



MINUTES

**Meeting of the Corporate Governance Committee
of the Board of Trustees of the
State Universities Retirement System
5:00 p.m., Thursday, December 12, 2013
The Northern Trust
50 South LaSalle Street, London Room B9
Chicago, Illinois 60603**

The following Trustees were present: Mr. Mitchell Vogel, Chair; Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, and Mr. Antonio Vasquez.

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. Albert Lee, Associate General Counsel; Ms. Kimberly Pollitt and Mr. Joseph Duncan, Senior Investment Officers; Ms. Lou Ann Fillingham and Mr. Gabriel Ayoroa, Investment Officers; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Jeffrey Houch, Legislative Liaison; Mr. Keith Johnson, SMP Manager; Ms. Lori Kern and Ms. Karen Hipskind, Executive Assistants; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Mr. Douglas Moseley, Ms. Kristin Finney-Cooke and Mr. Kevin Leonard of NEPC.

Roll call attendance was taken. Trustee Berger, present; Trustee Johnson, absent; Trustee Vogel, present.

Trustee Paul Johnson joined the meeting immediately after roll call.

APPROVAL OF MINUTES

Trustee Mitchell Vogel presented the Minutes from the Corporate Governance Committee meeting of September 12, 2013. Trustee Jacqueline Berger moved:

- That the Minutes from the September 12, 2013 Corporate Governance Committee meeting be approved as presented.

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

CHAIRPERSON'S REPORT

Trustee Vogel reported his attendance, along with several other SURS Trustees and Staff, at the 2013 Fall Meeting of the Council of Institutional Investors (CII) in Chicago, IL. Trustee Vogel remarked that the keynote speaker, Ms. Mary Jo White, Chair of the Securities and Exchange Commission (SEC), discussed the priorities that have currently been set by the agency including the pay ratio requirement. Trustee Vogel noted that CII had requested members to write letters in support of Chair White and the SEC regulations on this topic. Since the Board did not meet before the deadline, Trustee Vogel advised that he wrote a personal letter in support of the SEC regulation on pay ratio and he suggested that consideration be given to creating a way to expedite such requests in the future.

GOVERNANCE UPDATE

Ms. Marilyn Branson remarked that the pay ratio rule proposed by the SEC, which was mandated by the Dodd Frank Act, will require public companies to disclose the median of the annual total compensation of all employees except the chief executive officer (CEO) and the ratio of that to the annual total compensation of the CEO. Ms. Branson noted that the public comment period just ended on December 2, 2013, and the SEC must analyze the comments received before potentially drafting a final rule for consideration by the Commission.

Ms. Branson reported that proxy advisory firms have come under increased scrutiny in recent months. The field is dominated by two firms which critics have cited for a lack of transparency and for having undue influence. Ms. Branson noted that registration or other forms of regulation may eventually be required of proxy advisory firms.

Ms. Branson also discussed the two amendments to CII's corporate governance policies approved at CII's 2013 Fall Meeting. One of the amendments recommends the use of a universal proxy card while the other recommends that board tenure be considered when assessing whether a director qualifies as independent.

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

INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION

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

1. [Exhibit 2](#) - Staff memorandum entitled "Marco Consulting Group Proxy Vote Summary Report."
2. [Exhibit 3](#) - Marco Consulting Group's Proxy Vote Summary Report for Third Quarter 2013.
3. [Exhibit 4](#) - Fiscal Year 2014/2015 Work Plan Corporate Governance Committee Schedule.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "William E. Mabe". The signature is written in black ink and is positioned centrally below the phrase "Respectfully submitted,".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk