



MINUTES

**Meeting of the Board of Trustees of the
State Universities Retirement System
10:00 a.m., Thursday, March 14, 2013
Abraham Lincoln Presidential Library and Museum
Governor's Conference Room, Library
212 North Sixth Street
Springfield, IL 62701**

The following Trustees were present: Ms. Carrie Hightman, Chairwoman; Ms. Jacqueline Berger, Dr. John Engstrom, 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. Daniel Allen, Chief Investment Officer; Mr. Douglas Wesley, Deputy Chief Investment Officer; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Michael Weinstein, General Counsel; Ms. Beth Spencer, Communications Manager; Ms. Lori Kern, Executive Assistant; Ms. Brenda Dunn, Director of Human Resources; Ms. Phyllis Walker, Chief Financial Officer; Mr. Jeffrey Houch, Legislative Liaison; Ms. Mary Pat Burns of Burke, Burns & Pinelli; and, Ms. Patti Somerville-Koulouris of the Northern Trust Company.

Roll call attendance was taken. Trustee Berger, present; Trustee Engstrom, present; Trustee Figueroa, absent; Trustee Hightman, present; Trustee Johnson, present; Trustee Matthews, present; Trustee McCrohon, present; Trustee Miller, present; Trustee Vasquez, absent; and Trustee Vogel, present.

APPROVAL OF MINUTES

Trustee Hightman presented the Minutes from the Board of Trustees meetings on December 14, 2012, February 14, 2013, and the February 14, 2013 (Election Subcommittee). Trustee Paul Johnson moved that:

- The Minutes from the December 14, 2012, February 14, 2013, and February 14, 2013 (Election Subcommittee) Board meetings be approved as presented.

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

CHAIRPERSON'S REPORT

Trustee Hightman acknowledged staff's hard work in the preparation for the meeting in Springfield and expressed her appreciation for all of their efforts in arranging the venue. Trustee Hightman thanked the staff and lobbyists for all of their valiant efforts in organizing the Legislative Event last night. She remarked that although the turnout was not as expected, she felt that it was a very successful evening.

Trustee Hightman also thanked the Board Members for their time and commitment to serving on the Board. There have been many changes over the last couple of years and she believes that everyone is doing a remarkable job of getting to know each other and working together as a team.

EXECUTIVE DIRECTOR'S REPORT

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

REVIEW OF COMMITTEE ACTION

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

Audit Committee

No action required.

Corporate Governance Committee

No action required.

Governmental Affairs Committee

No action required.

Investment Committee

On behalf of the Investment Committee, Trustee Vogel made the following motions grouped as follows:

Phase III of Asset Structure Analysis – Fixed Income/TIPS

- That the target weights for the fixed income portfolio be approved, as presented in Target 2.

Compliance with Investment Policy Brokerage Utilization Goals

- That the new proposed strategic policy allocations be approved, as presented, and incorporated into the SURS Investment Policy.
- That Aberdeen Asset Management be terminated as a global equity manager, with the assets in the portfolio to be reallocated in accordance with the adjusted strategic targets.

The above motions carried with all Trustees present voting in favor.

Personnel & Resources Committee

No action required.

BOARD ELECTION RULES

Mr. Steve Hayward and Mr. Michael Weinstein presented various changes pertaining to Section 1600.700, Nomination of Candidates; Section 1600.710, Petitions; and Section 1600.720, Election Materials, and Section 1600.750, Filling Vacancies. These changes were given consideration and presented to the Board for approval.

A copy of the memorandum entitled “Board Trustee Election Administrative Rule Changes” and copies of the redlined versions of the detailed changes noted as “Feb 13 DRAFT” and “March 13 DRAFT” are incorporated as part of these minutes as [Exhibit 1](#), [Exhibit 2](#) and [Exhibit 3](#).

Trustee Vogel moved:

- That the Board of Trustee Election Rules be approved as presented and filed with the Joint Committee on Administrative Rules (“JCAR”) for “First Notice”.

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

AMENDMENT TO BOARD TRAVEL POLICY

Mr. Michael Weinstein remarked on the current Board Travel Policy stating that it has been past practice that travel to the semi-annual meetings of the Council of Institutional Investors (“CII”) should not be included in the two-per-year limit for board member attendance at “educational conferences”. Ms. Burns recommended that the Travel Policy be amended to reflect this practice. Copies of the staff memorandum, entitled “Board Travel Policy,” is incorporated as part of these Minutes as [Exhibit 4](#).

Trustee Vogel moved:

- Attendance at the semi-annual meetings of the Council of Institutional Investors (“CII”) not be included in the two-per-year limit for board member attendance at educational conferences.

Trustee Matthews seconded and 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 March 2013 are each incorporated as a part of these Minutes as [Exhibit 5](#) and [Exhibit 6](#).

Mr. Allen noted that if educational opportunities arise that the Board has not approved, 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 March 2013 list of Upcoming Training Opportunities be approved and that all resulting allowable expenses consistent with SURS Travel Policy be reimbursed.

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

CLOSED SESSION

Trustee Miller moved that:

- The Board to go into closed session under the Open Meetings Act to consider pending, probable or imminent litigation pursuant to §2(c)(11).

Trustee Matthews seconded and motion carried in a roll call vote:

| | |
|----------|--------|
| Berger | aye |
| Engstrom | aye |
| Figueroa | absent |
| Hightman | aye |
| Johnson | aye |
| Matthews | aye |
| McCrohon | aye |
| Miller | aye |
| Vasquez | absent |
| Vogel | aye |

The Board resumed in open session.

OPEN SESSION

Trustee Miller moved that:

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

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

INFORMATIONAL ITEMS NOT REQUIRING BOARD APPROVAL

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

1. **Exhibit 7** - General Counsel's FOIA Report.
2. **Exhibit 8** - Comparative Financial Reports and Budget Variance.
3. **Exhibit 9** - Report on Refunds, Disability, Death, Survivor and Disability Retirement Allowance Claims.
4. **Exhibit 10** - Self-Managed Plan Update for the Quarter ending December 31, 2012.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "William E. Mabe".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lak