



MINUTES

**Quarterly Meeting of the Board of Trustees of the
State Universities Retirement System
10:00 a.m., Friday, December 12, 2014
Northern Trust
50 South LaSalle Street, Global Conference Center
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, Mr. Antonio Vasquez, and Mr. Mitchell Vogel .

Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel; Mr. Daniel Allen, Chief Investment Officer; Mr. Douglas Wesley, Deputy Chief Investment Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Albert Lee, Associate General Counsel; Ms. Brenda Dunn, Director of Human Resources; Mr. Jeffrey Houch, Legislative Liaison; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli, Ms. Linda Brookhar of SUAA; Mr. John Shuler of SURSMAC, and Ms. Patti Somerville-Koulouris of the Northern Trust Company.

Board of Trustee 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 Newell, present; Trustee Vasquez, present; Trustee Vogel, present.

APPROVAL OF MINUTES

Trustee Lindsay Anderson presented the Minutes from the Board meeting of September 19, 2014 and October 30, 2014.

Trustee Mitchell Vogel. moved:

- That the Minutes from the September 19, 2014 Board meeting be approved, as presented.
- That the Minutes from the October 30, 2014 Board meeting be approved, as presented.

Trustee Antonio Vasquez 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.

EXECUTIVE DIRECTOR'S REPORT

Mr. Mabe indicated that there is no Executive Director report at this time.

REVIEW OF COMMITTEE ACTION

Administration Committee

On behalf of the Administration Committee, Trustee Vasquez moved:

- That the Fiscal Year 2014 Actuarial Valuation Report be received and filed.
- That the Cheiron preliminary Report regarding review of assumptions and methods used in the June 30, 2014 Actuarial Valuation be received and filed.
- That the Board certify to the Governor and the General Assembly the required net State contribution for Fiscal Year 2016 in the amount of \$1,601,480,000 based upon the Fiscal Year 2014 Actuarial Valuation Report conducted by Gabriel Roeder Smith & Company.
- That the Employer Normal Cost Rate of 12.69% be approved for Fiscal Year 2016.
- That the Effective Rate of Interest remain at 7.0% for Fiscal Year 2016, to be used for all purposes other than the Rule 2 (money purchase) calculation.
- That the benefit overpayments presented by Staff be certified as uncollectible in accordance with 80 Ill. Adm. Code §1600.450.

Trustee Andrew Matthews seconded and the motion carried with all Trustees voting in favor.

Investment Committee

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

- That Northern Trust Asset Management be retained as a U.S. Equity index fund manager.
- That BlackRock Institutional Trust Company be retained as an index fund manager in the following mandates; BTC International Equity, BTC Emerging Markets Equity, BTC Global REITs and BTC US REITs.
- That RhumbLine Advisers be retained as a U.S. Equity index fund manager.
- That State Street Global Advisors be retained as a U.S. Fixed income index fund manager.
- That CBRE Clarion Securities be retained as a U.S. REIT manager.
- That CBRE Clarion Securities be retained as a global REIT manager.
- That UBS Trumbull Property Fund be retained as a direct real estate manager.
- That JP Morgan Strategic Property Fund be retained as a direct real estate manager.
- That Heitman America Real Estate Trust Fund be retained as a direct real estate manager.
- That a search be conducted to identify qualified hedge fund-of-funds investment managers.
- That the annual Report to the Governor and General Assembly Regarding Use of Emerging Investment Managers for the period ending June 30, 2014, be received and

filed with the Illinois Governor and members of the General Assembly as required by statute and any corresponding regulations and policies.

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

Corporate Governance – No Action.

Legal & Legislative Committee

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

- That the proposed Technical Corrections Bill be approved as presented.
- That the Legal & Legislative Committee approve the submission of the proposed rulemakings to the Joint Committee on Administrative Rules (JCAR) substantially in the form presented.
- That the December 2014 Regulatory Agenda be approved as presented.

Trustee Figueroa seconded and the motion carried with all Trustees voting in favor.

Board Governance Committee – No Action

Audit Committee – No Action

Executive Director Search Firm Subcommittee

On behalf of the Executive Director Search Firm Subcommittee, Trustee Anderson moved to ratify the motion from the October 23, 2014 meeting:

- That an invitation be extended to EFL Associates and The Hollins Group for interviews by the Subcommittee and other Trustees present at the October 30, 2014 meeting.

Trustee Vasquez 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 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 Matthews moved:

- That the Board of Trustees travel to attend conferences or trainings listed in the Amended December 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 Johnson 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 December 2014 are incorporated as a part of these Minutes as [Exhibit 1](#).

CLOSED SESSION

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

OPEN SESSION

General Counsel's Litigation Report

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

INFORMATIONAL ITEMS NOT REQUIRING BOARD ACTION

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](#) - Quarterly Administrative Expenses
4. [Exhibit 5](#) - Quarterly Expense Certification
5. [Exhibit 6](#) - Report on Refunds, Disability, Death, Survivor and Disability Retirement Allowance Claims
6. [Exhibit 7](#) - Self-Managed Plan Update for the Quarter ending September 30, 2014

PUBLIC COMMENT

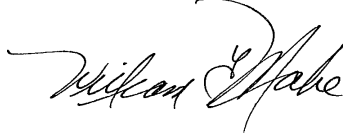
Ms. Linda Brookhart from the State Universities Annuitants Association (SUAA) addressed the Board and presented her memo entitled "SUAA Quarterly Report to the State Universities Retirement System", a copy is incorporated as part of these Minutes as [Exhibit 8](#).

Mr. John Shuler, from the State Universities Retirement System Member Advisory Committee (SURSMAC) addressed the Board during the public comment portion of the meeting. Mr.

Shuler thanked the SURS Board and Staff for doing such a remarkable job educating the stakeholders over the past year. Mr. Shuler then remarked that SURSMAC is in the process of reviewing their bylaws and structures and he is looking forward to working with SURS in the future.

Since there was no further business before the Board, Trustee Vasquez moved that the meeting be adjourned. The motion was seconded by Trustee Figueroa 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, sweeping initial "W".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk