

AGENDA ITEM

ITEM II.A NOVEMBER 2016

DATE: November 17, 2016

TO: Members, Planning and Budget Committee
Members, Board of Trustees

FROM: Christine Wong, Chief Financial Officer

SUBJECT: Investment Policy Review

EXECUTIVE SUMMARY

In April 2005, the Board of Governors approved a new investment policy for the State Bar that was revised to better align the State Bar's policy with the statuses regulating public investing in the State of California. The policy was modeled after the format of practices promulgated by the State of California Debt and Investment Advisory Commission ("CDIAC"), and incorporated several new elements recommended by the Association of Public Treasurers of the United States and Canada. Tab 17, Article 5, Section 7 of the State Bar's Board Book requires that the Investment Subcommittee review the investment policy annually. Staff recommends that the Investment Advisory Subcommittee be eliminated and instead, the Planning and Budget Committee can take a direct role to perform the same function.

Policy Overview

The investment policy establishes the investment subcommittee, outlines the State Bar's investment objectives, and identifies the investment instruments authorized by the State of California for governmental entities. The policy is designed as a broad framework for the Bar's investments and is not intended to provide specific procedures for the purchase of individual investments. Under Tab 17, Article 5 of the State Bar's Board Book:

- Section 8 of the investment policy establishes the investment policy establishes the Investment Advisory Subcommittee. The Subcommittee is charged with the duty to meet on an as needed basis, if needed, to advise staff on proposed changes to the investment policy.
- Section 7 of the policy requires that the Investment Advisory Subcommittee to review the policy annually. Staff has one proposed change to the policy at this time:

Recommended Revisions to Investment Policy

Staff recommends that Section 8 Investment Advisory Subcommittee to be eliminated and instead, the Planning and Budget Committee can take a direct role to perform the same function.

In the existing Board policy, the Board Planning, Program Development and Budget Committee, will appoint the Chair to the Investment Advisory Subcommittee. The Investment Advisory Subcommittee will consist of four members: the Chair shall be a member of the Board Planning and Budget Committee, and the remaining three members may be members of the Board of Trustees and/or individuals with expertise in investment management. The Board Committee shall review the qualifications of, and appoint these non-Board members to serve a one-year term. To improve the efficiency, staff recommends that the Investment Advisory Subcommittee to be eliminated and instead, the Planning and Budget Committee can take a direct role to perform the same function.

BOARD BOOK IMPACT/ADMINISTRATIVE MANUAL UPDATES

Revision to Tab 17, Article 5, Section 8

PLANNING AND BUDGET COMMITTEE RECOMMENDATION

The Board Planning and Budget Investment Committee adopts the following resolution:

RESOLVED, that the Planning and Budget Committee directs staff to amend Tab 17, Article 5, Section 8 to reflect the proposed changes.

ATTACHMENT(S) LIST

- A. Tab 17, Article 5, Sections 7 and 8.