



## MINUTES

**Meeting of the Corporate Governance Committee  
of the Board of Trustees of the  
State Universities Retirement System  
4:30 p.m., Thursday, September 18, 2014  
State Universities Retirement System  
1901 Fox Drive, Main Conference Room  
Champaign, Illinois 61820**

The following Trustees were present: Mr. Mitchell Vogel, Chair; Ms. Lindsay Anderson, Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller and Mr. Peter Newell.

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. John Cross, Mr. Alex Ramos and Mr. Shane Willoughby, Investment Officers; Ms. Phyllis Walker, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Mr. Albert Lee, Associate General Counsel; Ms. Angela Lieb, Director of Member Services; Ms. Lou Ann Fillingham, Senior Investment Accounting Officer; Ms. Marilyn Branson, Investment Governance and Compliance Officer; Ms. Cindy Gones, Manager of Technical Support, Mr. Doug Taylor and Ms. May Techolarn, Internal Auditors, Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Mr. Douglas Moseley and Ms. Kristin Finney-Cooke of NEPC; Ms. Patti Somerville-Koulouris of the Northern Trust Company; Ms. Renaye Manley of Service Employees International Union; Mr. Eric Harris of Loop Capital.

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

## APPROVAL OF MINUTES

Trustee Mitchell Vogel presented the Minutes from the Corporate Governance Committee meeting of June 12, 2014, and after inviting discussion, Trustee Berger made the following motion:

- That the Minutes from the June 12, 2014 Corporate Governance Committee Meeting be approved as presented.

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

### **CHAIRPERSON'S REPORT**

Trustee Vogel reminded the Trustees about the upcoming Council of Institutional Investors (CII) Fall Meeting that will convene in Los Angeles on September 29 through October 1, 2014. Trustee Vogel informed the Committee that he spoke with the Assistant Comptroller of the State of New York at the last CII meeting and they are interested in filing a shareholder proposal regarding diversity and would like for SURS to join them as a co-filer. Trustee Vogel discussed past practices, advising that more details would be forthcoming after the CII meeting and that he would provide an update at the October meeting.

### **GOVERNANCE UPDATE**

Ms. Branson presented an update of recent developments, governance news and activity since the June Corporate Governance Meeting. Ms. Branson noted a recent ruling by the Delaware Supreme Court that allows companies to adopt bylaw provisions that shift responsibility for the company's legal costs to investors if they bring lawsuits that ultimately fail. Ms. Branson also reported that the U.S. Supreme Court case, *Halliburton Co. v. Erica P. John Fund, Inc.*, has upheld the "fraud on the market" presumption which has been a basic tenant of securities fraud class actions for quite some time. In addition, Ms. Branson remarked that NEPC has recently become a signatory to the Principles for Responsible Investment and she touched on the current debate over the issue of high frequency trading, noting that the practice is currently being investigated by a number of governmental agencies.

A copy of the staff memorandum entitled "Governance Update" dated September 4, 2014, is incorporated as a part of these Minutes as [Exhibit 1](#).

### **INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION**

Ms. Branson presented the annual review of Marco Consulting Group, SURS' proxy voting service provider, and noted that since the current contract with the provider will expire September 30, 2015, it is anticipated that a search will be conducted next year. Ms. Branson remarked that a due diligence meeting at Marco Consulting Group was conducted in July and there were no issues; however, the Director of Proxy Services has announced his intent to retire toward the end of 2015.

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

1. [Exhibit 2](#) - NEPC memorandum entitled "United Nations: Principles for Responsible Investment" dated September 2014.
2. [Exhibit 3](#) - Staff memorandum entitled "Annual Review of Marco Consulting Group" dated September 4, 2014.

3. [Exhibit 4](#) - Staff memorandum entitled “SURS Proxy Vote Summary Report” dated September 4, 2014.
4. [Exhibit 5](#) - Marco Consulting Group’s Proxy Vote Summary Report for Second Quarter 2014.
5. [Exhibit 6](#) - Council of Institutional Investors Recordings.
6. [Exhibit 7](#) - 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 Johnson moved that the meeting be adjourned. The motion was seconded by Trustee Berger and carried with all Trustees present voting in favor.

Respectfully submitted,



Mr. William E. Mabe  
Secretary, Board of Trustees

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