



CLOSED SESSION MINUTES

**Meeting of the Board of Trustees of the
State Universities Retirement System
Thursday, April 19, 2018 3:00 p.m.
State Universities Retirement System
Northern Trust
Global Conference Center – 1st Floor
50 S. LaSalle St., Chicago, IL**

Upon motion by Trustee Fred Giertz, second by Trustee Tom Cross, and a unanimous roll call vote, the SURS Board of Trustees went into closed session under the Open Meetings Act pursuant to §2(c)(5) and §2(c)(11).

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

Others present: Mr. Martin Noven, Executive Director; Mr. Doug Wesley, Chief Investment Officer; Ms. Ellen Hung, Deputy CIO; Ms. Bianca Green, General Counsel; Mr. Steve Hayward, Director of Internal Audit; 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, present; Trustee McCrohon, present; Trustee Rock, absent; and Trustee Vasquez, absent.

REAL ESTATE OPPORTUNITY

Mr. Martin Noven reported that an appraisal was completed on the building at 1801 Fox Dr., Champaign. While no offer is being proposed at this time, Mr. Noven stated that a building inspection had been conducted which revealed a few concerning findings. Discussion regarding the taxability of the property, details regarding a possible lease back, and payment options were considered. At the conclusion of these discussions, the board directed staff to continue its conversation with the seller regarding lease terms, price and cost of repairs while SURS moved forward with an operational review. No offer to purchase the building will be made at this time.

PENDING/THREATENED LITIGATION

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

Others present: Mr. Martin Noven, Executive Director; Ms. Bianca Green, General Counsel; Ms. Kelly Carson, Executive Assistant; and Ms. Mary Pat Burns of Burke, Burns & Pinelli.

Ms. Bianca Green updated the board on the recent threat of pending litigation against SURS from former employee, Mr. Andrew Matthews. Ms. Green stated that the matter was close to being resolved. The proposed settlement release will cover any and all claims Mr. Mathews may have against SURS stemming from his employment and departure from SURS. Ms. Green also explained that the proposed release contains a non-disparagement and confidentiality clause but that Mr. Matthews indicated he would only agree to a non-disparagement clause that was limited to his actual employment at SURS. At the conclusion of the conversation, the trustees agreed they were comfortable with the proposed release terms and Chairman Cross instructed Ms. Green to work with Ms. Mary Patricia Burns on the final settlement release.

Ms. Green also informed the board on a pending issue with Fidelity Investments. During a recent meeting between SURS and Fidelity, (one of the providers in the SURS Self-Managed Plan and SURS' master administrator for the SMP), she reported that SURS was led to believe that Fidelity is providing advice and direction to SURS SMP members. Ms. Green reminded trustees that doing so was a violation of the current contract agreement with Fidelity. She also reported that SURS staff issued a cease and desist letter to Fidelity as soon as this was discovered to inform them of the contract violation and to request more information regarding their interactions with SURS SMP members. Ms. Green and Mr. Noven will keep trustees updated as more information develops.

Ms. Green provided a brief update on settlement demand received in the Tribune case where SURS is one of many shareholder defendants. SURS staff is working with outside counsel as well as with the Illinois Attorney General's Office who both recommend that SURS not accept the settlement demand or engage in any type of settlement agreement at this time given their assessment of the strength of the defense of the case. The board deferred to outside counsel and agreed not to accept the settlement demand.

Recently, Ms. Green and Ms. Burns have been contacted by securities litigation firms inquiring as to the possibility of SURS serving as lead plaintiff in new class action case against Facebook. Ms. Burns and Ms. Green provided their perspective on the situation and all trustees agreed that SURS would not agree to serve as lead plaintiff in this case.

Upon motion by Trustee Johnson that was seconded by Trustee Giertz and carried, the meeting of the SURS Board of Trustees resumed its meeting in open session.

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