

Investment Risk Advisory Committee
6/17/09
Minutes

Roll Call 2:30 PM

Present: Terris, Patterson (arrived at 2:50), Rafferty, Tan

Guests: Trustee James

Staff: Vince, Lila, Eli, Ramona

Consultant: PCA's Dr. Bernstein, Kay Ceserani

Public Comment

Chair Terris directed staff to include the minutes of the previous IRAC meeting in the current agenda for adoption by the committee. Chair Terris requested that staff copy the entire Board on the agenda and agenda items for all future IRAC meetings.

Minutes

1. Board discussion to reconsider recurring IRAC meeting schedule.
 - a. The IRAC agreed unanimously on meeting:
 - i. The 1st Thursday of every month with the exception of the July 2009 meeting, which will be held on July 9, 2009 and the September meeting—which will be skipped due to scheduling conflicts. Chair Terris raised questions regarding the active participation of Counsel. Chief Executive Officer Vince Brown recommended that Counsel be present for the Guideline Project and when the specific need is present by Board or staff. Trustee James recommended the option to conference call with Counsel.
2. Receive and file Cash Flow Status – staff report.
 - a. Chair Terris directed staff to prepare a clearer summary of the cash flow status report for all future IRAC meetings.
3. Receive and discuss list of duties PCA is responsible for.

MOTION: To amend PCA's existing contract to include ReedSmiths' verbiage.

Patterson/Rafferty

Approved by voice vote

4. Receive pros and cons of incorporating Principles of Responsible Investing (PRI) in SBCERS' investments and proxy voting and take further action as deemed appropriate.

MOTION: Risk Metrics Group to come to the July 22, 2009 Board meeting, or earliest possible Board meeting, to identify what SBCERS' is getting now and how it is UN/PRI changes that and the implications

thereof. Consider adopting UN/PRI with research supporting how UN/PRI affects performance (PCA).

Terris/Rafferty

Approved by voice vote

5. Receive proposed Principles of Responsible Investing (PRI) Policy for SBCERS' and take action as deemed appropriate.
 - a. The Committee discussed this item in conjunction with item four, above.
6. Receive proposed revision of current rebalancing procedures in the Investment Policy of when the Board should deviate from rebalancing to within the established asset allocation limits and take action as deemed appropriate.

MOTION: To consult with PCA on the changes discussed and bring back the revised rebalancing guidelines to the full Board.

Rafferty/Patterson

Approved by voice vote

7. Receive and file PCA's hypothetical screening process memo and sample value manager list.
 - a. Trustee Tan directed PCA to request a holding report of the proposed portfolios from prospective SBCERS' money managers presenting before the Board. The report should include number of shares and name of the company.

Items for the next IRAC meeting scheduled for July 9, 2009:

1. Board discussion on new Trustee training, existing Trustee training and tracking Trustee training.