DISCUSSION SHEET

Board of Trustees Meeting
December 10, 2019

Issue: Independent Evaluation of Fund Practices and Performance

Attachment: Senate Bill 322

Discussion: Senate Bill 322, passed by the Texas Legislature in 2019, amended Government Code Section 802.109. The Bill requires ERF to select an independent firm to evaluate the appropriateness, adequacy, and effectiveness of the investment practices and performance of the Fund.

- The investment performance report of the independent firm must be filed with the Board by May 1st, 2020.
- The investment performance report must then be filed with the State.
- ERF contacted consulting and CPA firms to determine whether they can provide the services required under Senate Bill 322; ERF also received unsolicited proposals.
- Three firms provided proposed fees for these services, and three firms were not responsive. The results are as follows:

Company Name	Cost
Milliman LLC	$50,000
Anodos Advisors LLC	$72,000
Champion Capital Research	5 basis points of total assets
Crowe Horwath	Non-responsive
Ernst & Young	Non-responsive
KPMG	Non-responsive

Recommendation: The Executive Director will bring forward an item in January to address next steps in this process.