



MINUTES

**Meeting of the Corporate Governance Committee
of the Board of Trustees of the
State Universities Retirement System
8:30 a.m., Friday, March 13, 2015
The Northern Trust
50 South LaSalle Street, Global Conference Center
Chicago, Illinois 60603**

The following Trustees were present: Mr. Mitchell Vogel, Chair; Ms. Lindsay Anderson, Dr. John Engstrom, Mr. Paul R. T. Johnson Jr., Mr. Craig McCrohon; Ms. Dorinda Miller and Mr. Antonio Vasquez.

Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel; Mr. Daniel Allen, Chief Investment Officer; Ms. Phyllis Walker, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Ms. Brenda Dunn, Director of Human Resources; Mr. Albert Lee, Associate General Counsel; Ms. Marilyn Branson, Investment Governance and Compliance Officer; 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, State Universities Annuitants Association; Mr. Lance Weiss and Ms. Amy Williams of Gabriel Roeder Smith & Company.

Corporate Governance Committee roll call attendance was taken. Trustee Berger, absent; Trustee Johnson, present; Trustee Vogel, present.

APPROVAL OF MINUTES

Trustee Mitchell Vogel presented the Minutes from the Corporate Governance Committee meeting of February 5, 2015, and made the following motion:

- That the Minutes from the February 5, 2015 Corporate Governance Committee meeting be approved, as presented.

Trustee Paul R.T. Johnson, Jr. seconded and the motion carried with all Trustees present voting in favor.

CHAIRPERSON'S REPORT

Trustee Vogel encouraged Trustees to attend the upcoming Council of Institutional Investors Spring Conference on March 30-April 1, 2015, in Washington, D.C., which he will be unable to attend. On behalf of the Board, Trustee Vogel also expressed his appreciation to Marilyn Branson for the work she has done with the Board over the past several years and wished her well in her new position in the Member Services Division.

DISCUSSION OF SHAREHOLDER ADVOCACY

Trustee Vogel reported that he, Trustee Craig McCrohon, Mr. Daniel Allen, and Ms. Branson attended a meeting at Marco Consulting Group (MCG) in Chicago on February 24, 2015, to discuss avenues of increasing shareholder advocacy efforts. Various alternatives for engaging with companies, such as writing letters, filing shareholder proposals and attending annual general meetings, were discussed at the meeting. Trustee Vogel remarked that he would like MCG to attend the September meeting to present on the following topics: board diversity, executive compensation, proxy access, political spending disclosures and environmental concerns. After MCG's presentation, the Board can determine whether or not they would like to engage companies on any of these topics. Trustee Anderson noted for the record that there was consensus to invite MCG to the September 2015 Corporate Governance Committee meeting to further discuss shareholder advocacy efforts.

A copy of the staff memorandum entitled "Shareholder Advocacy" is incorporated as a part of these Minutes as [Exhibit 1](#).

GOVERNANCE UPDATE

Ms. Branson presented an update of governance news and activity since the December 11, 2014, Corporate Governance Committee meeting, including the recent actions involving Whole Foods' request to exclude a proxy access proposal. The SEC ultimately reversed its decision to allow the exclusion and decided not to express any views under Rule 14a-8(i)(9) for the current proxy season. Ms. Branson briefly reported on advocacy efforts currently being pursued by other pension funds that are focusing on issues such as cybersecurity, accelerated vesting of equity awards, tax gross-ups, board oversight of corporate political spending, proxy access and auditor independence disclosures. Trustee Vogel also commented on the response letters received from American Express Company and The Charles Schwab Corporation outlining their opposition to the proposals that SURS co-filed to request disclosure of equal employment opportunity (EEO-1) reporting.

A copy of the staff memorandum entitled "Governance Update" dated February 27, 2015, is incorporated as a part of these Minutes as [Exhibit 2](#).

ANNUAL REVIEW OF PRINCIPLES FOR RESPONSIBLE INVESTMENT

Ms. Branson presented the annual review of the Principles for Responsible Investment (PRI), noting that as of February 27, 2015, there are a total of 1,357 signatories with collective assets totaling \$45 trillion. Ms. Branson advised that SURS continues to strive to increase awareness and to encourage both current and prospective investment managers to become signatories. As of December 31, 2014,

the number of SURS' investment managers that are PRI signatories has increased to 14, as compared to 13 at the end of 2013, and these 14 manage approximately 56.2% of the SURS' portfolio. TIAA-CREF, a service provider for the Self-Managed Plan (SMP), is also a PRI signatory and oversees nearly \$640 million in SMP assets as of December 31, 2014.

Ms. Branson noted that the PRI Reporting Framework is an annual requirement that helps to measure individual progress and she discussed the assessment report received for the calendar year 2013 Reporting Framework. Ms. Branson also commented that PRI recently acquired the Responsible Investment Academy, a training program accredited by the CFA Institute, and Trustee Vogel suggested that staff obtain further information on the program to see if it might be beneficial to SURS.

A copy of the staff memorandum entitled "Principles for Responsible Investment (PRI) Annual Review" dated February 27, 2015, is incorporated as a part of these Minutes as [Exhibit 3](#).

INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION

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

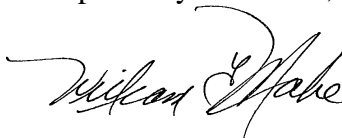
1. [Exhibit 4](#) - Staff memorandum "Status Update on EEO-1 Shareholder Proposals."
2. [Exhibit 5](#) - American Express Company letter dated February 20, 2015.
3. [Exhibit 6](#) - The Charles Schwab Corporation letter dated February 24, 2015.
4. [Exhibit 7](#) - Staff memorandum "SURS Proxy Vote Summary Report."
5. [Exhibit 8](#) - Marco Consulting Group's Review of Vote Summary Report for Fourth Quarter 2014.
6. [Exhibit 9](#) - Proxy Vote Summary Report for Fourth Quarter 2014.
7. [Exhibit 10](#) - Proxy Vote Summary Report for Calendar Year 2014.
8. [Exhibit 11](#) - Council of Institutional Investors Recordings.
9. [Exhibit 12](#) - Fiscal Year 2015 Work Plan.

PUBLIC COMMENT

There were no public comments presented to the Corporate Governance Committee.

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