



MINUTES

**Quarterly Meeting of the Board of Trustees
of the
State Universities Retirement System
11:00 a.m., Friday, June 13, 2014
The Northern Trust
50 South LaSalle, London Room B9
Chicago, Illinois 60603**

The following Trustees were present: Ms. Lindsay Anderson, Chair; Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller, Mr. Peter Newell and Mr. Antonio Vasquez.

Others present: Mr. William Mabe, Executive Director; Mr. Michael B. Weinstein, General Counsel; Mr. Albert J. Lee, Associate General Counsel; Mr. Jeff Houch, Legislative Liaison; Mr. Daniel Allen, Chief Investment Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Chris Hansen, Director of Operations; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Ms. Patti Somerville-Koulouris of the Northern Trust Company; and Ms. Linda Brookhart of SUAA.

Board of Trustees roll call attendance was taken. Trustee Anderson, present; Trustee Berger, present; Trustee Engstrom, present; Trustee Figueroa, present; Trustee Johnson, present; Trustee Matthews, present; Trustee McCrohon, present; Trustee Miller, present; Trustee Vasquez, present; Trustee Vogel, absent.

APPROVAL OF MINUTES

Trustee Lindsay Anderson presented the Minutes from the Board meeting of April 24, 2014. Trustee Andrew Matthews moved that:

- The Minutes from the April 24, 2014 Board Meeting be approved as presented.

Trustee Dorinda Miller seconded and the motion carried with all Trustees present voting in favor.

CHAIRPERSON'S REPORT

Trustee Anderson wanted to thank all of the Trustees for all of their time and hard work that they have put into their roles as Trustees over the past year. She also wanted to commend staff for a job well done during these challenging times.

EXECUTIVE DIRECTOR REPORT

Mr. William Mabe indicated that he does not have a report at this time.

REVIW OF COMMITTEE ACTION

Investment Committee

On behalf of the Investment Committee, Trustee Craig McCrohon moved in the form of consent Agenda:

- That the strategic policy allocation targets set forth below as Mix B be approved as presented, giving staff the discretion to gradually implement those policy targets in coordination with the actual transition of assets.
- That a multi-year Private Equity Funding Plan be approved for calendar years 2015, 2016 and 2017 at a level of \$250 million, \$300 million and \$300 million, respectively. In addition, any uncommitted amounts from a preceding calendar year may be included in the following years through 2017.
- That the Board adopt the Iran Scrutinized Companies list updated as of June 1, 2014, as presented.
- That the Investment Department Administrative Expense Budget for Fiscal Year 2015, excluding personnel costs, be approved as presented.

Trustee Paul Johnson seconded and the motions carried with all Trustees voting in favor.

Corporate Governance – No Action.

Administration Committee

On behalf of the Administration Committee, Trustee Antonio Vasquez moved:

- That the results from the 2014 Economic Assumption Review be approved and filed.
- That the long-term assumed rate of investment return be reduced from 7.75% to 7.25% effective with the valuation period as of June 30, 2014, based upon the recommendation of the System's actuary and with the concurrence of the outside investment consultant.
- That the long-term assumed rate of investment return be reduced from 7.75% to 7.25% for the Money Purchase Factors (annuitization rate under Rule 2) and other actuarial tables effective July 2, 2015.
- That the long-term price inflation rate remains at 2.75%.
- That the long-term wage inflation rate remains at 3.75%.

- That Gabriel Roeder Smith & Company (GRS) conduct an experience study for the period of 2010-2014.
- That the results from the 2014 CEM Benchmarking Executive Summary be accepted as presented.
- That the results from the 2014 Compensation Study be accepted as presented.
- That an increase in salary and wages of 3.0% for those staff fully meeting job expectations be approved.
- That \$68,000 be utilized for superior performance recognition and star awards, \$90,000 for reclassifications and overtime, and \$68,218 for implementation of the compensation study salary adjustments be approved.
- That an increase of four FTE's be approved for Fiscal Year 2015.
- That the Fiscal Year 2015 Administrative Expense Budget be approved as presented.
- That the Fiscal Year 2015 Capital Expenditure Budget be approved as presented.

Trustee Johnson seconded and the motions carried with all Trustees voting in favor, except Trustee McCrohon who voted in opposition of the two motions regarding the long-term assumed rate of investment return.

Audit and Risk Committee – No Action.

Legal and Legislative Committee

On behalf of the Legal and Legislative Committee, Trustee Anderson moved:

- That the July 2014 Regulatory Agenda be approved as presented.

Trustee Vasquez seconded and the motions carried with all Trustees voting in favor.

Board Governance Committee

On behalf of the Board Governance Committee, Trustee Anderson moved:

- That the Board adopt the proposed Amendments to the Board Bylaws as presented.
- That Dorinda Miller serve as the Vice-Chairperson of the SURS Board of Trustees for FY 2015.
- That Peter Newell serve as the Treasurer of the SURS Board of Trustees for FY 2015.

Trustee Vasquez seconded and the motions carried with all Trustees voting in favor.

BOARD TRAVEL

Mr. Daniel Allen presented the Board with travel and conference opportunities for the Board's review and approval. He reported that pursuant to Public Act 96-0006, the Trustees are required to have 8 hours of annual training. A majority of the Board must approve all Board travel in order to qualify for reimbursement of expenses in accordance with the Board's Travel Approval and Expense Reimbursement Policy. Staff develops a list of

upcoming training opportunities and this list is then presented to the Trustees with their regular meeting materials.

Mr. Allen noted that if educational opportunities arise that the Board has not approved, please contact Ms. Lori Kern and she could provide the proper form and procedure for obtaining Board approval outside of the quarterly meeting.

Trustee Johnson moved:

- That the Board of Trustees travel to attend conferences or trainings listed in the June 2014 Board Training Requirement and Travel memo be approved and that all resulting allowable expenses consistent with SURS' travel policy be reimbursed.
- That the Board of Trustees travel to NEPC client and educational conferences be approved and that all resulting allowable expenses be reimbursed.

Trustee Miller seconded and the motions carried with all Trustees present voting in favor.

A copy of the staff memorandum, entitled "Board Training Requirements and Travel Approval" which includes the list of upcoming training opportunities as of June 2014 are incorporated as a part of these Minutes as [Exhibit 1](#).

CLOSED SESSION – IF NECESSARY

Since it was decided that confidential discussion of the General Counsel's Litigation Report and the Closed Session Minutes was not necessary, the Board remained in open session.

OPEN SESSION

Mr. Weinstein presented the June 2014 Litigation Report updating the Board on pending litigation matters.

Trustee Anderson presented the semi-annual review of the Board closed session Meeting Minutes of March 13, 2014, and May 2, 2013.

Trustee Vasquez moved:

- That the closed session Minutes of the March 14, 2013, Board of Trustees meeting be opened.
- That the closed session Minutes of the May 2, 2013, Board of Trustees meeting be opened.

Trustee Johnson seconded and the motions carried with all Trustees present voting in favor.

INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION

Trustee Anderson referenced the informational items included in the agenda materials and the following items were provided for reference and are incorporated as a part of these Minutes:

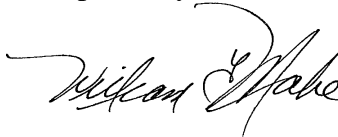
1. [Exhibit 2](#) - General Counsel's FOIA Report
2. [Exhibit 3](#) - Comparative Financial Reports and Budget Variance
3. [Exhibit 4](#) - Report on Refunds, Disability, Death, Survivor and Disability Retirement Allowance Claims
4. [Exhibit 5](#) - Self-Managed Plan Update for the Quarter Ending March 31, 2014

PUBLIC COMMENT

There were no public comments presented to the Board of Trustees.

Since there was no further business before the Committee, Trustee Johnson moved that the meeting be adjourned. The motion was seconded by Trustee John Engstrom and carried with all Trustees present voting in favor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William E. Mabe". The signature is written in a cursive style with a large initial "W".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk