



MINUTES

**Special Meeting of the Investment Committee
of the Board of Trustees of the
State Universities Retirement System
1:00 p.m., Friday, November 22, 2013
The Northern Trust
50 South LaSalle Street, Second Floor, Room 2
Chicago, Illinois 60603**

The following Trustees were present: Mr. Craig McCrohon, Chair; Ms. Lindsay Anderson, Dr. John Engstrom, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, and Mr. Mitchell Vogel (via teleconference).

Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel (via teleconference); Mr. Daniel Allen, Chief Investment Officer; Mr. Douglas Wesley, Deputy Chief Investment Officer (via teleconference); Ms. Lori Kern, Executive Assistant; Ms. Mary Pat Burns of Burke, Burns & Pinelli; Ms. Lennine Occhino of Mayer Brown.

Investment Committee roll call attendance was taken. Trustee Engstrom, present; Trustee Figueroa, absent; Trustee Johnson, present; Trustee Matthews, present; Trustee McCrohon, present; Trustee Vasquez, absent; Trustee Vogel, absent.

MOMENT OF SILENCE

Trustee Craig McCrohon noted that today marks the 50th anniversary of the assassination of President John F. Kennedy. Trustee McCrohon asked that the group join him in a moment of silence to reflect on the legacy of President Kennedy.

Trustee McCrohon then requested a motion to permit those who were unable to physically attend the meeting due to employment commitments to join the meeting by conference call in accordance with Section 7 of the Open Meetings Act.

Trustee Andrew Matthews moved that:

- Trustees and SURS Staff are allowed to participate via teleconference.

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

Trustee Mitchell Vogel, Mr. Michael Weinstein and Mr. Douglas Wesley joined the meeting at this time.

DISCUSSION OF INVESTMENT GOVERNANCE, ADMINISTRATION AND OVERSIGHT

Trustee McCrohon remarked that discussion regarding Investment Committee governance has generated the idea of forming an emerging managers and diversity matters subcommittee. Discussion ensued and consensus formed that there is a need to develop an emerging managers and diversity matters subcommittee to ensure that the system succeeds in fulfilling the legislative mandates while balancing the trustees' fiduciary duties. Trustee Lindsay Anderson suggested that she and Trustee McCrohon meet after the meeting to discuss moving forward based on the interest at hand and they will report back to the group on the formal makeup of the new subcommittee.

Trustee McCrohon also requested that staff modify some of the high level reports provided to the Trustees to make them more user-friendly. Mr. Allen reported that staff has consulted with SURS I.T. department regarding development of a system to store investment manager reports and other documents that the Trustees have interest in viewing. At this time, the Board website is not capable of handling a request of this magnitude; however, staff will continue to research alternative options. It was the consensus of the group that the scope of this project needs to be clearly defined in order for staff to evaluate and determine if resources exist to support the request. Mr. Allen agreed that he will work with Trustee McCrohon to determine the type of reporting information that is desired in order to begin working on a way to present these reports to the Trustees in a more user-friendly format. Ms. Mary Pat Burns reminded the Trustees that as fiduciaries of the System, they cannot share information that they access. The Trustees all agreed that the integrity of the System is of the utmost importance in this process.

Trustee McCrohon stated that the education provided by SURS has been good; however, he feels that it can be improved and he wants to ensure that SURS is doing its best to satisfy the needs of all the Trustees. Mr. Mabe encouraged all Trustees to voice their opinion as to what type of training they would like to receive throughout the year. Both Mr. Mabe and Ms. Burns recommended that the Committee consider annual fiduciary training. Discussion regarding potential education topics continued and Trustee Anderson suggested that the subject be raised at a future Board meeting in order to get input from the entire Board. The Committee agreed and also suggested that the committee review the current Board structure and evaluate whether or not the Board is spending its time in the right areas.

Ms. Lennine Occhino from Mayer Brown briefly discussed the general structure of private equity investments, the differences between public versus private investments and the general components of contracts. Ms. Occhino noted that there have been increased efforts over the years for institutional investors to cooperate to get improved terms with respect to private equity investments and she noted the work of the Institutional Limited Partners Association (ILPA) in this regard. ILPA emphasizes three major areas of concern: alignment of interests

between general partners and limited partners; continued focus on enhancing the governance structure; and transparency. This has proven to be a good initiative and SURS has now signed on to be a member of ILPA.

Trustee McCrohon recommended that the Committee go into executive session in order to discuss one of the fund's investments since it could potentially involve legal negotiations.

Trustee Johnson moved that the Committee go into executive session under the Open Meetings Act to consider the sale or purchase of securities or investments, or to consider an investment contract, pursuant to §2(c)(7). The motion was seconded by Trustee Matthews and was carried by a roll call vote:

Trustee Anderson – yes
Trustee Berger – absent
Trustee Engstrom – yes
Trustee Figueroa – absent
Trustee Johnson – yes
Trustee Matthews – yes
Trustee McCrohon – yes
Trustee Miller – absent
Trustee Vasquez – absent
Trustee Vogel – yes

RETURN TO OPEN SESSION

The Committee returned to open session.

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

Respectfully submitted,



Mr. William E. Mabe
Secretary, Board of Trustees

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