



## MINUTES

**Meeting of the Board of Trustees of the  
State Universities Retirement System  
Thursday, October 19, 2017, 3:00 p.m.  
State Universities Retirement System  
1901 Fox Drive  
Main Conference Room  
Champaign, IL**

The following trustees were present: Mr. Tom Cross, Chair; Mr. Aaron Ammons, Mr. Mark Cozzi, Mr. Dennis Cullen, Dr. John Engstrom, Dr. Fred Giertz, Mr. Paul R.T. Johnson Jr. (via conference call), Mr. Craig McCrohon (via conference call) and Dr. Steven Rock.

Others present: Mr. Martin Noven, Executive Director; Mr. Doug Wesley, Chief Investment Officer; Ms. Bianca Green, General Counsel; Ms. Kristen Houch, Legislative Liaison; Ms. Kelly Carson and Ms. Annette Ackerman, Executive Assistants; and Ms. Mary Pat Burns of Burke, Burns & Pinelli.

Board of trustees roll call attendance was taken. Trustee Ammons, present; Trustee Cozzi, present; Trustee Cross, present; Trustee Cullen, present; Trustee Engstrom, present; Trustee Giertz, present; Trustee Johnson, via conference call; Trustee McCrohon, via conference call; Trustee Miller, absent; Trustee Rock, present and Trustee Vasquez, absent.

## APPROVAL OF MINUTES

Chairman Tom Cross presented the minutes from the board meeting of September 14, 2017, and September 15, 2017.

Trustee Steven Rock made the following motion:

- That the minutes from the September 14, 2017 board of trustees meeting be approved as presented.
- That the minutes from the September 15, 2017 board of trustees meeting be approved as presented.

Trustee Dennis Cullen seconded and the motion carried with all trustees present voting in favor.

## APPROVAL OF CLOSED MINUTES

Chairman Cross presented the closed minutes from the board meeting of September 15, 2017.

Trustee Mark Cozzi made the following motion:

- That the closed session minutes from the September 15, 2017 board of trustees meeting be approved as presented and remain closed.

Trustee Rock seconded and the motion carried with all trustees present voting in favor.

### **CHAIRPERSON'S REPORT**

Chairman Cross did not have a chairperson report.

### **EXECUTIVE DIRECTOR'S REPORT**

Mr. Martin Noven did not have an executive director report.

### **BOARD TRAVEL**

Mr. Noven presented the board with travel and conference opportunities suggested by members of the board. Mr. Noven encouraged trustees to continue to make suggestions for future education opportunities.

Trustee Cozzi made the following motion:

- That the board of trustees travel to attend conferences or trainings listed on the October 2017 list of upcoming training opportunities be approved and that all resulting allowable expenses consistent with the SURS travel policy be reimbursed.
- That the board of trustees travel to NEPC client and education conferences be approved and that all resulting allowable expenses consistent with SURS travel policy be reimbursed.

Trustee Rock seconded and the motions carried with all trustees present voting in favor.

A copy of the staff memorandum titled "Board Training Requirements and Travel Approval" with the list of upcoming training opportunities as of September 2017 is incorporated as part of these minutes as [Exhibit 1](#) and [Exhibit 2](#).

### **REVIEW OF COMMITTEE ACTION**

#### **Investment Committee:**

On behalf of the Investment Committee, Trustee Cozzi presented the committee actions.

Trustee Cozzi moved:

- The Investment Committee recommends that based on the recommendation of staff and SURS investment consultant, that SURS transfer \$100 million dollars from Channing Midcap Value account to the Channing SMID value strategy, subject to successful completion of contract and fee negotiations.

Trustee Cullen seconded and the motion carried with the majority of the trustees in favor; Trustee Cozzi voted no and Trustee Craig McCrohon abstained.

Trustee Rock moved:

- The Investment Committee recommends that based on the recommendation of staff and SURS investment consultant, that SURS allocate \$50 million dollars to the Denali Large Value strategy, subject to successful completion of contract and fee negotiations. Source of funds will be the T. Rowe Price Large Core (Structured Research) portfolio.

Trustee Cozzi seconded and the motion carried with the majority of trustees present voting in favor; Trustee McCrohon abstained.

Trustee Cullen moved:

- The Investment Committee recommends that based on the recommendation of staff and SURS investment consultant, SURS allocate \$100 million dollars to the Matarin Small Core strategy, subject to successful completion of contract and fee negotiations. Source of funds will be the CastleArk Small Growth portfolio.

Trustee Aaron Ammons seconded and the motion carried with the majority of trustees present voting in favor; Trustee McCrohon abstained.

Trustee Cozzi moved:

- The Investment Committee recommends that based on the recommendation of staff and SURS investment consultant, that a search be conducted to identify qualified firms to manage an option-based strategy of up to 2 percent of plan assets.

Trustee Ammons seconded and the motion carried with all trustees present voting in favor.

Trustee Cullen moved:

- The Investment Committee recommends that based on the recommendation from SURS staff that a search be conducted to identify a qualified defined benefit investment consultant and qualified defined contribution investment consultant.

Trustee Cozzi seconded and the motion carried with all trustees present voting in favor.

### **Administration Committee:**

On behalf of the Administration Committee, Chairman Cross presented the committee actions.

Trustee Cullen moved:

- That the amount of \$1,629,307,606 be recertified for fiscal year 2018 as the proposed state contribution.

Trustee Rock seconded with the majority of trustees present voting in favor; Trustee McCrohon opposed.

Trustee Cullen moved:

- That the amount of \$4,390,811 be certified for fiscal year 2019 to the Community College Health Insurance Security Fund.

Trustee Fred Giertz seconded with all trustees present voting in favor.

Trustee Cullen moved:

- That the amount not to exceed \$1,655,543,000 be certified for fiscal year 2019 as the proposed state contribution.

Trustee Giertz seconded and motion carried with the majority of trustees present voting in favor; Trustee McCrohon opposed.

Trustee Cozzi moved:

- That the Employer Normal Cost Rate of 12.29 percent be approved for fiscal year 2019.

Trustee John Engstrom seconded and the motion carried with the majority of trustees present voting in favor; Trustee McCrohon opposed.

### **Board Governance Committee**

On behalf of the Board Governance Committee, Chairman Cross presented the committee actions.

Trustee Cross moved:

- To adopt the proposed revisions to the policy to address the board.
- To accept the Board Governance Manual, including the policy changes for addressing the board, for fiscal year 2018.

Trustee Ammons seconded and the motion carried with all trustees present voting in favor.

### **UPDATE ON OPTIONAL HYBRID PLAN**

Ms. Kristen Houch provided a brief update on the status of the Optional Hybrid Plan (OHP) noting that the four caucuses met recently to discuss the potential trailer bill to Senate Bill 42/Public Act 100-0023. Legislators present included Representative Robert Martwick and Representative Tom Morrison. The group discussed administrative and technical issues identified by the state-funded retirement systems. They will be reaching out to the state-funded retirement systems with follow-up questions, and they are planning to meet again next week.

Ms. Houch also noted that she and Mr. Martin Noven met with Representative Martwick at his request to discuss questions related to the defined contribution component of the OHP.

After Ms. Houch's presentation, the group discussed governance, process and role of the Chief Investment Officer. The board discussed concerns raised by several trustees regarding whether their ideas and inquiries relating to investment matters should be directed to the investment committee chair rather than to the CIO. Ms. Mary Pat Burns suggested that these types of concerns be addressed in the Investment Policy which will be revisited later this year.

**PUBLIC COMMENT**

There was no further business before the board and Trustee Ammons moved that the meeting be adjourned. The motion was seconded by Trustee Cozzi and carried with all trustees present voting in favor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. Noven', with a long horizontal flourish extending to the right.

Mr. Martin Noven  
Secretary, Board of Trustees

MMN:kc



## MEMORANDUM

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TO: Board of Trustees

FROM: Mr. Martin Noven  
Executive Director

RE: Board Training Requirements and Travel Approval

DATE: October 6, 2017

In order to assist Trustees in obtaining the 8 hours of annual training required by Public Act 96-0006, staff has developed the attached list of upcoming training opportunities. This list will be updated and provided to the Trustees with the regular meeting materials.

Public Act 96-0006 also requires that all Board travel be approved by a majority of Trustees in order to qualify for reimbursement of expenses in accordance with the Board's Travel Approval and Expense Reimbursement Policy. Each Trustee is eligible to be reimbursed for two out-of-state trips, each fiscal year, for educational purposes. SURS is a voting member of the Council of Institutional Investors ("CII"). In March of 2013, the SURS travel policy was amended, to provide that attendance at the semi-annual meetings of CII not be included in the two-per-year limit for board member attendance at educational conferences, since such conferences are not educational meetings, rather, are working meetings of an organization of which SURS is a member.

### **Staff Recommends that the following motions be approved at this time:**

- **That the Board of Trustees travel to attend conferences or trainings listed on the October 2017 list of Upcoming Training Opportunities be approved and that all resulting allowable expenses consistent with SURS travel policy be reimbursed.**
- **That the Board of Trustees travel to NEPC client and educational conferences be approved and that all resulting allowable expenses consistent with SURS travel policy be reimbursed.**



State Universities Retirement System  
Schedule of  
**Upcoming Training Opportunities**  
As of October 2017

**SURS Board/Committee Meetings for 2017**

SURS Board and Committee Meetings

December 7-8, 2017

**Council of Institutional Investors**

✳

Title:	2018 Spring Conference
Subject Matter:	Corporate Governance Issues
Sponsor:	Council of Institutional Investors
Date:	March 12-14, 2018
Location:	Washington, DC
Registration Fee:	Complimentary for members

**Training Opportunities**

✳ New Opportunity

Title:	SUAA Fall Event
Subject Matter	
Sponsor:	SUAA
Date:	October 20, 2017
Location:	Chicago, IL
Registration Fee:	TBD

✳

Title:	Hamilton Lane Market Overview
Subject Matter	Various Investment Topics
Sponsor:	Hamilton Lane
Date:	October 27, 2017
Location:	New York, NY
Registration Fee:	TBD

Title:	Hedge Fund Day – SURS Investment Committee
Subject Matter	
Sponsor:	SURS
Date:	November 9, 2017
Location:	Chicago, IL
Registration Fee:	N/A

Title:	5 <sup>th</sup> Annual Texas Institutional Investor Forum
Subject Matter	Various Investment Topics
Sponsor:	Institutional Investors
Date:	November 16, 2017
Location:	Austin, TX
Registration Fee:	TBD



✱

Title:	Hamilton Lane Market Overview
Subject Matter	Various Investment Topics
Sponsor:	Hamilton Lane
Date:	November 30, 2017
Location:	Fairmont Chicago – Millennium Park, Chicago, IL
Registration Fee:	TBD

Title:	Institutional Investors Public Funds
Subject Matter	Various Investment Topics
Sponsor:	Institutional Investors
Date:	April 25-27, 2018
Location:	Los Angeles, CA
Registration Fee:	TBD