



MINUTES

**Meeting of the Board of Trustees of the
State Universities Retirement System
3:00 p.m., Thursday, April 24, 2014
The Northern Trust
181 West Madison Street, Madison Conference Room
Chicago, Illinois 60602**

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

Others present: Mr. William Mabe, Executive Director; Mr. Daniel Allen, Chief Investment Officer; Mr. Douglas Wesley, Deputy Chief Investment Officer; Ms. Kimberly Pollitt and Mr. Joseph Duncan, Senior Investment Officers; Ms. Lou Ann Fillingham, Investment Officer; Ms. Angela Lieb, Director of Member Services; Mr. Keith Johnson, SMP Manager; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Mr. Douglas Moseley, Ms. Kristin Finney-Cooke and Mr. Tim McCusker of NEPC; Ms. Patti Somerville-Koulouris and Ms. Cristina Ilyes of the Northern Trust Company.

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

A motion was made during the Investment Committee Meeting to allow Trustees to participate via teleconference per §7(a) of the Open Meetings Act.

APPROVAL OF MINUTES

Trustee Lindsay Anderson presented the Minutes from the Board meeting of March 21, 2014. Trustee Dorinda Miller moved that:

- The Minutes from the March 21, 2014 Board meeting be approved as presented.

Trustee Craig McCrohon seconded and the motion carried with all Trustees present voting in favor.

CHAIRPERSON'S REPORT

Trustee Anderson indicated that there is no Chairperson report at this time.

REVIEW OF COMMITTEE ACTION

Investment Committee

On behalf of the Investment Committee, Trustee Craig McCrohon moved, as part of of a Consent Agenda:

1. That Fidelity Investments be retained as an investment service provider for the SURS Self-Managed Plan.
2. That TIAA-CREF be retained as an investment service provider for the SURS Self-Managed Plan.

U. S. Equity Asset Class Manager Reviews

3. That CastleArk Management be retained as a domestic equity manager.
4. That Lombardia Capital Partners be retained as a domestic equity manager.
5. That Fiduciary Management Associates be retained as a domestic equity manager.
6. That EARNEST Partners be retained as a domestic equity manager.
7. That Holland Capital Management be retained as a domestic equity manager.
8. That Channing Capital Management be retained as a domestic equity manager.
9. That Jacobs Levy Equity Management be retained as a structured active U.S. equity manager.
10. That PIMCO be retained as a structured active U.S. equity manager.
11. That Piedmont Investment Advisors be retained as a structured active U.S. equity manager.
12. That T. Rowe Price Associates be retained as a structured active U.S. equity manager.

Manager of Emerging Managers Review

13. That Progress Investment Management be retained as a manager of emerging managers.
14. That Profit Investment Management be terminated as a domestic equity manager, with the assets reallocated in approximately equal amounts to the following fixed income managers in the Manager Diversity Program:
 - o Garcia Hamilton & Associates
 - o LM Capital Group
 - o Pugh Capital Management
 - o Smith Graham & Co.
15. That the Board decide and select an asset allocation at the June 12, 2014 meeting.
16. That the strategic policy allocation target set forth in Mix A, as recommended by the fund staff and the investment consultant, be approved as amended to reflect that the 5% hedged equity portion would remain in total equity until further direction of the Board.

Asset Class	Prior Policy Target	Mix A Target	Mix B Target
U.S. Equity	31%	26%	22%
Non-U.S. Equity	21	21	18
Global Equities	8	8	8
Total Equity	60%	55%	48%
Core Fixed Income	19	19	19
Emerging Markets Debt	0	3	5
TIPS	4	4	4
Total Fixed Income	23%	26%	28%
Private Equity	6	6	6
Real Estate	6	6	6
REITS	4	4	4
Hedged Equity	0	0	5
Opportunity Fund	1	1	1
Total Alternatives	17%	17%	22%
Commodities	0	2	2
Total Other	0%	2%	2%
Grand Total	100%	100%	100%

17. That a search be conducted to identify qualified emerging markets debt managers.

Outside Legal Counsel Search

18. That Jackson Walker L.L.P., Mayer Brown, and Chapman and Cutler L.L.P. be retained as SURS Outside Legal Counsel, contingent upon successful contract negotiations.

Trustee Paul R.T. Johnson, Jr. seconded and the motion carried with all Trustees voting in favor.

Board Governance Committee

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

19. That the Board approve the proposed Committee Structure and Assignments as discussed.

Trustee John Engstrom seconded and the motion 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 reminded the Board 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 would provide the proper form and procedure for obtaining Board approval outside of the quarterly meeting.

Trustee McCrohon moved:

- That the Board of Trustees travel to attend conferences or trainings listed in the April 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 motion carried with all Trustees 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 April 2014 are incorporated as a part of these Minutes as [Exhibit 1](#).

PENSION REFORM UPDATE

Ms. Angela Lieb reported that the passage of P.A. 98-599 (pension reform) has created large demands for service and she noted that SURS is going to great lengths to respond accordingly. Ms. Lieb then gave the Board an overview of the educational/outreach efforts that SURS has been implementing in response to the challenges associated with addressing the current situation, noting that SURS staff has rose to the occasion and she is proud to say that SURS has not turned away anyone that needed help.

Ms. Lieb also noted that there are still some areas of the statute that require clarification or change that would strengthen the legislation and improve its ability to withstand challenge. The most important issue surrounds the ambiguity in the hypothetical retirement date used in the calculation of the minimum money purchase annuity, and she indicated that there is a need for a trailer bill in order to provide clarification and help ease administrative burdens. Ms. Lieb noted that this is a critical and time sensitive issue; however, until legislative clarification is determined, SURS is moving forward as though the effective date is June 1, 2014.

Discussion ensued amongst the Committee and Ms. Lieb was then asked to walk the Committee through the process of filing a retirement application. Ms. Lieb explained that although SURS would like to receive retirement applications approximately 60-90 days prior to the effective date of retirement, it is not required. Ms. Lieb stated that even if a member files their application the day before retirement, they will still get a benefit payment; however, it would not be the very next day. Once the payment is set up, a “make-up” payment is made which is retroactive to the effective date of retirement.

On behalf of the Committee, Trustee Anderson wanted to extend her appreciation and thanks to all of the SURS Staff for their continued hard work and dedication through this challenging time.

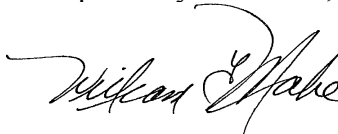
A copy of the Mr. Mabe’s letter entitled “Pension Reform” has been incorporated into these Minutes as [Exhibit 2](#). The SURS Pension Reform talking points and PowerPoint presentation entitled “SURS Pension Reform Education Efforts” are incorporated as a part of these Minutes as [Exhibit 3](#) and [Exhibit 4](#).

PUBLIC COMMENT

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

Since there was no further business before the Committee, Trustee McCrohon moved that the meeting be adjourned. The motion was seconded by Trustee Miller 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 fluid and cursive, with a large initial "W" and "E".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk