



MINUTES

**Closed Meeting of the Investment Committee
of the Board of Trustees of the
State Universities Retirement System
12:30 p.m., Thursday, March 12, 2015
The Northern Trust
50 South LaSalle Street, Global Conference Center
Chicago, Illinois 60603**

Upon Motion by Trustee Antonio Vasquez, seconded by Trustee Richard Figueroa and a unanimous roll call vote, the Investment Committee went into closed session under the Open Meetings Act pursuant to §2(c)(7) to consider the sale or purchase of securities or investments or to consider an investment contract.

The following Trustees were present: Mr. Craig McCrohon, Chair; Ms. Lindsay Anderson, Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Ms. Dorinda Miller (by conference call), 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. Kimberly Pollitt and Mr. Joseph Duncan, Senior Investment Officers; Mr. Alex Ramos and Mr. Shane Willoughby, Investment Officers; 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. Kristen Houch, Legislative Liaison; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Mr. Douglas Moseley of NEPC.

Trustee Craig McCrohon gave a presentation regarding investment management fees, in particular since alternative asset class investments, typically more complex and fee-intensive strategies, are increasing as a percentage of total assets. At present, the investment management fees paid by SURS have risen slightly from about 20-25 basis points ten years ago to approximately 30 basis points. Trustee McCrohon noted the need to focus on fees, observing that risk mitigation carries a cost, and discussed the application of carried interest. As carried interest amounts for private equity investments are substantial compared to traditional management fees, Trustee McCrohon suggested that these be given greater attention and be considered when negotiating future fees. After commenting on the negotiation of performance benchmarks and most favored nation clauses, Trustee McCrohon noted the higher fees associated with fund-of-funds managers and the alternative option of

managing investments internally, which would the create need for additional resources. In closing, Trustee McCrohon observed that reducing fees a few basis points could serve to cover the entire investment staff overhead.

Upon motion by Trustee Mitchell Vogel that was seconded by Trustee Vasquez and carried, the Meeting of the Investment Committee resumed its meeting in open session.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William E. Mabe". The signature is written in a cursive style with a large, looping initial "W".

Mr. William E. Mabe
Secretary, Board of Trustees

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