



MINUTES

Special Meeting of the Board of Trustees State Universities Retirement System Board Retreat

Tuesday, November 17, 2020, 9:00 a.m.

Phone Dial In: Zoom Meeting Number: 1-312-626-6799

Via remote access only due to COVID-19 statewide restrictions

The meeting of the Board of Trustees of the State Universities Retirement System convened on Nov. 17, 2020, at 9:00 a.m. via zoom (video conference) based on the Executive Order allowing the Open Meetings Act to allow public meetings to be conducted via phone or video conference.

The following trustees were present: Mr. John Atkinson, chair, Mr. Aaron Ammons, Mr. Richard Figueroa, Dr. Fred Giertz, Mr. Scott Hendrie, Mr. John Lyons, Dr. Steven Rock, Mr. Collin Van Meter, and Mr. Mitch Vogel.

Others present: Mr. Martin Noven, Executive Director; Ms. Tara Myers, Chief Financial Officer; Ms. Bianca Green, General Counsel; Mr. Doug Wesley, Chief Investment Officer; Ms. Suzanne Mayer, Chief Benefits Officer; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Brenda Dunn, Chief Human Resources Officer; Ms. Tara Myers, Chief Financial Officer; Ms. Jackie Hohn, Chief Internal Auditor; Ms. Kelly Carson, Ms. Chelsea McCarty, Executive Assistants; and Mr. Michael Calabrese of Foley and Lardner.

Board of trustees roll call attendance was taken. Trustee Ammons, present; Trustee Atkinson, present; Trustee Figueroa, present; Trustee Flaherty, absent; Trustee Hendrie, present; Trustee Giertz, present; Trustee Lyons, present; Trustee Rock, present; Trustee Van Meter, present; Trustee Vasquez, absent; and Trustee Vogel, present.

Trustee Ammons left the meeting at 10:30 a.m. and Trustee Flaherty joined the meeting at 1:15 p.m. Trustee Figueroa left the meeting at 2:40 p.m. and returned at 3:05 p.m.

GENERAL DISCUSSION OF SURS GOVERNANCE ISSUES

Fiduciary Counsel, Mr. Michael Calabrese of Foley and Lardner, presented a slideshow outlining board governance issues and he reviewed the general roles and responsibilities of board members. Following the broad discussion on the topic, the trustees and executive staff members discussed proposed amendments that could be implemented to better achieve the overall governance goals.

A copy of the Foley presentation titled “Guide to Governance Discussion” is included as part of these minutes as **Exhibit 1**. After the educational session and prior to discussing the proposed amendments, Chairman Atkinson confirmed that the board had not received any requests to give public comment.

**PROPOSED AMENDMENTS TO SURS BYLAWS, COMMUNICATIONS POLICY,
INVESTMENT POLICY, INVESTMENT PROCUREMENT POLICY, EXECUTIVE
DIRECTOR POLICY, EXECUTIVE STAFF POLICY, INVESTMENT COMMITTEE
CHARTER AND GOVERNANCE COMMITTEE CHARTER**

Trustees, SURS Executive Staff and fiduciary counsel reviewed each proposed red-line amendment and discussed whether various changes or edits were needed. The trustees determined that they were not ready to vote on several proposed amendments because they felt additional changes were needed. The trustees took formal action on the proposed amendments listed below:

Trustee Vogel moved:

- To approve proposed Amendment No. 2 in the form originally presented.

Trustee Rock seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Vogel moved:

- To approve proposed Amendment No. 4 in the form originally presented.

Trustee Figueroa seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Vogel moved:

- To approve proposed Amendment No. 8 in the alternate form agreed upon by the board to include the agreed upon changes as read into the record.

Trustee Rock seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Vogel moved:

- To approve proposed Amendment No. 9 and No. 10 in the form originally presented.

Trustee Van Meter seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Vogel moved:

- To approve proposed Amendment No. 11 in the alternate form agreed upon by the board to include the agreed upon changes as read into the record.

Trustee Flaherty seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye

Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Rock moved:

- To approve proposed Amendment No. 12 in the form originally presented.

Trustee Figueroa seconded and was followed in a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Flaherty moved:

- To approve proposed Amendment No. 13 and No. 14 in the form originally presented.

Trustee Rock seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Van Meter moved:

- To approve proposed Amendment No. 18 in the alternate form agreed upon by the board to include the agreed upon changes as read into the record.

Trustee Rock seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	absent
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

Trustee Vogel moved:

- To approve proposed Amendment No. 20, No. 21, No. 22, No. 23, No. 24, No 25 and No. 26 in the form originally presented.

Trustee Rock seconded and was followed with a roll call vote.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	absent
Trustee Vogel	-	aye

A copy of the redline amendments titled “Foley Recommended Amendments - Compiled” are included as part of these minutes as [Exhibit 2](#).

There was no further business brought before the committee and Trustee Vogel moved that the meeting be adjourned. The motion was seconded by Trustee Van Meter and carried with all trustees present voting in favor.

Trustee Atkinson	-	aye
Trustee Ammons	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	aye
Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Lyons	-	aye

Trustee Rock - aye
Trustee Van Meter - aye
Trustee Vasquez - absent
Trustee Vogel - aye

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Martin Noven", with a long horizontal flourish extending to the right.

Mr. Martin Noven
Secretary, SURS Board of Trustees

MMN: kc

SURS Governance Documents: Issues and Recommendations

For Board Retreat 11/17/20

Presented by:

Michael Calabrese

Foley & Lardner LLP
555 South Flower Street
Suite 3300
Los Angeles, CA 90071



Governance Document Review: General Roles and Responsibilities

Delineation of Duties Amongst Board, Chair, Committees, and ED/Staff

- Overriding governing principle: Specified Powers – i.e. that all powers and authority of the System reside in the Board, acting as a body, unless otherwise specified
- Considering whether Committees, and/or their Chairs, should have delegated authority independent of the full Board
- Who speaks for the System – To the public? To members?
- Can we more clearly define the policymaking role of the Board, as opposed day-to-day operations which are the responsibility of the Executive Director and Staff, with Board oversight?
- How should meetings of the full Board and its Committees proceed
 - Jurisdiction and authority
 - Membership and Participation

Governance Document Review: General Roles and Responsibilities

Defining the Roles of Board and Staff

▪ **Policy – Board**

- Widespread Application
- Usually Written
- Stable
- Broadly Worded
- “What” and “Why” (sometimes “Who”)
- Issue-oriented

▪ **Procedure – Staff**

- Focused Application
- May be Verbal
- Prone to Change
- Detailed
- “How” and “When” (sometimes “Who”)
- Process-oriented

Governance Document Review: General Roles and Responsibilities

Overall Philosophy Regarding Authority and Delegation

- Proposed: All powers and authority of the System reside in the Board, acting as a body, unless otherwise specified.
 - All powers may be delegated in the Bylaws or other controlling documents (e.g. policies, resolutions, or other Board actions), except where prohibited by law.
 - Powers delegated may be further delegated, unless it is expressly stated or clearly implied that they may not.
 - The delegation of authority to do a thing is presumed to include the delegation to take whatever actions are necessary to accomplish that thing (e.g. authority to retain a consultant implies the authority to negotiate and execute a contract with the consultant, unless the delegation says otherwise, and subject to any conditions stated in the delegation).
- But if a power is not expressly delegated, it is exclusively held by the Board acting as a body, and not by any individual Trustee, not even the Chair, or any other official. (Note: The Bylaws do delegate most Board powers to the Executive Committee under certain circumstances and subject to conditions.)

Governance Document Review: General Roles and Responsibilities

Communications to General Public on Behalf of the System

- Current policies are ambiguous and contradictory
 - Communication Policy:
 - Chair “generally serves as the spokesperson for the System.”
 - ED and CIO may address “routine matters associated with their respective positions.”
 - ED is in charge of press releases, but consults with Chair if they are “sensitive or high profile.”
 - Trustees may create materials for “publication or general distribution,” but “should” ask the ED to review them, or else add a disclaimer that they are prepared by the Trustee, and not by the System.
 - Executive Director Policy: ED shall “establish and maintain ongoing communication with the SURS membership, membership organizations, covered employers, the General Assembly, state officials, the news media, and the general public.”

Governance Document Review: General Roles and Responsibilities

Communications to General Public on Behalf of the System

- Recommendations
 - Executive Director or their designee should be the primary spokesperson in most matters:
 - Matters involving day-to-day operations
 - Communications to the general membership
 - Press releases, including serving as the designated contact
 - Policies should encourage collaboration and consultation with the Chair and appropriate Committee Chairs where advisable and feasible
 - In individual cases, the Board may direct otherwise by collective action at a meeting
 - Trustees should not create materials for “publication or general distribution,” at least not in their role as Trustees (as distinguished, for example, from their role as candidates for the Board, where applicable). Trustees may make public statements on their own behalf, though they should make clear they are not speaking for the System unless they have been authorized to do so.

Governance Document Review: General Roles and Responsibilities

Communications to Individual Members

- Current Communications Policy: Trustees may engage with individual members, but should “ensure that the information provided is accurate, pertinent and complete” and refrain from giving member-specific advice, which requests should be referred to staff.
- Recommendations:
 - Executive Director or their designee should usually be the primary contact to individual members:
 - Matters involving members’ individual accounts should *always* be referred to staff
 - Matters involving *established* System policies or practices should be referred to staff whenever possible, to ensure accuracy and uniformity in communications
 - Where members seek to understand or influence an individual Trustee’s position on a policy matter that is *in question* (e.g. how the Trustee will vote on a pending agenda item), it is appropriate for the Trustee to directly engage with the member. (But note: Ex Parte communication rules may apply.)

Governance Document Review: General Roles and Responsibilities

Directions to Staff from Trustees

- Should Trustees be authorized to order work be done by staff?
- Whom should Trustees be permitted to order work from?
 - Those with direct reporting or “dotted lines” to the Board (ED, CIO, General Counsel, Auditor)?
 - Should other requests be permitted to Executive Staff? Or should all go through the ED, or through direct reports?
- Any limits in terms of the burden? (e.g. One system limited trustee requests to that which would take no more than an hour of staff time, with all others requiring full board approval.) Such limits would be waivable if the full board approved the request.
- Should time constraints be a factor? Related, how should we deal with requests placed shortly before a Board meeting, when the need is greatest but staff time is most at a premium?

Governance Document Review: General Roles and Responsibilities

Directions to Staff from Trustees – Recommendations

- All requests for work from Trustees to staff should be cc'd to the Executive Director, unless it would be inappropriate to do so, to permit the Executive Director to assess the feasibility of the request in the context of staff's overall responsibilities.
- If it would be inappropriate to cc the Executive Director (e.g. because his or her conduct is in issue) the General Counsel should be copied.
- Such requests should be limited to that which will require no more than one hour of staff work, unless the Board Chair approves the request.
- When work is completed for an individual trustee, if there is a written product, it should be shared with the full Board, unless it was specific to the Trustee who requested it (e.g. an ethics question).

Governance Document Review: General Roles and Responsibilities

Setting Agendas

- Current Rule: Any item submitted by any Trustee, any Committee, or the Executive Director will be agendized.
 - Should an individual Trustee's request for an agenda item require the Chair's approval, or less onerous, the concurrence of any second Trustee? If so, should the Board Chair still have the authority to place items unilaterally? What about Committee Chairs, on matters within their jurisdiction?
 - Should the Executive Director be the only staff member with authority to place items? What about other direct reports? Is there a concern the an ED might block the placement of items that might reflect poorly or be uncomfortable for them, if there is no other avenue?
- Current Rule: Agendas are "prepared by the Chairperson." Should this be the Executive Director, under the Chair's supervision? It will generally be unrealistic to expect the Chair to physically prepare the agenda.

Governance Document Review: General Roles and Responsibilities

Operational Management

- Proposed General Principle: “NIFO” (Nose in, Fingers out)
- Sample language from a comparable system:

“Individual Trustees are not to become involved in the operational management of the System, except as requested by the CEO or directed by the Board. “Operational Management” shall mean the carrying out of any duty, function, or task validly delegated to any employee, vendor, consultant, contractor, or other party on behalf of the System.” (This is “fingers out.”)
- But, ensuring that this is not too limiting is also important. Trustees need to do their job as Trustees, and may need support from staff to do so. From another system:

“The preceding sentence shall not be construed to prohibit a Trustee from requesting information or guidance in connection with the performance of his or her duties as a Trustee, from the Executive Director, the Chief Investment Officer, the General Counsel or any of their designees, or from the System’s outside professional advisors.” (This is “nose in.”)
- Who evaluates the Executive Director, and by what process?

Governance Document Review: General Roles and Responsibilities

Committees' Subject Matter Authority

- Current List: Administration, Audit & Risk, Board Governance, Diversity, Investment, Legal & Legislative
 - Should a Committee be designated to oversee personnel matters, such as the size and number of positions, personnel budget, plans for future change and expansion, and labor relations? (These matters would presumably fall to the Administration Committee today.)
 - Does the current Committee structure foster adequate focus on data security?
- Are there any matters where a Committee should have authority to act on behalf of the Board, without needing subsequent full Board approval?

Governance Document Review: Executive Director

General Duties and Authority

- Run the day-to-day operations of the System
- Set the compensation of employees, within parameters approved by the Board
- Hire, fire, and evaluate employees, except as otherwise provided by the Board
- Delegate these duties to subordinate officers, unless prohibited, but retain responsibility for those subordinates' performance
- Provide for succession planning, including the exercise of full Executive Director authority in cases of absence or unavailability
- Make short-term decisions and conduct outside communications in matters that would otherwise be the Board's direct responsibility, in cases where it is impractical to consult with the Board or Executive Committee, and action is necessary to protect the System. Such decisions still need to be consistent with existing policies.

Governance Document Review: Executive Director

Specific Duties and Authority

- Listed in Bylaws – See (current) Section 6
- Recommended additional duties:
 - Serve as spokesperson when so authorized
 - Ensure the provision of necessary information to the Board
 - Execute documents necessary to carry out Board actions
 - Preside at Board meetings where no Trustee may do so (e.g. where Chair, Vice-Chair and Treasurer are absent or have not been selected), for the sole purpose of facilitating the selection of a presiding Trustee

Governance Document Review: Executive Director

Specific Duties and Authority

- Listed in Bylaws – See (current) Section 6
- Recommended additional powers, to be exercised in the Executive Director’s discretion:
 - Disburse petty cash up to \$2,500
 - Negotiate and execute contracts for goods and services consistent with the Board’s directives, availability of budgeted funds, and controlling law and policy
 - Settle or compromise suits and claims up to \$25,000 in value, upon General Counsel’s recommendation. (Note that the SURS Investment Policy includes broader authority – up to \$250,000 – with respect to securities litigation.)

Governance Document Review: General Counsel

Role and Relationships of the General Counsel

General Goals

- Defining both the employment reporting relationship and the attorney-client relationship
- Balancing accountability with the need for independent judgment
- Providing key persons with unfettered access to advice and guidance

Governance Document Review: General Counsel

Employment Relationship

- Who may hire/fire?
- Who evaluates, and how?

Recommendations:

- 1) The General Counsel is to be hired and fired by the Executive Director, but both hiring and dismissal decisions require consultation with and concurrence of the Board.
- 2) In the event of vacancy, the Executive Director may appoint an interim General Counsel prior to consultation with the Board, on a temporary basis until the Board can meet.
- 3) Executive Director performs evaluations.

Governance Document Review: General Counsel

Attorney-Client Relationship

- Who is the client?
- Who exercises the prerogatives of the client?

Recommendations:

- 1) The System is the client.
- 2) The client directs the General Counsel's efforts through the body or officer with responsibility for the subject matter. Who that is depends on where the Board has delegated responsibility for the subject matter; in some cases the Board will have retained the responsibility itself. The Board may also delegate the "client" role ad hoc, for a particular matter.
- 3) Where no delegation has occurred, but direction or input from the Board is impractical, such as when a decision needs to be made more quickly than the Board can meet, the Executive Director shall exercise the prerogatives of the client to protect the System's interests, and shall report to the Board as soon as practicable consistent with the Open Meetings Act.

Governance Document Review: General Counsel

Relationship to Individual Trustees

- May Trustees seek advice from the General Counsel?

Recommendations:

- 1) Trustees may seek advice from the General Counsel related to their official duties, including ethics questions. However, the General Counsel's client remains the System, not the individual seeking the advice. Trustees' requests for work from outside counsel will usually be initiated first by a request to General Counsel, with exceptions (e.g. the conduct of General Counsel is at issue, or in the case of Trustees' need to confer directly with fiduciary counsel). General Counsel shall use best judgment as to whether to refer other requests to outside counsel, based on the cost, the urgency, and General Counsel's ability to meet the request in-house, and other factors as General Counsel may deem appropriate.
- 2) If the General Counsel determines that an individual Trustee's request for legal work is discretionary, and would require substantial effort, the approval of the Executive Director shall be sought. Work is presumed to require "substantial effort" if it is expected to exceed 5 hours, or if outside counsel would be involved, if the cost would exceed \$3,000. But a lesser demand may be "substantial effort" depending on extenuating circumstances (e.g. it would be required within a short timeframe when counsel lacks availability).

Governance Document Review: General Counsel

Outside Counsel

- Role of General Counsel?
- Exceptions?

Recommendations:

- 1) The General Counsel is the System's primary liaison to outside counsel (e.g. investment counsel, tax counsel, fiduciary counsel, etc.), and generally selects them and directs and oversees their work. The Board selects fiduciary counsel to advise it, but the General Counsel still oversees and directs them on a day-to-day basis.
- 2) The process to hire, retain, or terminate outside counsel relationships follows the same rules as contracting with professionals generally.
- 3) If it would clearly be inappropriate for General Counsel to oversee outside counsel's work in a matter (e.g. where General Counsel's conduct is at issue), the oversight will rest with the Executive Director unless and until the Board otherwise directs.

Governance Document Review: Audit Function

Role and Relationships of the Audit Committee and Internal Auditor

Priorities

- Ensuring scrutiny and oversight of System functions
- Providing unfettered access to necessary documents and information, for both internal and external auditor
- Guaranteeing the Internal Auditor direct access to the Board and/or Chair, where needed
- Ensuring regular review of policies, practices, and compliance
- A fully engaged and informed audit committee

Governance Document Review: Rules of Order for Board Meetings

Rules of Order

- Current: Robert's Rules
- Recommendation: Adopt Rosenberg's Rules of Order, which are designed for smaller, part-time bodies, and customize them to fit the specific needs of SURS.
 - Short, about 10 pages
 - Intuitive
 - Designed to foster free discussion and majority rule while respecting minority rights
 - Generally parallel Robert's Rules, but in much simpler form

Governance Document Review: Delegation of Investment Authority

Delegation of Investment Authority to Staff

- Consider whether it is appropriate for the CIO/Staff to be able to make some investments without prior Board approval. If so:
- Define the limits of that authority, in terms of amounts of investment/commitment and other factors.
- Recommendations:
 - \$50 million cap in investment/commitment
 - Concurrence of CIO, ED, and consultant
 - Appropriate contractual terms for asset class and market, per investment counsel
 - Consistent with Asset Allocation
 - Require reporting and ongoing oversight

Governance Document Review: Schedule and Conduct of Meetings

When and How Should the Board and Committees Meet?

- Do quarterly meetings provide the Board enough engagement?
- Should Committee meetings be more separated from full Board meetings, in time and process? (Note: This contemplates limited agendas, a robust discussion, and less extensive subsequent discussion by the full Board.)
- Should participation in Committee meetings by non-members be reconsidered?
 - Discussion
 - Voting
- Should Committees be empowered to take final action on certain matters?
- What is the process for calling special meetings? (Currently, only the Chairperson or a majority of the Board may call a special meeting.)
- How should the Board handle the question of rescheduling meetings due to Trustee schedule conflicts?

Governance Document Review: Schedule and Conduct of Meetings

When and How Should the Board and Committees Meet? Recommendations

- Board meeting should be at least quarterly, with flexibility to meet more frequently.
- Committees should meet at least two weeks prior to the Board meeting at which final approval of Committee items is expected, to allow for updates and changes per Committee action. Charters should allow flexibility in meeting schedules, however (e.g. a mandate to meet at least quarterly may not be appropriate).
- Exception: The Investment Committee should meet as a Committee of the Whole, and have final approval authority over investment matters (i.e. no subsequent Board approval required). There is no need for the two week separation in this case.
- Trustees who are not Committee members should be permitted to attend and discuss, but should not count toward a quorum, and should not be permitted vote.
 - But if non-members continue to be allowed to vote, the Board should clarify how they are treated for quorum and majority purposes, and how their votes should be invited and tabulated.

Governance Document Review: Schedule and Conduct of Meetings

How Should the Board and Committees Meet? Closed Sessions

- How can we more carefully observe the boundary between open and closed session?
- Who should be in closed session?
 - Staff – Which? (Typical practice: Executive Director and General Counsel attend all closed sessions regardless of subject matter, and other staff attend if the subject matter requires their participation.)
 - Consultants? (Typical practice is that they attend if the subject matter requires their expertise.)
 - Outside Counsel? Fiduciary Counsel? Subject matter counsel, such as Investment Counsel for investment matters?
 - For Committees, Trustees who are not Committee Members?
- How should it be decided who remains in closed session? Recommendation: The ED, GC, or CIO, as appropriate, makes a recommendation regarding attendance, which the Board can accept or modify.

Questions? Additional Issues for Later Meetings?

Amendments Corresponding to Slide 6

Amendment No. 1:

Amend the first paragraph of section IV of the SURS Communication Policy as follows:

The ~~Chairperson~~Executive Director or his or her designee generally serves as the spokesperson for the System, unless the Board directs the Chairperson ~~designates the Executive Director, the Chief Investment Officer~~ or another ~~member of the staff~~Trustee to serve as the spokesperson on a specific issue. The Executive Director or other staff member serving as spokesperson shall consult with the Chairperson to the extent feasible prior to, or as soon as practical after making, significant public statements on behalf of the System. All such public statements shall be consistent with applicable law and Board policy. Notwithstanding the foregoing, the Executive Director and Chief Investment Officer and their designees are authorized to communicate with external parties ~~related to,~~ without consulting with or reporting to the Chairperson, regarding routine matters associated with their respective positions.

Amendment No. 2:

Amend the third paragraph of section IV of the SURS Communication Policy as follows:

Employees, other than those authorized to speak on behalf of the System, ~~are advised shall~~ not ~~to~~ respond, under any circumstances, to inquiries from the news media, ~~investment community~~ or industry analysts unless specifically authorized to do so. Employees who receive such inquiries should refer the inquirer to the ~~Chairperson, the~~ Executive Director or their designee. Employees should not be constrained by this paragraph from conducting normal business activities required by their role and stated in their position responsibilities.

Amendment No. 3:

Amend the sixth paragraph of section IV of the SURS Communication Policy as follows:

To ensure the accuracy of materials prepared by ~~trustees~~Trustees for publication or general distribution, which are related to the affairs of the System, and to ensure the System is not inadvertently placed at risk, ~~trustees should provide such material to the Executive Director, or his or her designee, for review prior to distribution or publication unless it contains a disclaimer that the trustee is writing solely as an individual and not as an official representative~~Trustees shall not create material for general distributions to the membership or general public. Rather, any requests for the creation of distribution of such materials shall be made to the Executive Director, or to the Board. This paragraph shall not be construed to restrict the right of Trustees to communicate with their constituencies or the general membership when doing so as candidates for re-election to the Board, so long as such candidates refrain from stating or implying that such election-related communications are made on behalf of the Board of the System.

Amendments Corresponding to Slide 7

Amendment No. 4:

Amend section II of the SURS Communication Policy as follows:

If a ~~trustee~~Trustee communicates with a plan participant, he or she has a responsibility to ensure that the information provided is accurate, pertinent and complete. Trustees shall refrain from providing specific advice, counsel or education to a plan participant with respect to the rights or benefits that participant may be entitled to from the System.

In the event a plan participant requests that a ~~trustee~~Trustee provide explicit advice with respect to the System's services or activities, the ~~trustee is advised to~~Trustee shall assist the plan participant by referring the plan participant to the Executive Director or his or her designee or by asking the Executive Director or his or her designee to contact the participant directly. ~~The trustee~~The Trustee, if he or she so requests, shall be informed by staff of the outcome of any such communication with a plan participant.

Trustees should generally refer plan participants' questions about established System practices, policies, rules, and regulations to the Executive Director or his or her designee. However, nothing in this Policy shall be construed to restrain a Trustee's right to comment on such policies, or to discuss with plan participants the Trustee's individual views on any issue or question within the Board's jurisdiction.

Amendments Corresponding to Slide 7

Amdnment No. 5

Amend section III of the SURS Communication Policy as follows:

Except as provided below, Trustees shall direct questions regarding any aspect of the System's operations, or the interests and rights of individual members, to the Executive Director ~~or~~, who shall ensure timely and effective response with input from the appropriate staff ~~member~~.members. Trustees may direct questions of a legal nature directly to the General Counsel, questions related to Audit matters to the Chief Internal Auditor, and questions related to investments directly to the Chief Investment Officer, but the Executive Director shall be informed of such inquiries unless it is clearly inappropriate to do so. In the performance of their duties, ~~trustees~~Trustees may also communicate directly with the System's advisors and consultants, such as fiduciary counsel, investment consultant, lobbyists and external auditors, but shall not direct their activities unless such authority is delegated to the Trustee by the Board. Every effort ~~will~~shall be made to timely comply with any request for information received from a ~~trustee~~Trustee.

~~If appropriate, the Executive Director shall ensure that information that has been requested by the Board or by a trustee is made available to all trustees.~~If appropriate, the Executive Director or other staff responsible for responding to the inquiry shall ensure that information that has been requested by the Board or by a Trustee is made available to all Trustees. If the Executive Director believes that a Trustee's inquiry to staff may pose an unreasonable burden to staff such that it would interfere with staff's core duties to the full Board, the System's members, or other stakeholders, and that such interference would be disproportionate to any genuine support that the information would provide to the Trustee and Board in performing their duties, then the Executive Director shall discuss the matter with the requesting Trustee, and the Executive Director and the requesting Trustee shall attempt to resolve the matter cooperatively. If such efforts at cooperation are unsuccessful, the Executive Director shall refer the matter to the Executive Committee, which shall determine whether, and the extent to which, the staff will be required to provide the requested information.

Amendments Corresponding to Slides 10

Amendment No. 6:

Amend the portion of Section 1.1 of the SURS Bylaws entitled “Meeting conduct and agendas” as follows:

Meeting conduct and agendas. The Board of Trustees will conduct its meetings in accordance with the Illinois Open Meetings Act.

Meeting agendas will be prepared by the ~~Chairperson~~Executive Director pursuant to the direction of, and in consultation with the ~~Executive Director~~Chairperson. The matters included for discussion and action shall include those submitted by:

- Any Trustee, with the concurrence of any other Trustee
- A Board Committee
- The Chairperson
- The Executive Director
- Members of the Executive Staff, as defined in the Executive Staff Policy, for items related to their respective duties

Agenda items may only be removed or postponed for consideration at the next scheduled meeting by the person or committee that added the item or by a majority of the Board.

Amendments Corresponding to Slide 11

Amendment No. 7:

Add the following Section 4 to the SURS Bylaws, and renumber the remaining sections:

Section 4 Duties of the Board

Board members are SURS fiduciaries and shall discharge their duties in the exclusive interest of members and annuitants for the purpose of providing authorized benefits to participants and their beneficiaries. The Board shall:

- (a) Adopt and periodically review rules, regulations, policies, and amendments to these Bylaws as deemed appropriate for the operation of the system;
- (b) Be responsible for the selection, job description, assignment of duties, placement of constraints on the authority of, performance evaluation, compensation, and discipline, including dismissal, of the Executive Director;
- (c) Select, set the compensation of, and if necessary dismiss, the Chief Investment Officer;
- (d) Provide oversight and direction to the Executive Director to ensure that effective management practices are followed in the organization;
- (e) Approve the annual operating budget;
- (f) Ensure that the Executive Staff provides an appropriate working environment for staff members;
- (g) Receive reports from the staff, investment counsel, consultants, and others regarding the investment portfolio;
- (h) Review investment performance, asset mix, portfolio characteristics, cash flow, and transactions, and monitor compliance with investment policies and guidelines;
- (i) Ensure the establishment of a system for equitable and effective hiring, evaluation, compensation, and termination of employees;
- (j) Establish and define the roles of committees to make recommendations to the Board and help carry out the Board's responsibilities; however, such committees may not exercise authority of the Board as a whole unless the Board delegates such authority to such committee in these Bylaws or in the applicable committee charter, and the Board may consider or take any action otherwise specified to be taken or considered by a committee created pursuant to these Bylaws;
- (k) Delegate authority to the staff through the Executive Director;

- (l) In consultation and cooperation with the Executive Director, ensure that the Internal Auditor has:
 - (i) Unfettered access to all information that he or she may require to assist the Board in providing oversight of staff's activities;
 - (ii) The opportunity and duty to independently report to the Board and/or the Chairperson, without interference or negative repercussions, his or her findings with respect to any material violations of law or policy or other malfeasance, misfeasance, or nonfeasance by staff, which reports shall include information as to any actions already taken to address such violations by the Executive Director or other staff members with responsibility for the matter.
- (m) Set salary ranges for staff positions, in consultation with the Administration Committee and Executive Director.

Unless the Board provides otherwise, an individual Trustee has no authority with respect to the System apart from his or her participation of actions of the Board or its Committees, and shall refrain from purporting to exercise any such authority in his or her individual capacity, or from representing that he or she has unilateral authority to act on behalf of the System. The preceding sentence shall not be construed to prohibit a Trustee from requesting information or guidance in connection with the performance of his or her duties as a Trustee, from the Executive Director, the Chief Investment Officer, the General Counsel or any of their designees, or from the System's outside professional advisors.

Individual Trustees are not to become involved in the operational management of the System, except as requested by the CEO or directed by the Board. "Operational Management" shall mean the carrying out of any duty, function, or task validly delegated to any employee, vendor, consultant, contractor, or other party on behalf of the System.

Amendments Corresponding to Slides 13-15

Amendment No. 8:

Amend Section 6 of the SURS Bylaws as follows:

Section 6 Duties of the Secretary and Executive Director

The Secretary and Executive Director, who shall be the same person, shall be the Chief Executive Officer in charge of the ~~detailed administration~~management of the System, ~~including, but not limited to, the retirement fund, operating budget, appointment and management of personnel, and the other day-to-day activities of the System.~~ The Executive Director shall ~~take~~ be the single point of delegation of the Board's authority, unless otherwise provided by the Board in these Bylaws or by other written delegation. In furtherance of these general duties, the Executive Director shall:

- (a) Take minutes of the Board's proceedings; ~~keep~~
- (b) Keep all records, papers, and documents pertaining to the work of the Board; ~~certify~~
- (c) Certify, together with the Chairperson, on behalf of the Board, all warrants, checks or drafts on its depository bank or corporate trustee in accordance with actions or delegated actions of the Board authorizing payments for benefits, expenses and investments out of funds belonging to the System and in the hands of the depository bank or corporate trustee; ~~attest~~
- (d) Attest all documents signed by the Chairperson on the authority of the Board; ~~give~~
- (e) Give notice in writing or by email, to all members of the Board of all meetings of the Board not later than five days previous to any meeting; ~~collect~~
- (f) Collect all monies due the Board, except investment income and proceeds from sales or redemptions of securities; ~~endorse~~
- (g) Endorse, only for deposit in the depository bank approved by the Board or for transfer to the corporate trustee employed by the Board, all warrants, checks, drafts and other remittances payable to the order of the Board or the System, which are received by him or her and see that same are deposited immediately with the depository bank or corporate trustee; ~~submit~~
- (h) Submit to the Board at each annual meeting or at such other time as may be appropriate, a budget for the administrative expenses of the System; ~~keep~~
- (i) Keep the accounts of the System as approved by the Board; ~~be~~
- (j) Be custodian of all property owned by the Board other than the money and property in the custody of the depository bank or corporate trustee; ~~consistent~~

- (k) Consistent with the budget approved by the Board, and subject to the fiduciary discretion of the ~~board~~Board, and with the exception of the position of Executive Director and Chief Investment Officer, employ such personnel, professional, clerical, actuarial, legal, medical, corporate trustee, investment agents, governance, and other services which may from time to time be required, ~~and~~fix their compensation; ~~prepare~~
- (l) Prepare and approve all vouchers for benefits, expenses, and investments; ~~and~~
~~prepare~~
- (m) Prepare all warrants or drafts on the depository bank or corporate trustee for the signature of the proper officers, provided that (1) no payments for other than general administrative expenses and benefit payments and refunds shall be made without the prior approval of the Board or the Executive Committee, except as expressly provided herein, and (2) vouchers covering payments to the Secretary and Executive Director shall be approved by the Chairperson; ~~satisfy~~
- (n) Serve as spokesperson for the System when so authorized, consistent with these Bylaws and the Board's Communication Policy;
- (o) Ensure that the Board is provided with such relevant information as the Executive Director or his or her designees possess or can reasonably obtain to assist the Board in the performance of its duties, including but not limited to information regarding:
- (i) Member service, investment, financial, legal, and legislative activities;
 - (ii) Material non-compliance of any System employees, contractors, consultants, or Trustees with applicable policies or law related to the System;
 - (iii) Reasonably anticipated media coverage, unexpected losses or liabilities, legislative changes, audits, investigations, or charges; and
 - (iv) Necessary or recommended organizational changes.
- (p) Satisfy all such duties described in the Executive Director Policy, Position Description, and Employment Contract; ~~and~~ perform such other duties that are called for by the rules, orders, policies, directives and resolutions of the Board.
- (q) Sign all documents, including contracts, necessary to carry out any decision including investment decisions, made or approved by the Board, unless such signature authority is explicitly delegated to another member of the Executive Staff or otherwise delegated by the Board;
- (r) In the event of absence from a Board meeting of all of the Chairperson, Vice-Chairperson, and Treasurer, preside at the Board meeting for the sole purpose of facilitating an election by the Board of a temporary presiding officer from among those Trustees present; and

- (s) Hire and dismiss employees, fix their compensation in a manner consistent with the salary ranges set by the Board, issue such policies and procedures as he or she may deem necessary and appropriate to govern their performance of their duties, consistent with these Bylaws, the Board's Policies, and applicable law, and oversee and evaluate the performance of all employees other than the Executive Director.

The Executive Director may, in his or her discretion:

- (x) Sign checks or otherwise disburse petty cash in amounts not to exceed two thousand five hundred dollars (\$2,500.00);
- (y) Negotiate and sign contracts with vendors, consultants, and payees of the System as authorized by Board actions, budgets, and policy, and consistent with applicable law, including conducting requests for proposals, requests for information, and bid processes and entering such contracts with vendors, consultants, and general service providers; and
- (z) Allow, deny, compromise, waive, or settle any claims, litigation, demands, actions, liabilities, losses, damages, injuries, and expenses (including, without limitation, attorneys' fees and defense costs) in any manner involving the System, provided that:
 - (i) The amount to be paid, received, or forgone pursuant to such claim, allowance, compromise or settlement does not exceed \$25,000.00, unless otherwise provided by policy;
 - (ii) The claim, allowance, compromise or settlement is recommended by the General Counsel; and
 - (iii) The claim, allowance, compromise or settlement is not subject to the terms of an insurance policy wherein the insurer is granted the authority to allow, deny, compromise or settle claims or actions within the scope of such policy.

In implementing the Board's directives, policies, and delegations, the Executive Director shall have the authority to interpret such directives, policies, and delegations in a reasonable manner.

Except as otherwise provided herein, the Secretary and Executive Director may appoint or employ personnel whose duties shall include the duties of the Secretary and Executive Director as the latter may assign ~~to them~~ or delegate to them, including the authority to perform all of the duties and exercise all of the authority of the Executive Director in cases of the Executive Director's absence or unavailability.

Amendment No. 9:

Add the following paragraph to the end of the “Mission Statement” portion of the SURS Executive Director Policy:

Except as otherwise directed by the Board, oversee and manage the SURS staff on a day-to-day and long-term basis, and ensure its effective functioning in support of the Board’s policies and directives and the System’s duties to members and other stakeholders.

Amendment No. 10:

Add the following Section 2.2 to the SURS Executive Director Policy:

The Executive Director shall perform such duties as are assigned to that position in the SURS Bylaws or as otherwise assigned by the Board in its discretion, and shall have the authority and duty to take any action reasonably necessary or appropriate to the performance of such explicitly assigned duties.

Amendment No. 11:

Amend the SURS Executive Staff Policy as follows:

1 ~~1~~ — **MISSION STATEMENT**

~~The mission of the SURS~~The SURS Executive Staff shall consist of the Executive Director, the General Counsel, the Chief Investment Officer, the Chief Benefits Officer, the Chief Technology Officer, the Chief of Internal Audit, and the Chief Financial Officer. The mission of the Executive Staff is to provide administrative support and clerical services to enable the Board and the Executive Director to carry out their duties effectively and efficiently. ~~The primary functions~~The Executive Director shall ensure that each member of the Executive Staff meets the minimum qualifications for their position, as determined by the Board or the Executive Director as applicable, and define the responsibilities of each of the members of the Executive Staff consistent with Board direction, and may assign them other duties as the Executive Director considers appropriate. The primary functions of the Executive Staff are:

Provide administrative support and clerical services to the Board of Trustees and the Executive Director and assist in the communication of information to the Trustees, staff, SURS Members, contributing employers, and other public agencies and organizations.

Prepare timely notices and agendas for Board and Board Committee meetings, so that Trustees and other interested parties are advised of meeting dates and issues to be discussed.

Arrange and coordinate Board and other SURS public meetings to assure that these meetings function in an organized and orderly fashion.

Prepare minutes of Board and Board Committee meetings so as to assure an accurate and complete record of proceedings.

Maintain a file of Board minutes and a centralized reference source for legal opinions, copies of contracts, Executive correspondence, and legislative information.

Oversee, manage, and direct the day-to-day operations of the System.

Engage in succession planning, including the submission to the Executive Director by each member of the Executive Staff of a plan for the succession to the Executive Staff member's own position and to such additional positions within that Executive Staff member's area of responsibility as the Executive Director may direct. Such succession plans shall be approved or modified by the Executive Director in his or her discretion. Such succession plans shall be reviewed and amended or reaffirmed at least biennially after their initial approval.

Amendment No. 12:

Add the following Paragraph 9 to Section III of the SURS Governance Committee Charter, and renumber the remaining paragraph:

9. Oversee and make recommendations to optimize cooperative and effective coordination between the Board and SURS Staff, including clearly defining the roles of the Board (including its Committees and Officers) and the Staff, and of specific positions within each as appropriate, ensuring proper policymaking and oversight of Staff by the Board, while empowering and supporting the Staff to effectively implement Board policy and directives and otherwise effectively discharge the System's duties to its members and other stakeholders;

Amendments Corresponding to Slides 16-20

Amendment No. 13:

Add Section 7 to the SURS Bylaws as follows, and renumber the remaining sections:

7. General Counsel

The Executive Director, in consultation with, and with the concurrence of, the Board, shall appoint a General Counsel to the System, who shall be an attorney licensed to practice law in the State of Illinois and an employee of the System. The General Counsel shall serve at the pleasure of the Executive Director and the Board, and may be removed by the Executive Director in consultation with, and with the concurrence of, the Board. The General Counsel, with the concurrence of the Executive Director, may hire, evaluate, and terminate subordinate attorneys and legal support staff to the extent authorized by the Board. The General Counsel shall be the chief legal advisor of, and attorney for, the System and all Departments and offices thereof in matters relating to their official powers and duties. The Executive Director shall oversee and evaluate the performance of the General Counsel, but shall not direct the General Counsel's exercise of his or her professional judgment or the content of his or her legal advice or opinions.

The General Counsel shall consider his or her client to be the System. The System, as the client of the General Counsel and outside attorneys, shall exercise the prerogatives of the client through its duly authorized agents with respect to a given matter, as determined reasonably by the General Counsel in light these Bylaws, applicable Policies, and the circumstances. The General Counsel or his or her designee may select outside attorneys and retain, engage, and direct their services as may be necessary and appropriate to protect and advance the System's interests and duties, except that the Office of the Attorney General may prosecute and defend suits and claims.

The General Counsel shall direct and oversee the legal services provided by outside counsel. Where the agent of the System with authority to exercise the prerogatives of the System as client has not been designated, the Executive Director shall exercise such prerogatives in consultation with the General Counsel, to the extent necessary to effectively protect and advance the System's interests until the Board can be consulted, and shall consult as soon as practical with the Board or the Executive Committee at regular or special meetings regarding such matters.

The Board may, in consultation with the General Counsel, the Executive Director, and such other staff as it deems appropriate, engage the services of outside fiduciary counsel to provide additional legal advice to the Board, and to provide such other additional legal services to the System as the Board, the General Counsel, the Executive Director, or their designees may determine to be appropriate. The General Counsel shall generally direct and oversee the work of the Board-selected fiduciary counsel and shall be the System's primary liaison to fiduciary counsel on a day-to-day basis, but the Board and each Trustee may directly interact with fiduciary counsel as appropriate to receive such legal advice as they may deem appropriate to assist them in the fulfillment of their duties.

In the event of a vacancy in the position of General Counsel, the Executive Director, in consultation with and with the concurrence of, the Board, may appoint a staff attorney or an attorney in private practice as interim General Counsel until a new General Counsel is appointed, and the Executive Director may make such appointment on a temporary basis for so long as is necessary to permit the Board to meet and consider such appointment.

Amendment No. 14:

Amend the paragraph entitled “External Counsel” at Section III of the SURS Investment Policy, as follows:

External Counsel

External Counsel may be retained to provide legal services in connection with the review and negotiation of Investment Management Agreements or investment transactions where specialized experience is required or where General Counsel Office resources are unavailable. ~~The Board also retains its own External Counsel, which solely represents the Board’s interest in matters related to this Policy.~~

Amendment Corresponding to Slide 22

Amendment No. 15

Amend Section 12 of the SURS Bylaws as follows:

| ~~Robert's-Rosenberg's~~ Rules of Order, as adopted and amended from time to time by the Board, shall govern the procedure for all meetings of the Board and its committees, except to the extent otherwise provided in these Bylaws, the Illinois Compiled Statutes or the Illinois Administrative Code.

Amendment Corresponding to Slide 23

Amendment No. 16

Add the following paragraph to the end of the paragraph entitled “Internal Investment Staff” at Section III of the SURS Investment Policy:

The CIO shall be empowered to make investments, without Board approval, subject to the following conditions:

- (a) The investment or commitment is in an amount no greater than \$50 million. Multiple investments in the same or related vehicles shall be aggregated for the purpose of determining compliance with this paragraph.
- (b) Each of the following is true:
 - (i) The Executive Director and the consultant for the applicable asset class concur in the decision to make the investment;
 - (ii) The investment complies with applicable law and SURS’ policies, including but not limited to SURS’ Board-approved asset allocation; and
 - (iii) The General Counsel or his or her designee, or external investment counsel, verifies that the contractual terms of the investment are consistent with applicable law and regulations, and are reasonable in light of current market standards for the particular type of investment and for investors similar to SURS.
- (c) The CIO provides a written report of the investment to the Board as soon as is reasonably practicable thereafter, including the information customarily provided to the Board when it is asked to approve investments of a similar nature.
- (d) The Investment Staff shall annually provide a report to the Board describing the performance of all investments undertaken pursuant to the CIO authority granted in this paragraph, broken down by vintage year and asset class.

Amendments Corresponding to Slides 24-25

Amendment No. 17

Amend Section 2.1 of the SURS Bylaws as follows:

Quorum Requirements and Voting of Board Committees

The quorum and voting requirements for committees established by the Board shall be as set forth in this section.

Quorum. To the extent not otherwise specifically established, the quorum requirement for a committee of the Board is the least number more than 50% of the membership of the committee. If required at any meeting of a committee for purposes of establishing a quorum, the Chairperson may serve as a member of the committee for that meeting. A smaller number may meet and adjourn to some other time or until a quorum is obtained. No motion, resolution, or other action shall be effective unless a quorum is present.

Voting. Any ~~member of the Board~~ Trustee who is not a member of a committee may attend the meetings of ~~any such committees established by the Board, and may participate in the discussion at such meeting, but shall not be counted for purposes of establishing a quorum, and may not vote unless appointed as an ad hoc member of the Committee.~~ Any member of the Board attending a committee meeting, whether or not a member of that committee, may make motions and may vote.

The provisions of this section do not apply to the Executive Committee, which is governed by Section 13 of these Bylaws.

Amendment No. 18

Amend Section 16 of the SURS Bylaws as follows:

Appointment. At the annual meeting, the Executive Committee, taking into consideration the expressed desires of individual board members, shall nominate, and the Board shall approve, a Chair for, and the members of, each of the following committees: an Administration Committee, an Audit and Risk Committee, a Board Governance Committee, an Investment Committee, a Corporate Governance Committee, a Legal and Legislative Committee, and a Diversity Committee. Committee members and Chairs shall assume their positions beginning on the following day.

Restrictions. The Board Chairperson may not be Chair of any committee other than the Executive Committee. No Board member may Chair more than one committee. Each committee shall consist of not less than three nor more than five members of the Board, except that the Investment Committee shall be constituted as a Committee of the Whole. The Executive Committee's nominations for each committee shall be subject to approval or amendment by the Board.

Investment Committee – Committee of the Whole. All Trustees shall be members of the Investment Committee. The Investment Committee may consider matters and give final approval to actions related to the Investment of SURS assets, and any final approval given during an Investment Committee meeting shall constitute approval by the Board.

Term. Committee Chairs and committee members will serve a one-year term or until successors are elected and qualified. Any member of a committee may resign at any time by giving written notice to the Chairperson, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy or resignation on any Committee may be filled in accordance with the annual Standing Committee nomination and election procedures in these Bylaws at any regular meeting or a special meeting of the Executive Committee called for that purpose, and shall be subject to Board approval or amendment.

Procedures. Members of committees shall be reimbursed for travel and other expenses incurred in connection with his or her duties as a member of a Committee in accordance with all applicable travel regulations and guidelines of the Board or imposed by law. Each committee may fix its own rules of procedures which shall not be inconsistent with these Bylaws, but in the absence of such rules, the Board’s Rules of Order adopted pursuant to these Bylaws shall govern committee procedures. It shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the committee’s meeting of all actions taken by or recommended by the committee. The committee Chair may appoint a subcommittee from the members of the committee, which is responsible to and reports to the committee. The designation of the various Board committees and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed by law.

Amendment No. 19:

Amend Section 16.1 of the SURS Bylaws as follows:

Meetings of the Standing Committees

The Administration, Audit and Risk, Board Governance, Investment, Corporate Governance, Legal and Legislative, and Diversity committees shall meet at least quarterly, and such meetings shall generally occur at least two weeks prior to the next regularly scheduled meeting of the full Board at which actions recommended by the committee are expected to be presented for final approval by the Board. Special meetings of each committee may be called by the Committee Chair or any two members thereof upon not less than three-five business days’ notice, unless exigent circumstances requires shorter notice, which in any case shall comply with the Open Meetings Act, stating the place, date, and hour of the meeting, which notice may be written, emailed, or oral, and, if mailed, shall be deemed to be delivered four business days subsequent to the day when deposited in the United States mail addressed to the member of the committee at his or her address. Any member of a committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. All meetings of each committee shall be noticed and conducted in conformance with the Illinois Open Meetings Act.

Amendment No. 20:

Amend Section II of the Charter of the SURS Investment Committee as follows:

“The Committee shall consist of ~~at least three~~all of the members of the Board.”

Amendment No. 21:

Amend Section V of the Charter of the SURS Investment Committee as follows:

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee’s purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

1. Review and approve strategic asset allocation (including expected rate of return and risk) ~~for approval by the Board~~ to maximize the likelihood of realizing SURS’ investment objectives;
2. Review and approve investment strategy and plans, portfolio construction policy guidelines, target rates of return and benchmarks ~~and make recommendations for approval by the Board in relation to the same;~~
3. ~~Make recommendations for approval by the Board in relation to~~ Review and approve the selection and performance review of ~~Board-System~~ consultants, investment counsel, investment managers and partners who provide investment-related expertise and services to the ~~Board~~System;
4. Provide oversight of the ~~Self-Managed Retirement Savings Plan and Deferred Compensation Plan, in coordination with the Administration Committee;~~
5. Provide oversight of the cost-effectiveness of the SURS investment program;
6. Review compliance with applicable investment statutes and policies;
7. Review ~~and update-of~~ policies related to the Investment Program, including the Investment Policy, Rebalancing Policy, Investment Manager Selection & Termination Policy, Brokerage Policy and Corporate Governance Policy ~~and make recommendations to the Board in relation to same;~~
8. Review ~~of, and consider and approve changes to,~~ the Master Trustee/Custodian relationship ~~and make recommendations to the Board in relation to same;~~
9. Review ~~of, and consider and approve changes to,~~ the Securities Lending Program ~~and make recommendation to the Board in relation to same;~~
10. Review ~~of, and consider and approve changes to,~~ investment manager and investment consulting relationships ~~and make recommendation to the Board in relation to same;~~

11. Review ~~of, and consider and approve changes to,~~ Emerging Investment Manager and Broker/Dealer programs and relationships ~~and make recommendation to the Board in relation to same;~~
12. Develop and approve investment risk and risk tolerances for all SURS assets and asset classes ~~for Board approval;~~ provide oversight of investment risk processes, including risk management, and investment policy compliance processes; ~~and~~
13. Monitor fund volatility and liquidity and ensure that the fund has sufficient liquid assets to respond to market conditions and meet investment and benefit obligations;
14. Develop investment manager diversity policies and objectives ~~for approval by the Board;~~
15. Provide oversight of interaction of cash management and liquidity management process; and
16. Conduct annually a self-assessment regarding its performance against its stated responsibilities ~~and share the results of such assessment with the Board.~~

Amendment No. 22:

Amend the paragraphs entitled “Board of Trustees” and “Investment Committee,” at Section III of the SURS Investment Policy, as follows:

Board of Trustees

The Board is responsible for establishing the Policy for the System and overseeing the investment of the Portfolio and the expenditures required to meet System obligations. Specifically with regard to investments, the Board takes action based on information presented at Board and/or Investment Committee meetings and ~~upon~~ after considering recommendations made by Staff or Consultants.

The Board maintains a long-term investment focus and has adopted a formal review schedule, as set forth in Appendix 2.

Investment Committee

The Investment Committee shall be comprised of all of the members of the Board, and shall be empowered to act as the Board with respect to the ~~makes recommendations to the Board and supports the Board’s deliberations on a~~ broad range of issues covered by this Policy including, but not limited to, those set forth in this Investment Policy.

Amendment No. 23:

Amend the paragraph entitled “Reporting” at Section V of the SURS Investment Policy, as follows:

Reporting

Reports will be assembled on a quarterly basis by Staff, Consultant or Custodian, as applicable and provided to the CIO for review. Summary reports will be assembled and presented to the Investment Committee ~~and the Board~~ on a quarterly basis.

Amendment No. 24:

Amend the definition of “Investment Committee” in the Glossary of Terms at Exhibit I to the SURS Investment Policy, as follows:

Investment Committee means a committee consisting of ~~at least three (3)~~all of the members of the Board ~~that assists and exercising the authority of~~ the Board in the development of investment strategies and the review of prospective investments with the goal of supporting the ~~Board System~~ in prudent investment and expenditure of System assets.

Amendment No. 25:

Amend Section 4.h of SURS Investment Procurement Policy as follows:

Following Staff’s and/or Consultant’s recommendation, the Investment Committee shall interview the respondents recommended or direct that additional respondents be invited for interview. The Investment Committee shall approve ~~a recommendation to the Board for~~ selection of a respondent for the Expenditure. The Investment Committee may, in good faith, decline to ~~recommend~~select any respondent following such interviews. The Investment Committee may ~~recommend~~order a recommencement of the RFP process for such potential Expenditure, or terminate the search entirely.

Amendment No. 26:

Delete Section 4.i of the SURS Investment Procurement Policy, and re-letter the remaining subsections.

~~The Board may approve or disapprove the recommendation of the Investment Committee with respect to any proposed Expenditure.~~