</b>	<b>16.3%</b>	<b>1,685,052</b>	<b>7.1%</b>

FY 2025 Projected Actual vs FY 2026 Budget				
	FY 2025 Projected Actual	FY 2026 Budget	\$ Increase from Proj Actual	% Increase from Proj Actual
<b>All SURS Staff Payroll</b>				
Salaries/Wages	15,534,992	17,884,653	2,349,661	15.1%
Insurance	5,408,922	6,534,554	1,125,632	20.8%
Pension	1,922,011	1,986,740	64,728	3.4%
Payroll Tax	219,228	262,179	42,951	19.6%
Less: PAS Related Payroll & Benefits	(1,181,621)	(1,200,000)	(18,379)	1.6%
<b>Total Personnel &amp; Benefits</b>	<b>21,903,533</b>	<b>25,468,126</b>	<b>3,564,594</b>	<b>16.3%</b>

**FY25 Projected actual vs FY26 Budget variance:**

**Salaries/Wages**

Overall expected cost of salary increases	636,500	4.1%
Positions vacant in all of FY25-to be filled in FY26*	866,000	5.6%
Budgeted cost for new position added in FY26*	146,500	0.9%
FY26 planned promotions/reclassifications	101,000	0.7%
Other compensation/timing adjustments	599,661	3.9%
	<b>2,349,661</b>	<b>15.1%</b>

**Insurance**

Contracted increase between CMS and insurance companies	697,433	12.9%
New/vacant positions*	428,199	7.92%
	<b>1,125,632</b>	<b>20.8%</b>

\* Vacant and new position salaries and benefits are prorated depending on when we anticipate filling the position. For positions that we have already advertised and are recruiting, a full year will be budgeted in FY26. Other positions that we anticipate hiring later in the fiscal year are prorated to include between eight to eleven months of the associated salaries and benefits cost.

### FY 2025 Budget vs FY 2025 Projected Actual

	FY 2025 Budget	FY 2025 Projected Actual	\$ Increase from Prior Yr Budget	% Increase from Prior Yr Budget	
Statistical & Tabulation	3,525,510	2,810,702	(714,808)	-20.3%	The PAS project was under budget by \$296k due to lower than anticipated travel cost and contingency cost that was budgeted here being capitalized instead of expensed (due to the nature of the work). The remaining variance was due to time and resource constraints that affected progress on some initiatives. The initiatives included Identity Management and changes to FileNet which are necessitated by the PAS project. Projects that are required for the PAS project will be carried over into the FY26 budget.
Recruitment and Relocation	66,000	15,000	(51,000)	-77.3%	The FY25 budget included the cost of LinkedIn Recruiter. HR determined that the additional cost was not warranted and instead used the more cost-effective version, RecruiterLite.
Medical/Disability Program	5,000	2,500	(2,500)	-50.0%	
Professional & Technical	1,176,854	1,301,471	124,617	10.6%	In FY25 the Mosaic strategic planning costs were budgeted partially in Admin and partially in IT, but in two different account numbers. The expense all hit this account when paid. Member Services was over budget by \$106k due to the death match invoice that was not included in the FY25 budget. The Voya rep cost for RSP/DCP was under budget by \$50k.
Actuarial Services	310,800	243,877	(66,923)	-21.5%	The extent that GRS is used for special projects varies from year to year.
Legal Fees	451,616	466,015	14,399	3.2%	
Postage	283,766	251,920	(31,846)	-11.2%	A Member Services' mailing project budgeted for FY25 did not end up costing as much as anticipated.
Copying, Photographic & Printing	49,520	46,862	(2,658)	-5.4%	
Surety Bond & Insurance	545,000	539,979	(5,021)	-0.9%	
Freight & Express Mail	8,500	7,309	(1,191)	-14.0%	
EDP Equipment Repairs & Maintenance	204,900	80,154	(124,746)	-60.9%	Cisco SmartNet maintenance support contract (\$110k) was budgeted for FY25 but does not expire until FY26.
Office Rental	38,033	31,323	(6,710)	-17.6%	
Office Equipment Repairs & Maintenance	12,750	11,701	(1,049)	-8.2%	
Equipment Rental-Telephone	302,850	291,787	(11,063)	-3.7%	
Subscriptions & Information Services	118,840	117,059	(1,781)	-1.5%	
Office & Library Supplies	59,670	51,524	(8,146)	-13.7%	
Meeting Expenses	1,700	614	(1,086)	-63.9%	
Printing Supplies	29,000	26,182	(2,818)	-9.7%	
EDP Supplies	50,000	50,074	74	0.1%	
EDP Operating Equipment	159,100	153,046	(6,054)	-3.8%	
Registration & Conference Expenses	64,990	35,800	(29,191)	-44.9%	
Employee Training Programs	127,400	80,157	(47,243)	-37.1%	HR had anticipated obtaining training resources for staff, but that was not completed in FY25. Training for IT staff was also down since several positions remained vacant.
Board Travel	20,000	22,225	2,225	11.1%	
Board Meeting	20,000	15,593	(4,407)	-22.0%	
Association Fees	38,415	34,569	(3,846)	-10.0%	
Employee Tuition	12,885	7,798	(5,088)	-39.5%	
Travel	164,767	129,641	(35,126)	-21.3%	Travel costs were under budget across all departments (excluding the Investments department which is budgeted separately).
Building & Grounds Maintenance	335,200	274,469	(60,731)	-18.1%	There were fewer repairs completed than were anticipated during budgeting. The exterior beautification project (\$20k) was not completed in FY25 but will be carried over to the FY26 budget
Utilities	177,184	158,088	(19,096)	-10.8%	
<b>Total Non-Personnel Expense</b>	<b>8,360,251</b>	<b>7,257,438</b>	<b>(1,102,813)</b>	<b>-13.2%</b>	

### FY 2025 Projected Actual vs FY 2026 Budget

	FY 2025 Projected Actual	FY 2026 Budget	\$ Increase from Actual	% Increase from Actual	
Statistical & Tabulation	2,810,702	3,669,179	858,477	30.5%	The PAS project has an increase in the budget for training and for OCM support from Linea. The FY26 budget includes the carryover of projects that were budgeted for FY25 but not completed. The FY26 budget also includes increased spending on consultants in support of the current (old) PAS.
Recruitment and Relocation	15,000	111,000	96,000	640.0%	The FY26 budget includes fees for the recruitment of a vacant senior level position (\$75k). We anticipate spending more on advertising for open positions as well as attending career fairs.
Medical/Disability Program	2,500	5,000	2,500	100.0%	
Professional & Technical	1,301,471	1,526,360	224,889	17.3%	Increases in the FY26 budget include \$18k for Lobbyist Service, \$19k for bank fees and \$25k for the strategic planning consultant. The FY26 budget for MSR consultants increased by \$70k. The RSP/DCP Voya costs are expected to increase by \$120k.
Actuarial Services	243,877	285,254	41,377	17.0%	The extent that GRS is used for special projects varies from year to year.
Legal Fees	466,015	483,000	16,985	3.6%	
Postage	251,920	262,366	10,446	4.1%	
Copying, Photographic & Printing	46,862	64,700	17,838	38.1%	
Surety Bond & Insurance	539,979	547,000	7,021	1.3%	
Freight & Express Mail	7,309	9,000	1,691	23.1%	
EDP Equipment Repairs & Maintenance	80,154	247,500	167,346	208.8%	The firewall maintenance contract (\$90k) and the Cisco Smartnet maintenance support contract (50K) will be paid in FY26. Both were last paid in FY24. There is also a new maintenance contract in FY26 for Exegrid (\$10k).
Office Rental	31,323	22,203	(9,119)	-29.1%	
Office Equipment Repairs & Maintenance	11,701	10,000	(1,701)	-14.5%	
Equipment Rental-Telephone	291,787	310,910	19,123	6.6%	
Subscriptions & Information Services	117,059	113,154	(3,905)	-3.3%	
Office & Library Supplies	51,524	62,525	11,001	21.4%	
Meeting Expenses	614	1,960	1,346	219.2%	
Printing Supplies	26,182	34,615	8,433	32.2%	
EDP Supplies	50,074	50,000	(74)	-0.1%	
EDP Operating Equipment	153,046	153,000	(46)	0.0%	
Registration & Conference Expenses	35,800	73,135	37,336	104.3%	FY26 budgeted amount increases are spread across several departments.
Employee Training Programs	80,157	102,255	22,098	27.6%	
Board Travel	22,225	28,000	5,775	26.0%	
Board Meeting	15,593	20,000	4,407	28.3%	
Association Fees	34,569	39,435	4,866	14.1%	
Employee Tuition	7,798	11,535	3,738	47.9%	
Travel	129,641	190,937	61,296	47.3%	The increase is spread throughout the various departments.
Building & Grounds Maintenance	274,469	348,780	74,311	27.1%	Variance due to increased contractual cost for ongoing expenses and planning for potential repairs as needed. The grounds maintenance project was carried forward since it was not completed in FY25
Utilities	158,088	188,000	29,912	18.9%	
<b>Total Non-Personnel Expense</b>	<b>7,257,438</b>	<b>8,970,803</b>	<b>1,713,366</b>	<b>23.6%</b>	

**STATE UNIVERSITIES RETIREMENT SYSTEM  
FISCAL YEAR 2026 CAPITAL BUDGET**

**Pension Administration System Replacement**

Vitech: PAS system and related services	6,051,425
Linea: PAS implementation oversight	1,900,400
MBS: PAS data cleansing & migration services	398,349
PAS related payroll & benefits	1,200,000
Total	9,550,174

**IT Infrastructure, Building Security and Technology**

Reciprocal exchange software	950,000
Risk management software (Invt Dept)	270,032
Audio/Video	225,000
Identity proofing	200,000
Pure storage	60,000
Exagrid	40,000
Staff laptop replacements	32,500
New printers	30,000
Misc. replacement furniture/equipment	25,000
Total	1,832,532

**Renovations 1901 Building**

General contractor - demo & construction	1,000,000
Furniture & equipment	200,000
Architect fees	30,000
Total	1,230,000

**Building/Grounds Improvements**

Parking lot asphalt replacement	100,000
Energy efficient blinds	60,000
HVAC replacements	60,000
Retention wall	50,000
Noise remediation	50,000
Total	320,000

**Grand Total** 12,932,706

**STATE UNIVERSITIES RETIREMENT SYSTEM  
FISCAL YEAR 2026 CONSOLIDATED OPERATING BUDGET**

	FY 2025 Budget	FY 2025 Projected Actual	FY 2026 Budget	FY25 Budget to FY 25 Projected Actual		FY25 Projected Actual to FY26 Budget		FY25 Budget to FY26 Budget	
				\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase
Salaries/Wages	15,116,079	14,001,877	16,212,499	(1,114,202)	-7.4%	2,210,622	15.8%	1,096,419	7.3%
Insurance	5,503,690	5,144,247	6,164,185	(359,443)	-6.5%	1,019,938	19.8%	660,494	12.0%
Pension	1,701,824	1,647,352	1,806,769	(54,472)	-3.2%	159,417	9.7%	104,945	6.2%
Payroll Tax	219,183	197,279	235,453	(21,904)	-10.0%	38,174	19.4%	16,270	7.4%
Less: PAS Related Payroll & Benefits	(820,000)	(1,181,621)	(1,200,000)	(361,621)	44.1%	(18,379)	1.6%	(380,000)	46.3%
<b>Total Personnel &amp; Benefits</b>	<b>21,720,777</b>	<b>19,809,135</b>	<b>23,218,906</b>	<b>(1,911,643)</b>	<b>-8.8%</b>	<b>3,409,771</b>	<b>17.2%</b>	<b>1,498,129</b>	<b>6.9%</b>
Statistical & Tabulation	3,525,510	2,810,702	3,669,179	(714,808)	-20.3%	858,477	30.5%	143,669	4.1%
Recruitment and Relocation	66,000	15,000	111,000	(51,000)	-77.3%	96,000	640.0%	45,000	68.2%
Medical/Disability Program	5,000	2,500	5,000	(2,500)	-50.0%	2,500	100.0%	-	0.0%
Professional & Technical	1,176,854	1,301,471	1,526,360	124,617	10.6%	224,889	17.3%	349,506	29.7%
Actuarial Services	310,800	243,877	285,254	(66,923)	-21.5%	41,377	17.0%	(25,546)	-8.2%
Legal Fees	451,616	466,015	483,000	14,399	3.2%	16,985	3.6%	31,384	6.9%
Postage	283,766	251,920	262,366	(31,846)	-11.2%	10,446	4.1%	(21,400)	-7.5%
Copying, Photographic & Printing	49,520	46,862	64,700	(2,658)	-5.4%	17,838	38.1%	15,180	30.7%
Surety Bond & Insurance	545,000	539,979	547,000	(5,021)	-0.9%	7,021	1.3%	2,000	0.4%
Freight & Express Mail	8,500	7,309	9,000	(1,191)	-14.0%	1,691	23.1%	500	5.9%
EDP Equipment Repairs & Maintenance	204,900	80,154	247,500	(124,746)	-60.9%	167,346	208.8%	42,600	20.8%
Office Rental	38,033	31,323	22,203	(6,710)	-17.6%	(9,119)	-29.1%	(15,830)	-41.6%
Office Equipment Repairs & Maintenance	12,750	11,701	10,000	(1,049)	-8.2%	(1,701)	-14.5%	(2,750)	-21.6%
Equipment Rental-Telephone	302,850	291,787	310,910	(11,063)	-3.7%	19,123	6.6%	8,060	2.7%
Subscriptions & Information Services	118,840	117,059	113,154	(1,781)	-1.5%	(3,905)	-3.3%	(5,686)	-4.8%
Office & Library Supplies	59,670	51,524	62,525	(8,146)	-13.7%	11,001	21.4%	2,855	4.8%
Meeting Expenses	1,700	614	1,960	(1,086)	-63.9%	1,346	219.2%	260	15.3%
Printing Supplies	29,000	26,182	34,615	(2,818)	-9.7%	8,433	32.2%	5,615	19.4%
EDP Supplies	50,000	50,074	50,000	74	0.1%	(74)	-0.1%	-	0.0%
EDP Operating Equipment	159,100	153,046	153,000	(6,054)	-3.8%	(46)	0.0%	(6,100)	-3.8%
Registration & Conference Expenses	64,990	35,800	73,135	(29,191)	-44.9%	37,336	104.3%	8,145	12.5%
Employee Training Programs	127,400	80,157	102,255	(47,243)	-37.1%	22,098	27.6%	(25,145)	-19.7%
Board Travel	20,000	22,225	28,000	2,225	11.1%	5,775	26.0%	8,000	40.0%
Board Meeting	20,000	15,593	20,000	(4,407)	-22.0%	4,407	28.3%	-	0.0%
Association Fees	38,415	34,569	39,435	(3,846)	-10.0%	4,866	14.1%	1,020	2.7%
Employee Tuition	12,885	7,798	11,535	(5,088)	-39.5%	3,738	47.9%	(1,350)	-10.5%
Travel	164,767	129,641	190,937	(35,126)	-21.3%	61,296	47.3%	26,170	15.9%
Building & Grounds Maintenance	335,200	274,469	348,780	(60,731)	-18.1%	74,311	27.1%	13,580	4.1%
Utilities	177,184	158,088	188,000	(19,096)	-10.8%	29,912	18.9%	10,816	6.1%
<b>Total Non-Personnel Expense</b>	<b>8,360,251</b>	<b>7,257,438</b>	<b>8,970,803</b>	<b>(1,102,813)</b>	<b>-13.2%</b>	<b>1,713,366</b>	<b>23.6%</b>	<b>610,552</b>	<b>7.3%</b>
<b>Subtotal</b>	<b>30,081,028</b>	<b>27,066,572</b>	<b>32,189,709</b>	<b>(3,014,456)</b>	<b>-10.0%</b>	<b>5,123,137</b>	<b>18.9%</b>	<b>2,108,681</b>	<b>7.0%</b>
Depreciation	1,360,000	1,332,000	1,465,000	(28,000)	-2.1%	133,000	10.0%	105,000	7.7%
<b>Operating Admin Expense-All Plans</b>	<b>31,441,028</b>	<b>28,398,572</b>	<b>33,654,709</b>	<b>(3,042,456)</b>	<b>-9.7%</b>	<b>5,256,137</b>	<b>18.5%</b>	<b>2,213,681</b>	<b>7.0%</b>
Investment Administrative Expense	5,103,555	4,547,813	5,077,053	(555,741)	-10.9%	529,240	11.6%	(26,501)	-0.5%
<b>Total All Administrative Expense</b>	<b>36,544,583</b>	<b>32,946,385</b>	<b>38,731,763</b>	<b>(3,598,197)</b>	<b>-9.8%</b>	<b>5,785,377</b>	<b>17.6%</b>	<b>2,187,180</b>	<b>6.0%</b>
<b>Capital Budget</b>	<b>11,450,513</b>	<b>10,316,340</b>	<b>12,932,706</b>	<b>(1,134,173)</b>	<b>-9.9%</b>	<b>2,616,366</b>	<b>25.4%</b>	<b>1,482,193</b>	<b>12.9%</b>

**STATE UNIVERSITIES RETIREMENT SYSTEM  
FISCAL YEAR 2026 PERSONNEL & BENEFITS BUDGET**

	FY 2025 Budget	FY 2025 Projected Actual	FY 2026 Budget	FY25 Budget to FY 25 Projected Actual		FY25 Projected Actual to FY26 Budget		FY25 Budget to FY26 Budget	
				\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase
<b>Staff - excludes the Investments Dept</b>									
Salaries/Wages	15,116,079	14,001,877	16,212,499	(1,114,202)	-7.4%	2,210,622	15.8%	1,096,419	7.3%
Insurance	5,503,690	5,144,247	6,164,185	(359,443)	-6.5%	1,019,938	19.8%	660,494	12.0%
Pension	1,701,824	1,647,352	1,806,769	(54,472)	-3.2%	159,417	9.7%	104,945	6.2%
Payroll Tax	219,183	197,279	235,453	(21,904)	-10.0%	38,174	19.4%	16,270	7.4%
Less: PAS Related Payroll & Benefits	(820,000)	(1,181,621)	(1,200,000)	(361,621)	44.1%	(18,379)	1.6%	(380,000)	46.3%
<b>Total Personnel &amp; Benefits</b>	<b>21,720,777</b>	<b>19,809,135</b>	<b>23,218,906</b>	<b>(1,911,643)</b>	<b>-8.8%</b>	<b>3,409,771</b>	<b>17.2%</b>	<b>1,498,129</b>	<b>6.9%</b>

	FY 2025 Budget	FY 2025 Projected Actual	FY 2026 Budget	FY25 Budget to FY 25 Projected Actual		FY25 Projected Actual to FY26 Budget		FY25 Budget to FY26 Budget	
				\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase
<b>Investment Dept only</b>									
Salaries/Wages	1,567,915	1,533,115	1,672,155	(34,800)	-2.2%	139,040	9.1%	104,239	6.6%
Insurance	294,382	264,675	370,369	(29,707)	-10.1%	105,694	39.9%	75,987	25.8%
Pension	177,266	274,659	179,970	97,393	54.9%	(94,689)	-34.5%	2,704	1.5%
Payroll Tax	22,735	21,949	26,726	(786)	-3.5%	4,777	21.8%	3,991	17.6%
Less: PAS Related Payroll & Benefits	-	-	-	-	-	-	-	-	-
<b>Total Personnel &amp; Benefits</b>	<b>2,062,298</b>	<b>2,094,398</b>	<b>2,249,220</b>	<b>32,100</b>	<b>1.6%</b>	<b>154,822</b>	<b>7.4%</b>	<b>186,923</b>	<b>9.1%</b>

	FY 2025 Budget	FY 2025 Projected Actual	FY 2026 Budget	FY25 Budget to FY 25 Projected Actual		FY25 Projected Actual to FY26 Budget		FY25 Budget to FY26 Budget	
				\$ Increase	% Increase	\$ Increase	% Increase	\$ Increase	% Increase
<b>All SURS Staff Payroll</b>									
Salaries/Wages	16,683,995	15,534,992	17,884,653	(1,149,003)	-6.9%	2,349,661	15.1%	1,200,659	7.2%
Insurance	5,798,072	5,408,922	6,534,554	(389,150)	-6.7%	1,125,632	20.8%	736,482	12.7%
Pension	1,879,090	1,922,011	1,986,740	42,921	2.3%	64,728	3.4%	107,649	5.7%
Payroll Tax	241,918	219,228	262,179	(22,690)	-9.4%	42,951	19.6%	20,262	8.4%
Less: PAS Related Payroll & Benefits	(820,000)	(1,181,621)	(1,200,000)	(361,621)	44.1%	(18,379)	1.6%	(380,000)	46.3%
<b>Total Personnel &amp; Benefits</b>	<b>23,783,075</b>	<b>21,903,533</b>	<b>25,468,126</b>	<b>(1,879,542)</b>	<b>-7.9%</b>	<b>3,564,594</b>	<b>16.3%</b>	<b>1,685,052</b>	<b>7.1%</b>



To: Administration Committee  
From: Michael C. Schlachter, CFA  
Tara R. Myers, CPA  
Date: June 6, 2025  
Re: Investment Operations Budget – Fiscal Year 2026

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### **Overview**

SURS staff annually submits a budget for the Department's administrative expenses. The Department also presents a projection of investment management fees to be paid in accordance with fee agreements negotiated between SURS and each of its external managers. Staff routinely evaluates and monitors fees and expenses in an attempt to identify cost savings in the investment program.

### **Investment Department Budget: Administrative Expenses**

The administrative expenses budget encompasses essential services for the management and fiduciary oversight of SURS' investments. The proposed fiscal year 2026 administrative expenses budget totals \$2.8 million. This proposed amount is around \$213,000 less than the \$3.0 million budget approved for fiscal year 2025. Of the \$2.8 million budget proposed for fiscal year 2026, \$2.5 million (or 90%) is allocated to three areas: investment consultants, external legal counsel, and custody, performance, and database expenses. Each of the major line items is discussed in greater detail below.

#### **Investment Consulting**

Investment consulting expenses for retainers are expected to increase by \$28,750 from the fiscal year 2025 budget. The increase is entirely attributable to the yearly increase for the consultants that is outlined in the consulting contracts for Meketa and Callan. Investment consulting expenses for projects are expected to decrease by \$50,000 from the fiscal year 2025 budget. This decrease relates entirely to the asset liability management study being a one-time budgeted expense in fiscal year 2025.

#### **Investment Counsel**

The investment counsel line remained the same as the fiscal year 2025 budget. The amount of legal expenses correlates to the amount of search activity to be completed and the resulting number of agreements to be drafted. Additional legal expenses may be incurred if revisions are made to existing agreement guidelines or if fees are renegotiated.

#### **Custody, Performance & Databases**

The custody, performance and database line decreased by \$232,000 from the fiscal year 2025 budget. The decrease is attributable to the new risk management software that was implemented in fiscal year 2025. The reoccurring expense for this software is budgeted in SURS Capital Budget in fiscal year 2026.

Resources

The resources category includes costs related to corporate governance, education, training, conferences, reference materials, subscriptions, participation in research projects and studies, RFP search advertisements, and professional dues and memberships. This line item increased by \$13,000 from fiscal year 2025 mainly due to the new PEI subscription and an increase in the number of estimated RFPs for fiscal year 2026.

Investment Travel

The travel line includes transportation, meals and lodging to attend due diligence meetings, conferences and Investment Committee and Board meetings for the Department's staff. The travel budget increased by \$27,000 from the fiscal year 2025 budgeted amount. This increase is due to manager monitoring and several manager searches that are taking place.

	<b>FY 2025 Approved Budget</b>	<b>FY 2026 Proposed Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Investment Consultant - Retainer	\$ 912,500	\$ 941,250	\$ 28,750	3.2%
Investment Consultant - Projects	50,000	-	(50,000)	(100.0)%
Investment Counsel	655,000	655,000	-	0.0%
Custody, Performance & Databases	1,182,097	949,791	(232,306)	(19.7)%
Resources	178,660	191,792	13,132	7.4%
Travel	<u>63,000</u>	<u>90,000</u>	<u>27,000</u>	<u>42.9%</u>
<b>Total Administrative Expenses</b>	<b>\$ 3,041,257</b>	<b>\$ 2,827,833</b>	<b>\$ (213,424)</b>	<b>(7.0)%</b>

Please note that the administrative expenses shown here do not include the Investment department personnel and benefits cost. Those costs are included in the amounts shown in the Administrative Expense & Capital Expenditure budget discussed prior to this presentation.

Investment Management Fees

The investment management fees proposed for fiscal year 2026 are based upon February 28th, 2025 asset values adjusted for any known or anticipated cash flows occurring after that date, including the expectation of receiving 100% of appropriated state contributions. In total, overall assets are projected to increase 3.14% from February 28<sup>th</sup>, 2025 to February 28<sup>th</sup>, 2026. This projection considers both the asset return assumptions and the expected outflows needed to cover member benefits in excess of the state appropriation. The projected investment assets were then applied to the manager's current fee schedule to determine the investment management fee for the fiscal year. Performance-based fees were estimated in total by weighting the actual annual performance fees incurred over the past three years. No attempt is made, when constructing the projection, to attribute performance-based fees to specific managers. While some factors affecting portfolio assets are reasonably predictable (e.g., state appropriations and projected benefit payments), other factors like market performance are inherently uncertain. A projected rate of growth was applied to each asset class as follows, based on the capital market assumptions provided by SURS' investment consultant:

Asset Class Growth Rates		
Strategy	Asset Class	Projected Annual Growth Rate
Crisis Risk	Alternative Risk Premia	5.20%
Crisis Risk	Long Duration	5.00%
Crisis Risk	Long Volatility	0.70%
Crisis Risk	Trend Following	3.40%
Inflation Sensitive	TIPS	4.30%
Non-Traditional Growth	Non-Core Farmland	9.50%
Non-Traditional Growth	Non-Core Infrastructure	8.20%
Non-Traditional Growth	Non-Core Real Assets	8.40%
Non-Traditional Growth	Private Equity	9.80%
Principal Protection	Fixed Income (Core)	4.40%
Stabilized Growth	Core Infrastructure	6.20%
Stabilized Growth	Core Real Estate	5.50%
Stabilized Growth	Emerging Market Debt - Hard	6.90%
Stabilized Growth	Emerging Market Debt - Local	6.50%
Stabilized Growth	Fixed Income (Public Credit)	5.40%
Stabilized Growth	Fixed Income (Private Credit)	8.70%
Traditional Growth	Global Equity	6.70%

The Fiscal Year 2025 Investment Management Fee Budget, accepted by the Investment Committee in June 2024, was \$150.6 million with actual expenditures currently anticipated to be approximately \$127.1 million. Assuming returns are in line with long-term asset class forecasts, fees are projected to be approximately \$155.6 million in fiscal year 2026. Total investment management fees are projected to increase by \$5 million from fiscal year 2025 budgeted fees and include fees paid directly from alternative asset funds. This increase is attributable to the continued growth of the private credit portfolio and the non-traditional growth portfolio as these asset classes reach the target allocations selected by the Investment Committee in 2021.

	FY 2025 Accepted Fees	FY 2026 Proposed Fees	\$ Increase (Decrease)	% Increase (Decrease)
Asset-Based Fees	\$ 137,578,584	\$ 146,739,000	\$ 9,160,416	6.7%
Performance-Based Fees	12,185,800	7,965,000	(4,220,800)	(34.6)%
Securities Lending Fees	544,100	525,000	(19,100)	(3.5)%
STIF Fees	337,900	382,000	44,100	13.1%
<b>Total Investment Management Expenses</b>	<b>\$ 150,646,384</b>	<b>\$ 155,611,000</b>	<b>\$ 4,964,616</b>	<b>3.3%</b>
<b>Total fees as a % of assets (basis points)</b>	<b>60.1 bps</b>	<b>61.5 bps</b>		

**Recommended Action**

Consistent with past years, staff is recommending the approval of the Investments Administrative Expense Budget for the fees and expenses relating to the operations and oversight of the SURS Investment Program.

Staff is recommending acceptance of the Investment Management Fees Budget. As a result of the challenge of accurately projecting the asset value of accounts and continual developments that affect performance-based fees, the SURS Board of Trustees has previously chosen to accept rather than approve the recommendation from staff. Staff is recommending the practice of accepting the budget be continued for fiscal year 2026.

**Recommendations**

**SURS staff recommends that:**

- **The Investment Department Administrative Expense Budget for fiscal year 2026 be approved as presented.**
- **The projected Investment Department Investment Management Fees for fiscal year 2026 be accepted as presented.**

### Investment Operations Budget: Administrative Expenses

	<b>FY 2025 Approved Budget</b>	<b>FY 2026 Proposed Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Investment Consultant - Retainer	\$ 912,500	\$ 941,250	\$ 28,750	3.2%
Investment Consultant - Projects	50,000	-	(50,000)	(100.0)%
Investment Counsel	655,000	655,000	-	0.0%
Custody, Performance & Databases	1,182,097	949,791	(232,306)	(19.7)%
Resources	178,660	191,792	13,132	7.4%
Travel	63,000	90,000	27,000	42.9%
<b>Total Administrative Expenses</b>	<b>\$ 3,041,257</b>	<b>\$ 2,827,833</b>	<b>\$ (213,424)</b>	<b>(7.0)%</b>

## Investment Operations Budget: Investment Management Fees

	FY 2025 ACCEPTED			FY 2026 PROPOSED <sup>1</sup>		
	Acct Size (\$ millions)	Fee %	Fee \$	Acct Size (\$ millions)	Fee %	Fee \$
<b>TRADITIONAL GROWTH</b>	<b>\$ 8,552.3</b>	<b>0.206%</b>	<b>\$ 17,597,000</b>	<b>\$ 9,255.5</b>	<b>0.201%</b>	<b>\$ 18,563,000</b>
<b>STABILIZED GROWTH</b>	<b>4,500.9</b>	<b>0.821%</b>	<b>36,937,780</b>	<b>4,676.4</b>	<b>0.848%</b>	<b>39,637,000</b>
<i>CORE REAL ASSETS</i>	1,829.6	0.830%	15,178,980	1,724.9	0.833%	14,370,000
<i>CREDIT</i>	2,671.3	0.815%	21,758,800	2,951.5	0.856%	25,267,000
<b>PRINCIPAL PROTECTION</b>	<b>2,334.4</b>	<b>0.106%</b>	<b>2,470,000</b>	<b>2,485.1</b>	<b>0.104%</b>	<b>2,593,000</b>
<b>NON-TRADITIONAL GROWTH</b>	<b>4,604.8</b>	<b>1.216%</b>	<b>55,984,554</b>	<b>5,202.5</b>	<b>1.140%</b>	<b>59,287,000</b>
<i>PRIVATE EQUITY</i>	3,334.4	0.998%	33,288,472	3,727.6	0.970%	36,158,000
<i>NON-CORE REAL ASSETS</i>	1,270.4	1.787%	22,696,082	1,474.9	1.568%	23,129,000
<b>INFLATION</b>	<b>1,144.2</b>	<b>0.007%</b>	<b>78,000</b>	<b>-</b>	<b>0.000%</b>	<b>-</b>
<b>CRISIS RISK</b>	<b>3,931.8</b>	<b>0.623%</b>	<b>24,511,250</b>	<b>3,664.8</b>	<b>0.727%</b>	<b>26,659,000</b>
<b>Investment Management Asset-Based Fees</b>	<b>\$ 25,068.4</b>	<b>0.549%</b>	<b>\$ 137,578,584</b>	<b>\$ 25,284.3</b>	<b>0.580%</b>	<b>\$ 146,739,000</b>
<b>Investment Management Performance Fees</b>		0.049%	\$ 12,185,800		0.032%	\$ 7,965,000
based on three-year average						
Securities Lending Expense		0.002%	\$ 544,100		0.002%	\$ 525,000
Short Term Invested Funds (STIF) Fee		0.001%	\$ 337,900		0.002%	\$ 382,000
<b>Total Investment Management Fees</b>		<b>0.601%</b>	<b>\$ 150,646,384</b>		<b>0.615%</b>	<b>\$ 155,611,000</b>

<sup>1</sup> Management fees are only projected for investment mandates that have been approved as of March 31, 2025.

## STATE UNIVERSITIES RETIREMENT SYSTEM

## STATEMENT OF INVESTMENT EXPENSES

Fiscal Year 2025 to Date  
July 1, 2024 through March 31, 2025

Investment Managers	1st Qtr	2nd Qtr	3rd Qtr	Total	Budget	Balance
Adams Street Partners	\$ 773,559	\$ 772,309	\$ 756,854	\$ 2,302,722	\$ 2,972,000	\$ 669,278
Aksia	145,771	158,395	176,896	481,061	546,000	64,939
Advent International	93,423	93,415	93,404	280,242	375,000	94,758
Altaris Capital Partners	24,105	-	16,626	40,731	500,000	459,269
Avance Investment Management	107,599	100,906	110,579	319,084	500,000	180,916
Base10 Partners	365,366	368,579	363,020	1,096,965	1,500,000	403,035
Bregal Sagemount	302,915	307,631	282,212	892,758	1,300,000	407,242
Clearlake Capital Partners	236,060	530,025	168,328	934,413	2,200,000	1,265,587
Cortec Group	-	482,685	-	482,685	850,000	367,315
GGV Capital	153,000	108,000	108,000	369,000	1,092,000	723,000
Great Hill Equity Partners	58,433	58,531	57,798	174,762	500,000	325,238
Greenbriar Equity Group	80,880	94,744	80,525	256,149	450,000	193,851
Harvest Partners	388,178	268,817	103	657,098	1,793,750	1,136,652
Hg Capital	253,175	259,729	243,884	756,789	1,060,053	303,264
Inflexion Private Equity Partners	70,429	86,448	75,764	232,641	445,120	212,479
MBK Partners	3,306	45,529	74,460	123,295	1,400,000	1,276,705
Nautic Partners	98,165	136,205	106,045	340,415	500,000	159,585
Nordic Capital	183,319	191,941	178,359	553,618	779,935	226,317
Oak HC-FT Partners	344,728	360,808	334,157	1,039,693	1,462,500	422,807
OceanSound Partners	131,848	323,669	14,955	470,472	972,000	501,528
One Equity Partners	114,106	98,503	114,944	327,553	500,000	172,447
One Rock Capital	106,562	-	714,373	820,935	700,000	(120,935)
Orchid Asia Group	149,180	150,820	150,820	450,820	600,000	149,180
PAI Partners	177,874	180,122	176,244	534,240	736,246	202,006
Reverence Capital Partners	65,645	102,230	135,243	303,118	700,000	396,882
Rubicon Technology Partners	142,453	289,260	299,555	731,268	1,210,000	478,732
Stellex Capital Management	92,974	95,211	220,689	408,874	437,500	28,626
Thoma Bravo	145,043	(145,043)	-	-	1,925,000	1,925,000
TorreyCove Co-Investment	65,409	105,359	105,359	276,127	433,600	157,473
Ariel Investments	342,392	340,499	360,663	1,043,555	1,396,000	352,445
Aspect Capital	761,547	831,610	765,909	2,359,066	3,026,000	666,934
Ativo Capital Management	227,335	218,693	225,116	671,143	912,000	240,857
Basis Investment Group	232,395	234,182	234,619	701,196	1,000,000	298,804
Bivium Capital Partners	533,337	536,039	545,510	1,614,887	2,122,000	507,113
BlackRock	291,908	305,748	294,642	892,297	1,180,000	287,703
Blackstone Group	1,313,230	1,109,739	1,065,100	3,488,069	5,133,000	1,644,931
Blue Vista Capital Management	47,741	46,022	46,022	139,785	199,500	59,715
Brasa Capital Management	138,854	121,337	88,080	348,270	1,310,000	961,730
Brookfield Asset Management	695,392	623,768	667,383	1,986,543	2,621,000	634,457
Cabot Properties	348,265	348,370	351,669	1,048,304	1,500,000	451,696
Campbell & Company	660,571	700,278	747,545	2,108,394	2,641,000	532,606
Carlyle Property Partners	512,124	541,164	539,525	1,592,813	2,135,850	543,037
Clarion Partners	352,181	347,002	343,820	1,043,003	1,567,200	524,197
Crow Holdings Realty Partners	289,737	267,795	272,930	830,462	1,291,000	460,538
Dune Real Estate Partners	259,243	242,363	246,697	748,303	973,200	224,897
EARNEST Partners	467,147	428,530	368,548	1,264,226	1,935,000	670,774
Ember Infrastructure Partners	265,890	426,128	426,128	1,118,146	1,625,000	506,854
Fairview Capital Partners	215,018	229,944	229,944	674,906	887,500	212,594
Franklin Templeton Real Estate Advisors	118,390	119,547	120,256	358,193	482,631	124,438
Garcia Hamilton & Associates	148,556	147,005	148,296	443,857	589,000	145,143
GI Partners	189,285	186,052	192,092	567,429	913,200	345,771
GlobeFlex Capital	211,666	215,158	214,090	640,913	837,000	196,087
Heitman Capital Management	468,540	474,627	479,347	1,422,514	2,060,000	637,486
Homestead Capital	352,407	358,002	353,848	1,064,257	1,500,000	435,743
IFM Investors	208,346	214,986	219,921	643,253	884,730	241,477
J.P. Morgan Asset Management	452,909	441,370	444,153	1,338,432	2,042,000	703,568
LM Capital Group	159,706	158,690	160,938	479,334	636,000	156,666
Long Wharf Capital	211,956	215,453	501,363	928,772	972,000	43,228
Longpoint Realty Partners	361,594	367,420	362,923	1,091,937	1,490,000	398,063
LongTail Alpha	1,405,371	1,542,556	1,588,673	4,536,600	5,035,000	498,400
Macquarie Infrastructure Partners	245,546	270,969	198,560	715,075	1,292,000	576,925
Meketa Investment Group	98,063	98,403	99,500	295,965	392,000	96,035
Ares Management	545,430	578,164	624,571	1,748,165	2,612,500	864,335
Atalaya Capital Management	65,884	39,236	38,114	143,234	700,000	556,766
Brightwood Capital Advisors	-	-	23,107	23,107	450,000	426,893
Crayhill Capital Management	63,064	63,594	68,980	195,638	675,000	479,362
Fortress Capital Formation	94,120	94,004	98,549	286,673	320,000	33,327
HPS Specialty	25,157	76,631	107,656	209,444	1,150,000	940,556
Intermediate Capital Group	150	74,123	105,473	179,746	850,000	670,254
PIMCO Private Credit	1,001	-	-	1,001	39,000	37,999

## STATE UNIVERSITIES RETIREMENT SYSTEM

## STATEMENT OF INVESTMENT EXPENSES

Fiscal Year 2025 to Date  
July 1, 2024 through March 31, 2025

Investment Managers	1st Qtr	2nd Qtr	3rd Qtr	Total	Budget	Balance
Pemberton Asset Management	-	-	143,730	143,730	-	(143,730)
Neuberger Berman Private Credit	528,339	560,761	583,598	1,672,698	2,594,800	922,102
Silver Point Specialty Credit	60,416	81,711	11,280	153,407	682,500	529,093
Silver Rock Financial	654,050	644,808	680,507	1,979,365	3,139,000	1,159,635
Sixth Street Partners	196,987	221,499	230,423	648,909	1,350,000	701,091
Turning Rock Partners	114,861	115,171	115,966	345,998	1,500,000	1,154,002
Mesirow Financial Investment Management	325,039	376,311	350,675	1,052,025	1,384,000	331,975
Mondrian Investment Partners	480,132	418,247	390,948	1,289,327	2,156,000	866,673
Muller and Monroe Asset Management	100,000	100,000	100,000	300,000	400,000	100,000
Neuberger Berman	497,349	476,659	480,565	1,454,573	2,026,000	571,427
Newport Capital Partners	27,307	28,122	28,530	83,959	118,000	34,041
Nipun Capital	178,841	185,852	184,660	549,353	734,000	184,647
Oaktree Capital Management	33,133	32,486	31,901	97,520	135,000	37,480
One River Asset Management	1,205,625	1,205,625	1,205,625	3,616,875	4,823,000	1,206,125
Pacific Alternative Asset Management Company	2,401	2,306	2,439	7,147	-	(7,147)
Pacific Investment Management Company	1,729,555	1,760,763	1,985,380	5,475,698	6,961,000	1,485,302
Pantheon Ventures	609,096	581,227	652,512	1,842,835	3,076,269	1,233,434
Parametric Portfolio Associates	185,341	158,101	609,534	952,976	585,000	(367,976)
Prologis	390,726	395,528	400,626	1,186,879	1,622,000	435,121
Pugh Capital Management	136,218	135,801	136,957	408,977	543,000	134,023
Ramirez Asset Management	176,553	175,075	177,699	529,327	702,000	172,673
RhumbLine Advisers	71,261	70,587	69,460	211,308	285,000	73,692
Solstein Capital	101,441	97,939	101,923	301,303	405,000	103,697
StepStone Group	18,923	18,923	18,923	56,769	73,000	16,231
Strategic Global Advisors	513,815	503,680	520,490	1,537,985	2,028,000	490,015
T. Rowe Price	536,618	496,971	462,474	1,496,063	2,116,000	619,937
Torchlight Investors	331,250	331,250	285,770	948,270	1,325,000	376,730
UBS Asset Management	297,985	80,314	-	378,299	1,283,000	904,701
UBS Realty Investors	127,752	128,427	-	256,179	561,000	304,821
Versor Investments	473,417	471,044	478,822	1,423,282	1,869,250	445,968
Wellington Management Company	468,993	478,944	484,669	1,432,606	2,194,000	761,394
Westbrook Partners	219,769	219,287	213,587	652,643	1,068,750	416,107
William Blair	192,560	202,729	184,864	580,153	771,000	190,847
Xponance	435,229	435,358	439,098	1,309,685	1,250,000	(59,685)
Short Term Invested Funds (STIF)	100,756	95,286	90,700	286,742	337,900	51,158
Performance Fees	282,473	432,895	2,839,960	3,555,328	12,185,800	8,630,472
Securities Lending Expense	141,043	169,348	137,471	447,862	544,100	96,238
<b>Total Investment Management Fees</b>	<b>\$ 30,200,205</b>	<b>\$ 31,149,062</b>	<b>\$ 33,961,221</b>	<b>\$ 95,310,488</b>	<b>\$ 150,646,384</b>	<b>\$ 55,335,896</b>
<b>Investment Administrative Expenditures:</b>						
Investment Consultant (includes Legal Counsel)	\$ 264,396	\$ 266,922	\$ 420,546	\$ 951,864	\$ 1,617,500	\$ 665,636
Custody, Performance & Databases	277,981	532,197	(64,398)	745,779	1,182,097	436,318
Resources, Travel	84,075	42,650	59,942	186,666	241,660	54,994
<b>Total Investment Administrative Expenditures</b>	<b>\$ 626,451</b>	<b>\$ 841,769</b>	<b>\$ 416,089</b>	<b>\$ 1,884,310</b>	<b>\$ 3,041,257</b>	<b>\$ 1,156,947</b>
<b>Total Investment Expenditures</b>	<b>\$ 30,826,657</b>	<b>\$ 31,990,831</b>	<b>\$ 34,377,310</b>	<b>\$ 97,194,798</b>	<b>\$ 153,687,641</b>	<b>\$ 56,492,843</b>