



## **MINUTES**

**Meeting of the Board of Trustees of the  
State Universities Retirement System  
11:30 a.m., Friday, June 14, 2013  
The Northern Trust  
50 South LaSalle Street, London Room B9  
Chicago, Illinois 60603**

The following Trustees were present: 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; Mr. Steve Hayward, Director of Internal Audit; Mr. Chris Hansen, Director of Operations; Mr. Doug Steele, Director of Application & Development; Ms. Brenda Dunn, Director of Human Resources; Ms. Angela Lieb, Director of Member Services; Mr. Jeffrey Houch, Legislative Liaison; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli.

Roll call was waived: prior roll call was allowed to stand for the Board Meeting. Trustee Anderson, absent; 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.

## **APPROVAL OF MINUTES**

Trustee Dorinda Miller presented the Minutes from the Board of Trustees Committee meeting of March 14, 2013, and May 2, 2013. Trustee Andrew Matthews moved:

- That the Minutes from the March 14, 2013, and May 2, 2013 Board meetings be approved as presented.

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

## **CHAIRPERSON'S REPORT**

With the absence of Trustee Anderson, no Chairperson Report was given.

## **EXECUTIVE DIRECTOR REPORT**

Mr. William Mabe noted that there is nothing to report at this time.

## **REVIEW OF COMMITTEE ACTION**

### **Investment Committee**

On behalf of the Investment Committee Trustee Vogel moved:

#### **Opportunistic Real Estate Investment**

- That a commitment of \$100 million be authorized, contingent on successful contract negotiations, to the Dune Real Estate Fund III, LP.

The motion carried with all Trustees voting in favor.

#### **Private Equity Emerging Manager Fund of Funds Provider Search**

- That a commitment of up to \$75 million be authorized, contingent on successful contract negotiations, to Fairview Capital.

The motion carried with all Trustees voting in favor.

#### **Compliance with Iran Legislation**

- That the Board adopt the Iran Scrutinized Companies list updated as of May 1, 2013, as presented.

The motion carried with all Trustees voting in favor.

After asking if any Trustees wished to remove any item from the agenda, Trustee Vogel suggested reviewing the following committee actions in the form of a consent agenda as suggested by fiduciary counsel.

On behalf of the Investment Committee Trustee Vogel moved:

- That the Investment Department Administrative Expense Budget for Fiscal Year 2014 be approved as presented.
- That the projected Investment Department Investment Management Fees for Fiscal Year 2014 be accepted as presented.
- That Pantheon Ventures be retained as a private equity manager.
- That Adams Street Partners be retained as a private equity manager.

The motions carried with all Trustees voting in favor.

On behalf of the Investment Committee Trustee Vogel moved:

- That a search be conducted to identify a qualified actuarial service provider.

The motion carried with all Trustees voting in favor.

### **Corporate Governance - No Action**

### **Audit Committee - No Action**

### **Personnel & Resource Committee**

After asking if any Trustees wished to remove any item from the agenda, Trustee Miller suggested reviewing the following committee actions in the form of a consent agenda as suggested by fiduciary counsel.

On behalf of the Personnel & Resource Committee Trustee Miller moved:

- That an increase in salary and wages of 3.0% for staff fully meeting job expectations and 1.8% to be utilized for promotion and individual superior performance recognition be approved for fiscal year 2014.
- That the Employment Agreement for William Mabe be approved as presented and that the Vice- Chair be authorized on behalf of the Board to execute and deliver said Agreement.
- That the Fiscal Year 2014 Defined Benefit administrative, SMP expense budget be approved as presented.
- That the Fiscal Year 2014 Capital budget be approved as presented.

The motions carried with all Trustees voting in favor.

### **Governmental Affairs Committee**

On behalf of the Governmental Affairs Committee Trustee McCrohon moved:

- That the July 2013 Regulatory Agenda be approved as presented.

The motions carried with all Trustees voting in favor.

### **POLICY ON ADDRESSING THE BOARD**

Mr. Weinstein informed the Board that in September 2012, the Board approved a proposed amendment to SURS Administrative Rules pertaining to the Open Meetings Act with respect to appearances by members of the public before the Board. SURS has a policy for addressing the Board and Mr. Weinstein is recommending that we amend the policy to reflect the rule as adopted by the Board last September.

A copy of the memorandum entitled “Policy for Addressing the Board of Trustees,” is incorporated as part of these Minutes as [Exhibit 1](#).

Trustee Vogel then made the following motion:

- That the Board approved the proposed changes to the Policy on Addressing the Board of Trustees.

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

### **RECOMMENDATION TO APPROVE EXTERNAL COUNSEL SECURITIES LITIGATION SEARCH**

Mr. Weinstein informed the Board that our last Securities Litigation Counsel RFP was done in 2007, and as a result of that search, the Board chose five firms to act as a “stable” of firms with respect to potential securities litigation cases. Mr. Weinstein noted that in the past six years since the last search, there have been some major changes in securities litigation law, in particular the U.S. Supreme Court decision in the *Morrison v. National Australia Bank* case. Mr. Weinstein proposed that that Board authorize an RFP to be conducted over the coming months. It is anticipated that finalists will be brought to the Board at the September meeting. Discussion regarding this issue continued. Mr. Weinstein briefly described the current firms under contract with SURS and the interaction that the system has had with them over the past six years. After further discussion, Ms. Mary Patricia Burns recommended that the Board move forward in this RFP process and she reminded the Board to observe the quiet period during this RFP process.

A copy of the memorandum entitled “Recommendation to Issue an RFP for Securities Litigation Counsel,” is incorporated as part of these Minutes as [Exhibit 2](#).

Trustee Vogel then made the following motion:

- That the Board approves the issuance of an RFP to identify qualified securities litigation counsel.

Trustee Engstrom seconded and the motion carried with all Trustees present 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 and a majority of Trustees 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. Copies of the staff memorandum entitled “Board Training Requirements and Travel Approval” and a list of upcoming training opportunities as of June 2013 are each incorporated as a part of these Minutes as [Exhibit 3](#) and [Exhibit 4](#).

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

Trustee Vogel moved that:

- The Board of Trustees travel to attend conferences or trainings listed on the June 2013 list of Upcoming Training Opportunities be approved and that all resulting allowable expenses consistent with SURS Travel Policy be reimbursed.

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

### **CLOSED SESSION**

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

### **OPEN SESSION**

#### **General Counsel Litigation Report**

Mr. Weinstein presented the June 2013 Litigation Report updating the Board on pending litigation matters.

#### **Consideration of Closed Session Board Minutes**

Trustee Johnson moved:

- That the closed session Minutes of the Board of Trustees March 14, 2013, and May 2, 2013, be approved and remained closed.

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

#### **Consideration of the Employment Compensation and Performance of Specific Employees of SURS and Outside Legal Counsel**

Consideration of the employment compensation and performance of specific employees of SURS and outside legal counsel occurred in the Personnel & Resource Committee which convened earlier this morning.

#### **RECOMMENDATION TO CONSIDER AND APPROVE AN EXTENSION OF THE EXECUTIVE DIRECTORS CONTRACT**

Consideration and approval the extension of the Executive Director's contract occurred in the Personnel & Resource Committee which convened earlier this morning.

## **OFFICERS AND COMMITTEE ASSIGNMENTS**

Ms. Burns noted that in light of the fact that a Chairwoman Anderson was recently appointed, the Board should defer the Officer and Committee assignments until the new Chair is in place.

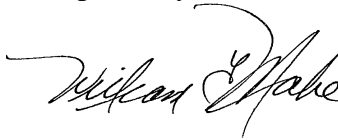
## **INFORMATIONAL ITEMS NOT REQUIRING BOARD ACTION**

The following items were provided for reference and are incorporated as a part of these Minutes:

1. [Exhibit 5](#) - General Counsel's FOIA Report.
2. [Exhibit 6](#) - Comparative Financial Reports.
3. [Exhibit 7](#) - Report on Refunds, Disability, Death, Survivor and Disability Retirement Allowance Claims.
4. [Exhibit 8](#) - Self-Managed Plan Update for the Quarter ending March 31, 2013.
5. [Exhibit 9](#) - SURS Variance Analysis.

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

Respectfully submitted,



Mr. William E. Mabe  
Secretary, Board of Trustees

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