



MINUTES

**Meeting of the Board of Trustees of the
State Universities Retirement System
10:00 a.m., Friday, September 13, 2013
Northern Trust
50 South LaSalle Street, London Room B9
Chicago, Illinois 60603**

The following Trustees were present: Ms. Lindsay Anderson, Chair; Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller, 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; Ms. Phyllis Walker, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Albert Lee, Associate General Counsel; Mr. Jeffrey Houch, Legislative Liaison; Ms. Lori Kern and Ms. Karen Hipskind, Executive Assistants; Mr. Steve Zahn of Governmental Consulting Solutions; Ms. Mary Pat Burns of Burke, Burns & Pinelli; and Ms. Patti Somerville-Koulouris of the Northern Trust Company.

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

APPROVAL OF MINUTES

Trustee Lindsay Anderson presented the Minutes from the Board meeting of June 14, 2013. Trustee Antonio Vasquez moved:

- That the Minutes from the June 14, 2013 Board meeting be approved as presented.

Trustee Paul Johnson 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

On behalf of the Investment Committee, Trustee Vogel moved:

Investment Committee

Fiscal Year 2014 Investment Plan

1. That the SURS Fiscal Year 2014 Investment Plan be approved as presented.

Cash Overlay Search

2. That a search be conducted to identify qualified cash overlay manager.

Investment Policies

3. That the revised Investment Policy document for the defined benefit plan be approved as presented.
4. That the revised Investment Policy document for the Self-Managed Plan (SMP) be approved as presented.

Securities Lending Review

5. That Deutsche Bank be retained as a securities lending provider.

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

Corporate Governance– No Action

On behalf of the Audit Committee, Trustee Engstrom moved:

Audit Committee

6. That the Internal Audit Plan for FY'14 & „15 be approved as presented.

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

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

Governmental Affairs

7. That the Board approve the submission to JCAR for “First Notice,” the proposed amendment concerning SURS “Rules of Practice - Nature and Requirements of Formal Hearings.”

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

On behalf of the Personnel & Resource Committee, Trustee Vasquez moved :

Personnel & Resource

8. That the SURS goal for contracts and purchases from businesses owned by minorities, women and persons with a disability be 25% for Fiscal Year 2014.
9. That the Revised Fiscal Year 2014 Defined Benefit Administrative and Self-Managed Plan (SMP) Expense Budget be approved as presented.

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

ELECTION OF OFFICERS AND COMMITTEE ASSIGNMENTS FOR FY 2014

Trustee Vogel moved that:

- Trustee Antonio Vasquez serve as the Vice-Chairperson of the SURS Board of Trustees for FY 2014.

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

Trustee Paul Johnson moved that:

- Trustee Dorinda Miller serve as the Treasurer of the SURS Board of Trustees for FY 2014.

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

Trustee Anderson handed out the new Committee Assignments for FY 2014. Trustee Anderson expressed her thanks to Trustee John Engstrom for his sincere dedication and diligence while serving on the Claims Panel for the past four years. Trustee Anderson also announced that Trustee Matthews has agreed to serve on the Panel moving forward. A copy of the new committee assignments is incorporated as part of these Minutes as [Exhibit 1](#).

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. The staff memorandum entitled "Board Training Requirements and Travel Approval" and the list of upcoming training opportunities as of June 2013 are incorporated as a part of these Minutes as [Exhibit 2](#) and [Exhibit 3](#).

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 Johnson moved that:

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

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

Trustee Johnson moved that :

- The Board of Trustees travel to attend Board and Committee meetings, Claims Panel hearings, meetings with SURS staff, and other SURS-related business or functions be approved for Fiscal Year 2014 and that all resulting allowable expenses be reimbursed.

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

Trustee Johnson moved that :

- The Board of Trustees travel to Callan Associates client and educational conferences be approved and that all resulting allowable expenses be reimbursed.

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

2014 MEETING DATES

Trustee Anderson presented a calendar for 2014 with suggested meeting dates. She asked that the Board members review this and noted that the Board would revisit the dates at the October meeting. A copy of that proposed calendar is included as part of these meeting Minutes as [Exhibit 4](#).

FIDUCIARY INSURANCE

Ms. Mary Pat Burns introduced Mr. Craig Goesel and Mr. Tim Bowen from Mesirow Financial Insurance Services (Mesirow). Mesirow is an Illinois based insurance broker and they are the largest insurance broker of Illinois Public Pension Funds. Mesirow gave a brief summary of the proposed insurance policy for SURS stating that based upon the plans' asset base, participant count, peer purchasing data and other contributing data, they recommend to renew the fiduciary insurance policy in the amount of \$15 million. They are confident that this is adequate coverage for the challenges faced by our Board. Ms. Burns reminded the

trustees that, in addition to the fiduciary insurance policy, SURS also provides each trustee with an indemnification agreement.

Trustee Johnson moved that:

- The fiduciary insurance policy be renewed at the existing coverage levels for Fiscal Year 2014 based on the recommendation of the insurance broker.

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

GENERAL COUNSEL'S LITIGATION REPORT

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

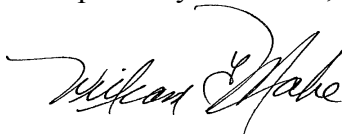
INFORMATIONAL ITEMS NOT REQUIRING BOARD ACTION

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

1. [Exhibit 5](#) - General Counsel's FOIA Report
2. [Exhibit 6](#) - Comparative Financial Reports and Budget Variance
3. [Exhibit 7](#) - Quarterly Administrative Expenses
4. [Exhibit 8](#) - Quarterly Expense Certification
5. [Exhibit 9](#) - Report on Refunds, Disability, Death, Survivor and Disability Retirement Allowance Claims
6. [Exhibit 10](#) - Self-Managed Plan Update for the Quarter ending June 30, 2013

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

Respectfully submitted,



Mr. William E. Mabe
Secretary, Board of Trustees

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