



MINUTES

**Meeting of the Board of Trustees of the
State Universities Retirement System
5:00 p.m., February 6, 2014
Chicago Board Options Exchange
The Options Institute
400 South LaSalle St.
Chicago, Illinois 60605**

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, 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; Ms. Phyllis Walker, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Albert Lee, Associate General Counsel; Ms. Kimberly Pollitt and Mr. Joseph Duncan, Senior Investment Officers; Ms. Lou Ann Fillingham, Investment Officers; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Mr. Jeffrey Houch, Legislative Liaison; Ms. Karen Hipskind, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Mr. Douglas Moseley, Mr. Kevin Leonard and Ms. Kristin Finney-Cooke of NEPC; Mr. Matt Moran of Chicago Board Options Exchange; Ms. Sharon Piet of Podesta & Co.; and Ms. Lari Dierks of Speaker Michael Madigan's staff.

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, absent; Trustee Vogel, present.

REVIEW OF COMMITTEE ACTION

On behalf of the Governmental Affairs Committee, Trustee Anderson moved:

1. That the Board of Trustees approve the submission of a technical corrections bill, and that the SURS legislative team seek passage of such bill during the upcoming spring 2014 legislative session.

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

On behalf of the Investment Committee, Trustee McCrohon moved in the form of consent Agenda as requested by Fiduciary Counsel:

Consent Agenda Topics

Fixed Income and Treasury Inflation-Protected Securities (TIPS)

Asset Class Manager Review

- SURS shall retain, without additional funding, the Debt Securities Managers by SURS and that SURS shall maintain its investments with the Debt Securities Managers. Such decision shall be subject to periodic or other review as the Staff or the Board may deem appropriate.

Debt Securities Managers:

2. PIMCO (as a treasury inflation-protected securities, fixed income, and unconstrained fixed income manager)
3. TCW MetWest
4. Neuberger Berman
5. Taplin, Canida & Habacht
6. LM Capital Management
7. Smith Graham
8. Garcia Hamilton & Associates, L.P.
9. Chicago Equity Partners
10. Pugh Capital
11. Longfellow Investment Management
12. New Century Advisors

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

On behalf of the Corporate Governance Committee, Trustee Vogel moved:

13. That the revised Proxy Policy Statement be approved as presented.

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

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

14. That the amended meeting dates and times proposed for 2014 be approved as presented.

Trustee Miller 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. 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 meeting materials. Mr. Allen discussed the TOIGO Foundation 25th Anniversary Celebration Event March 13, 2014, in Chicago and Trustee McCrohon asked that the Illinois Public Pension Fund Association (IPPFA) event being held at the Union League Club in Chicago be added to the list.

If educational opportunities arise that the Board has not approved, please contact Ms. Lori Kern and she can coordinate 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 on the February 2014 list of Upcoming Board Training Opportunities, as amended, be approved and that all resulting allowable expenses consistent with the 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 Figueroa seconded and the motion carried with all Trustees voting in favor.

A copy of the staff memorandum entitled "Board Training Requirements and Travel Approval" and the Amended List of Upcoming Training Opportunities as of February 2014 are incorporated as a part of these Minutes as [Exhibit 1](#) and [Exhibit 2](#).

CLOSED SESSION

Since it was decided that the Fraud Referrals discussion item in closed session was not necessary, the Board remained in open session.

OPEN SESSION

FRAUD REFERRALS

Mr. Weinstein reminded the Board that there is language in the Pension Code (40 ILCS 5/1-135) that states whenever the Board or the Executive Director has reasonable suspicion to believe that a fraud or fraudulent records have been submitted to the System, there is a mandatory obligation to turn matters over to the local State's Attorney. Mr. Weinstein indicated that there have been a number of matters reviewed over the past year and there are two matters in particular wherein Staff believes there is reasonable suspicion that a false statement or falsified records have been submitted to SURS. Mr. Weinstein recommends these two matters be referred to the appropriate State's Attorney for further action.

Trustee Johnson moved:

- That the Board directs delivery of Fraud Referral Letters pursuant to Section 40 ILCS 5/1-135.

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

PUBLIC COMMENT

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

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "William E. Mabe".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk