

**EMPLOYEES RETIREMENT SYSTEM OF TEXAS
JOINT MEETING OF THE BOARD OF TRUSTEES
AND INVESTMENT ADVISORY COMMITTEE
ERS Building – Auditorium
18th & Brazos, Austin, Texas 78701
August 25, 2009 – 9:00 a.m.**

1. Review and Approval of the Minutes to the Board of Trustees Meeting of May 19, 2009
2. Presentation of Internal Auditing Reports
3. Review and Consideration of Proposed Revision to the Fiscal Year 2009 Internal Audit Plan
4. Review and Consideration of Proposed Fiscal Year 2010 Internal Audit Plan
5. Review and Discussion of Recent Changes Impacting Benefits Offered Under the Texas Employees Group Benefits Program
6. TexaSaver Deferred Compensation Program
 - a. Review, Discussion and Consideration of Product Changes Related to the U.S. Bond Fund
 - b. Review, Discussion and Consideration of Product Changes Related to the Stable Value Fund
7. Discussion and Consideration of One-Time \$800 Retention Payments to ERS Employees as Approved by the 81st Texas Legislature
8. Review, Discussion and Consideration of Proposed Operating Budget for the Employees Retirement System of Texas for the Fiscal Year Ending August 31, 2010
9. Discussion and Consideration of Process to Fill Vacancy of Elected Position on Board of Trustees for Unexpired Term
10. Review, Discussion and Consideration of Appointments to the Investment Advisory Committee
11. Executive Director's Report
 - a. Trustee Run-Off Election Results
 - b. Summer Enrollment Highlights
 - c. Update on Dental Plans Enrollment and Networks
 - d. Update on Legislation Implementation
 - e. Agency Strategic Planning
12. Executive Session - In accordance with Section 551.071, Texas Government Code, the Board of Trustees will meet in executive session to seek and receive the advice of its attorney about pending or contemplated litigation, a settlement offer or on a matter in which the duty of the attorney to ERS under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Open Meetings law, and thereafter may consider appropriate action in open session.

[NOTE: Persons with disabilities who plan to attend this meeting and who may need special assistance are requested to contact Kelley Davenport at (512) 867-7772 three to five (3-5) working days prior to the meeting date so that appropriate arrangements can be made.]

13. Executive Session – The Board of Trustees will meet in executive session to review and consider the duties, performance and compensation of the Executive Director of the Employees Retirement System of Texas pursuant to Chapter 551.074, Texas Government Code, and thereafter may consider appropriate action in open session.
14. Election of Chair and Vice-Chair of the Board of Trustees for Fiscal Year 2010
15. Set Date of Next Audit Committee, Joint IAC and Board of Trustees Meeting, and ERS Board of Trustees Meetings
16. RECESS - BOARD OF TRUSTEES
17. Review and Approval of the Minutes to the Joint Investment Advisory Committee and Board of Trustees Meeting of May 19, 2009
18. Consideration of Investment of the System's Assets
 - a. Review, Discussion and Consideration of the Investment Performance of the System's Assets for the Second Calendar Quarter of 2009 and of External Advisors
 - b. Review, Discussion and Consideration of Tracking Error Update for Internally Managed Portfolios
19. Real Estate Program
 - a. Review and Discussion of Real Estate Market
 - b. Review and Discussion of the Real Estate Program Strategy
 - c. Review, Discussion and Consideration of Proposed Real Estate Policies and Procedures
 - d. Review, Discussion and Consideration of Proposed Real Estate Annual Tactical Plan for Fiscal Year 2010
20. Private Equity Program
 - a. Review and Discussion of Private Equity Program and Market Overview
 - b. Update and Discussion of Private Equity Program and Review, Discussion and Consideration of Proposed Changes to Private Equity Policies and Procedures and the Proposed Annual Tactical Plan for Fiscal Year 2010
21. Review, Discussion and Consideration of the Appropriateness of Performance Metrics for the ERS Incentive Compensation Plan for Private Equity and Private Real Estate
22. Status Update and Discussion on Review and Rewrite of the ERS *Investment Policy*
23. Consideration and Election of Chair and Vice-Chair of the Investment Advisory Committee
24. Deputy Executive Director of Investments' Report
 - a. Update on Three-Year Investment Enhancement Plan and Outlook for Fiscal Years 2010 through 2012
25. ADJOURNMENT OF THE JOINT MEETING OF THE BOARD OF TRUSTEES AND INVESTMENT ADVISORY COMMITTEE

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