



MINUTES

**Meeting of the Corporate Governance Committee
of the Board of Trustees of the
State Universities Retirement System
4:00 p.m., Thursday, February 14, 2013
The Northern Trust
50 South LaSalle Street, Assembly Room 6th Floor
Chicago, Illinois 60603**

The following Trustees were present: Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller and Mr. Antonio Vasquez.

Others present: Mr. William Mabe, Executive Director; Mr. Daniel Allen, Chief Investment Officer; Mr. Douglas Wesley, Deputy Chief Investment Officer; 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. Albert Lee, Associate General Counsel; Ms. Beth Spencer, Communications Manager; Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Mr. John Jackson, Mr. Mark Kline, Mr. Jay Kloepfer, Ms. Sally Haskins and Mr. Yosangel Haddad of Callan Associates; Ms. Renaye Manley of Service Employees International Union, Mr. Elliot Mallen of UNITE HERE and Mr. Dudley Brown, Jr. of Blaylock Robert Van.

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

Since Trustee Mitchell Vogel was not able to be present, Trustee John Engstrom served as the Corporate Governance Committee Chair.

APPROVAL OF MINUTES

Trustee Engstrom presented the Minutes from the Corporate Governance Committee meeting of December 13, 2012. Trustee Paul R.T. Johnson moved that:

- The Minutes from the December 13, 2012 Corporate Governance Committee meeting be approved as presented.

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

CHAIRPERSON'S REPORT

Trustee Engstrom noted that the Chairperson's Report would be deferred to the next meeting.

Ms. Marilyn Branson remarked that the Council of Institutional Investors (CII) Spring Meeting is scheduled for April 17-19, 2013 at the Capital Hilton in Washington D.C.

RECAP OF THE 2012 PROXY VOTING SEASON

Mr. Greg Kinczewski and Ms. Maureen O'Brien of Marco Consulting Group provided an overview of the highlights of the 2012 proxy voting season and significant corporate governance developments. Copies of the staff memorandum entitled "Marco Consulting Group 2012 Proxy Report" and Marco Consulting Group's SURS Executive Summary 2012 Proxy Report are incorporated as a part of these Minutes as [Exhibit 1](#) and [Exhibit 2](#).

ANNUAL APPROVAL OF PROXY POLICY STATEMENT

Ms. Branson reviewed the proposed changes to the Proxy Policy Statement which provided clarification that proxy access proposals will generally be supported when intended for substantial shareholders and not used to promote hostile takeovers.

Discussion followed. Trustee Engstrom remarked that attestation services should not be included in the calculation of non-audit work that is taken into consideration when evaluating whether to ratify auditors. Mr. Kinczewski noted that language could be included that would distinguish between audit work and non-audit work. It was requested that Staff review the language for clarification of the matter.

Trustee Berger moved that:

- The revised Proxy Policy Statement be approved as presented.

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

Copies of the staff memorandum, entitled "Review of SURS Proxy Policy Statement," and the red-lined version of the SURS Proxy Policy Statement are incorporated as a part of these Minutes as [Exhibit 3](#) and [Exhibit 4](#). A copy of CII's Corporate Governance Policies is incorporated as a part of these Minutes as [Exhibit 5](#).

INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION

Mr. Daniel Allen reported that Staff has reviewed the portfolio's exposure to firearms manufacturers as well as developments that have occurred since the recent tragedy in Newtown, Connecticut. Mr. Allen recommended that Staff continue to monitor the situation, including legislation recently introduced in the Illinois General Assembly.

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

1. [Exhibit 6](#) – A copy of the staff memorandum entitled “SURS Exposure to Firearms Manufacturers”.
2. [Exhibit 7](#) – A copy of the letter from Marco Consulting Group dated January 7, 2013.
3. [Exhibit 8](#) – Fiscal Year 2013-2014 Work Plan – Corporate Governance Committee Schedule.

There being no further business to come before the Committee, Trustee Berger moved that the meeting be adjourned. Motion seconded by Trustee Johnson and carried.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "William E. Mabe".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk