



## **MINUTES**

**Meeting of the Board of Trustees of the  
State Universities Retirement System  
10:30 a.m., Friday, March 13, 2015  
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. Paul R. T. Johnson Jr., Mr. Craig McCrohon, Ms. Dorinda Miller, Mr. Antonio Vasquez, and Mr. Mitchell Vogel.

Others present: Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel; Mr. Daniel Allen, Chief Investment Officer; Mr. Steve Hayward, Director of Internal Audit; Ms. Phyllis Walker, Chief Financial Officer; Ms. Brenda Dunn, Director of Human Resources; Mr. Albert Lee, Associate General Counsel; Ms. Kristen Houch, Legislative Liaison; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Ms. Patti Somerville-Koulouris of the Northern Trust Company; Ms. Linda Brookhart of SUAA.

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

## **RECONVENE**

Trustee Lindsay Anderson then reconvened the meeting of the Board of Trustees at 10:25 a.m.

## **APPROVAL OF MINUTES**

Trustee Anderson presented the Minutes from the Board meeting of February 4, 2015, February 5, 2015, and February 6, 2015.

Trustee Paul R.T. Johnson, Jr. moved:

- That the minutes from the February 4, 2015 Board of Trustees meeting be approved as presented.
- That the minutes from the February 5, 2015 Board of Trustees meeting be approved as presented.

- That the minutes from the February 6, 2015 Board of Trustees meeting be approved as presented.

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

### **APPROVAL OF CLOSED SESSION MINUTES**

Trustee Anderson presented the closed session Minutes from the Board meeting of February 4, 2015, February 5, 2015 and February 6, 2015.

Trustee Johnson moved:

- That the closed session minutes from the February 4, 2015 Board of Trustees meeting be approved as presented and remain closed.
- That the closed session minutes from the February 5, 2015 Board of Trustees meeting be approved as presented and remain closed.
- That the closed session minutes from the February 6, 2015 Board of Trustees meeting be approved as presented and remain closed.

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

### **APPROVAL OF MINUTES OF THE EXECUTIVE DIRECTOR SEARCH SUBCOMMITTEE**

Trustee Anderson presented the Minutes from the Executive Director Search Subcommittee meeting of February 5, 2015.

Trustee Miller moved:

- That the minutes from the February 5, 2015 Executive Director Search Subcommittee of the Board of Trustees meeting be approved as presented.

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

### **APPROVAL OF MINUTES OF THE TRUSTEE EDUCATIONAL WORKSHOP**

Trustee John Engstrom moved:

- That the minutes from the February 6, 2015 Trustee Educational Workshop of the Board of Trustees meeting be approved as presented.

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

## **CHAIRPERSON'S REPORT**

Trustee Anderson indicated that there she does not have a Chairperson report at this time; however, she did ask for an status update on the hearings on the Pension Reform Litigation recently heard by the Illinois Supreme Court.

Mr. Weinstein then provided a brief update on the Pension Reform Litigation cases that were argued before the Illinois Supreme Court on Wednesday, March 11, 2015. Mr. Weinstein stated that the court could choose to uphold the trial court decision that the statute is unconstitutional or they could adopt the position that there exists the concept of "reserved sovereign police powers" that provides that there is no constitutional provision that could not be overridden in an emergency. The Attorney General is asking that the Supreme Court find that this concept exists and that they should remand the case to the trial court to allow the trial court to consider the factual question as to whether or not there is an emergency exists.

Trustee Anderson asked how soon we could expect to hear from the Supreme Court as to what that next step will be. Mr. Weinstein indicated that was difficult to predict a timeline for this; however, he would hope that the Court would issue an opinion fairly quickly; his best guess would be 60-120 days.

Trustee Antonio Vasquez joined the meeting at 10:35 a.m.

## **EXECUTIVE DIRECTOR'S REPORT**

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

## **REVIEW OF COMMITTEE ACTION**

### **Board Governance Committee**

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

- That Trustee John Engstrom serve as the Treasurer of the SURS Board of Trustees for the remainder of FY 2015.
- That the Board Bylaws be amended as presented.
- That the iPad policy be approved as presented.

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

### **Administration Committee – no action.**

### **Investment Committee**

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

- That a commitment of \$90 million be authorized, contingent on successful contract negotiations, to Franklin Real Asset Advisors.

- That the Board acknowledges the draft Diversity and Inclusion Strategic Plan and accepts it for inclusion in policy.

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

**Corporate Governance - no action.**

**Audit & Risk Committee**

On behalf of the Audit & Risk Committee, Trustee Engstrom moved:

- SURS staff and Gabriel Roeder Smith & Company jointly recommend that the Fiscal Year 2014 GASB 67 Actuarial Valuation Report be received and filed.

Trustee Jacqueline Berger seconded and the motion carried with all Trustees present voting in favor except for Trustee McCrohon who opposed.

**Legal & Legislative Committee – no action.**

**EXECUTIVE DIRECTOR SEARCH**

**CLOSED SESSION**

Trustee Mitchell Vogel moved that the Board of Trustees go into closed session to discuss potential employment of an Executive Director under the Open Meetings Act pursuant to §2(c)(1). Trustee Johnson seconded and the motion carried in a roll call vote:

Anderson	aye
Berger	aye
Cullen	absent
Engstrom	aye
Figueroa	absent
Johnson	aye
Matthews	absent
McCrohon	aye
Miller	aye
Vasquez	aye
Vogel	aye

**RETURN TO OPEN SESSION**

Trustee Anderson moved:

- That the Board approve the Executive Director contract as presented to the Board in Closed session.

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

Trustee Johnson moved:

- That the Board approve the Chief Operating Officer contract as presented to the Board in closed session.

Trustee Miller seconded and the motion carried with all Trustees present voting in favor except for Trustee Berger who opposed.

### **BOARD TRAVEL**

Trustee Johnson moved:

- That the Board of Trustees travel to attend conferences or trainings listed on the March 2015, list of Upcoming Training Opportunities 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 conference be approved and that all resulting allowable expenses be reimbursed.

Trustee Vasquez 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 March 13, 2015 is 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 March 2015 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

6. **Exhibit 7** - Retirement Allowance Claims  
- Self-Managed Plan Update for the Quarter ending December 31,  
2014

**PUBLIC COMMENT**

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

Since there was no further business before the Board, Trustee Vasquez moved that the meeting be adjourned. The motion was seconded by Trustee Engstrom 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