



June 25, 2021

Bethany Rhodes - Director
Ohio Retirement Study Council
30 East Broad St. 2nd Floor
Columbus, Ohio 43215
Bethany.Rhodes@orsc.org

Reference: The State Teachers Retirement System RFP Response

Dear Bethany,

On behalf of Champion Capital Research, I am pleased to submit our response to the State Teachers Retirement System RFP. As President of Champion Capital Research, I am empowered to bond the firm in contract.

Thank you for the opportunity to serve.

Sincerely,

Mary Kathryn Champion

SIGNATURE

President, Champion Capital Research, Inc.

510 Bering, Suite 240

Houston, TX 77057

research@championcr.com

713-974-8883 ext 101

<http://championcr.com/>



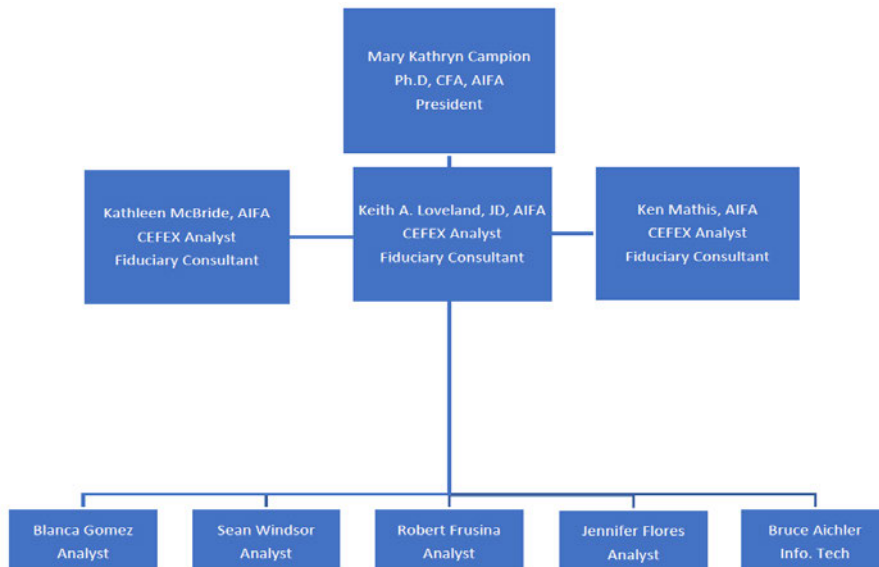
4.1 Summary

The firm's primary contact for ORSC staff use and, if different, for STRS staff use during the audit, including the contact's address, telephone and e-mail address.

Champion Capital Research
510 Bering Drive, Ste 240
Houston, TX 77057
Point of Contact: Mary Kathryn Campion
Phone: (713) 974-8883 X101
Fax: (713) 974-8887
campion@championcr.com

General ownership structure of the organization, including subsidiary and affiliated companies, and joint venture relationships.

The firm was incorporated in 2003 and is 100% employee owned. Champion Capital Research's ensemble includes nine: CEFEX/AIFA® Analysts (Campion, McBride, Loveland, Mathis), junior research analysts (Frusina, Windsor), operations and reporting (Gomez and Flores), technology (Aichler).



Champion Capital Research

The Champion Capital Research team consists of individuals who are extensively grounded in board governance, portfolio management and strategies, private and public equity and fixed income; public and private retirement systems and plans, and alternative investment knowledge.

The Champion Capital Research team is qualified to perform Investment Practices and Performance Evaluations such as those required for Texas Senate Bill 322 – Texas Government Code §802.109.

The team includes members who have met the rigorous criteria established by Fi360 to attain the Accredited Investment Fiduciary Analyst® (AIFA®) designation.

The team also includes CEFEX Analysts who have met the Centre for Fiduciary Excellence criteria to perform independent, peer-reviewed certification audits of pension systems, retirement plans, nonprofits, investment advisors, managers, and service providers.

Independent Fiduciary Services

Fiduciary Appointments & Assessments Legal Analyses, and Testimony.

Broker-Dealer (BD) Audits and Assessments

Assessments for Anti-Money Laundering, Customer Identification Program, Privacy, and Cybersecurity compliance performed on more than 100 BDs and branch offices.

Fiduciary Assessments of Federal & State Registered Investment Advisory Firms (RIAs)

Performed analysis and fiduciary assessments on more than 100 Registered Investment Advisory firms and their branch offices.

Expert Witness Testimony – Securities Industries Disputes

FINRA: Testified or consulted on more than 100 securities industry disputes. Many claims were breach of fiduciary responsibility, the leading claim made in FINRA arbitrations, and in federal and state courts against investment adviser representatives.

Independent Fiduciary Consultant

Mandated: **SEC** – As required as part of settlements, examination of SEC RIAs, including personnel policies, processes, written procedures, strategies and fees. Assessment included recommendations and implementation, and reports to regulators.

DOL – Department of Labor and DOL Employee Benefits Security Administration (EBSA): Performed *Fiduciary Assessment and Financial Analysis* of qualified plan(s) under investigation throughout the United States. Advise whether fiduciary breaches occurred, what losses attributable to breaches, and, when litigation initiated, prepare written expert report subject to the Federal Rules of Civil Procedure.

States' Securities Divisions, Commerce Departments and Trade Groups: Revised States' auditing of state-registered investment advisers, and recommended changes in state laws and rules. Provided State's regulators educational curriculums for ethics training and best practices for investment management, policies and procedures.

Mediated many investment related disputes successfully. Qualified neutral under Rule 114 of the Minnesota Rules of Practice.

Dr. Mary Kathryn Campion



Ms. Kathleen McBride



Mr. Keith Loveland



Fiduciary Assessments

Public Defined Benefit Plans – States, Counties and Cities

Conducted hundreds of comprehensive reviews of public employee retirement systems' policies, procedures, strategies, leverage, value at risk and net-of-fee performance relative to benchmarks. Assessed policy compliance with best practices and determined implementation compliance with recommendations for improvement. Opportunities for improvement (OFIs) were identified and non-conformities addressed. Monitoring procedures provided opportunities to implement a low-cost structure and a higher level of transparency for each investment program. Assessment of processes is required for CEFEX Certification.

Corporate Defined Contribution Plans (DC)

Performed independent fiduciary assessments of hundreds of third-party administrators (TPAs), recordkeepers (RKs), investment advisors and investment managers for 401(k) clientele. Assessments include ensuring the Plan adheres to Department of Labor expectations. Examined policies, roles and responsibilities, investment lineup, asset allocation, fees charged for services, participant disclosure notifications, education, web site accessibility, implementation, monitoring, and other practices. The results of assessments include identifying strengths and conformities to best practices and CEFEX standards, and reporting opportunities for improvement and/or non-conformities to the client. Better practices are discussed when warranted.

Foundations and Endowments

Assessed the investment fiduciary practices of institutional foundations. Evaluated conformity to the Global Fiduciary Standard of Excellence and appropriate regulations and laws. Identified conformities, opportunities for improvement, and nonconformities; recommended improvements. Evaluated investment policies, asset allocation, portfolio composition; selection/monitoring criteria for investment managers, investment advisers and other service providers, and roles and responsibilities of committees and boards.

Audited money movement, authorization, and controls, which can reveal improprieties and opportunities for improvement.

Conducted governance policy application workshops and other educational forums for foundation and endowment leaders and trustees. Awareness and Implementation of best practice recommendations generally results in higher ethical standards and better governance structures.

Ms. Blanca Gomez



Mr. Robert Frusina



Ms. Anney Haider



Champion Capital Research
research@championcr.com

510 Bering Drive
Suite 240
Houston, TX 77057

713-974-8883

CEFEX and other Certifications

Annual assessments for peer-reviewed CEFEX Certification of the investment fiduciary prudent processes of public retirement systems, SEC or state registered investment advisers (RIAs), RKs/TPAs, plans, nonprofits, and investment support services, to the appropriate fiduciary standard.

\$2.6 Billion Public Pension Plan – CEFEX Certification (2014). Acted as consultant and completed a CAFE, or **Consultant's Assessment of Fiduciary Excellence** and finalized the report for the CEFEX board certification of HMEPS public equities.

\$5.4 Billion ERISA 3(16) Plan Administrator & Recordkeeper (2015 – Annual). CEFEX-ASPPA Certification assessments.

\$5.3 Billion Registered Investment Adviser (2013 – Annual.) CEFEX Certification assessments of RIA serving as ERISA 3(21) Investment Adviser/3(38) Investment Manager to plan sponsors.

\$1.5 Billion Registered Investment Adviser (2014 – Annual). CEFEX Certification assessments of RIA serving union funds, plan sponsors, foundations, endowments, and high-net-worth investors.

\$100 Million Registered Investment Adviser (2014 – Annual). CEFEX Certification assessments of RIA serving individuals, plan sponsors, trusts, and foundations.

State Registered Investment Adviser (2016 – Annual). CEFEX Certification Assessments of Advisor serving individual investors.

\$160 Million Retirement Plan Sponsor (2018 – Annual). CEFEX certification assessments of retirement plan sponsor.

\$100 Million Church Foundation – Nonprofit (2019 – Annual). CEFEX Certification assessments of church foundation managing institutional funds.

International Education Foundation (2018 – Annual). CEFEX Certification assessments of foundation providing investment fiduciary programs to investment stewards of **Sovereign Nations' funds**.

Investment Support Services Firm (2013 – Annual). Annual CEFEX Certification assessments of fiduciary services provider to union and employer plan sponsors.

Sovereign Government – Tribal Nation (2019 – Annual). Annual CEFEX Certification assessments of a Sovereign Tribal Nation's investment fiduciary processes for its investment funds, endowments, and retirement plans.

Information regarding any material change in the firm's structure or ownership within the last eighteen months, or any material change in ownership, staff, or structure currently under review or being contemplated by the firm. N/A

If available, a third-party assessment or report concerning client satisfaction and measures of the firm's strengths and weaknesses.

Please see CPS Energy reference below.

Reference Company: Mary Kathryn Campion	CPS Energy 2020
Address:	500 McCullough Ave
City, State, Zip:	San Antonio, Texas 78215
Contact Person:	Ms. Shanna Wadsworth
Telephone No.:	510-353-4357
Email Address:	SOWadsworth@CPSEnergy.com

Material litigation against firm or which firm is currently a party? N/A

Brief description of litigation brought against the firm by existing or former clients over last 5 years? N/A

A list of any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review. In the event that the firm has had any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, the firm shall provide a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review, if necessary, an explanation of the actions that will be taken to ensure an independent review. N/A

4.2 Capabilities and Experience

Each proposal shall describe the firm's capabilities and recent experience (at least during the last five years) in performing fiduciary audits or studies of public employee retirement systems.

Champion Capital Research is honored and prides itself on being able to work with such important and influential organizations and enthused with the opportunity to conduct a fiduciary audit on the State Teachers Retirement System (STRS). We believe fiduciary integrity and education of fiduciary principles (see attachment 4.2 illustrating a sample of our developed Fiduciary Essentials for Public Employee Retirement Systems) stands at the center of overall plan success and excellence.

As such, Champion has developed the process to ensure complete defined benefit plan due diligence including, but not limited to, investment policies and overall adherence to federal, state and local regulations, trade operations, risk controls, investment policies and asset allocation, and investment manager and advisor education, performance, and monitoring (Please see table in this section for examples of Champion's experience in these areas). Our process is distinguished by the implementation of investment best practices throughout the 4-step quality fiduciary management process. We follow best practices in the design and implementation of investment policies and the monitoring of investment portfolios.

Our four-step quality fiduciary management process has proven to yield results in numerous aspects including, but not limited to, the following:

- Improved policy and governance and adherence to regulations;
- Reduction in fees;
- Improved monitoring of investment managers and oversight committees; and
- Reduction in conflicts of interest.

Beneficiaries and trustees have benefited from the implementation of best practices. Trustee have become more knowledgeable about fiduciary duties, while beneficiaries have experienced higher funding rates. All benefited from a higher performing lower expense investment options. Champion's best practice portfolio management includes benchmarking fees at the manager and portfolio level, including benchmark analyses for consultant and custodial fees and performance. Plan level fiduciary excellence can be achieved.

Monitoring and conflicts of interest policies and procedures often impact fiduciary excellence. Establishing objective and specific (9) monitoring criteria enable trustees to quickly discern whether an investment manager should be engaged. Monitoring is the most important and most neglected of fiduciary management practices. Improvement in conflicts of interest policies and procedures have been identified with cost savings. Lower fees mean longer and better benefits for beneficiaries.

In the end, our goal is to benefit people who entrust us with the management of their retirement monies. We are fortunate to have the opportunity to help the organizations and most importantly, the individuals who ultimately stand to benefit from the plans by keeping fees down, conflicts of interest at bay, and performance high. This will go a long way in securing retirement benefits for all retirees.

THE PROPOSER'S RELEVANT EXPERIENCE

Client Name

County of San Diego 2014-2016

Champion Research provided a comprehensive review of San Diego County's investment policies (IPS) and private and public asset allocation and performance. This assessment of fiduciary excellence for the entity included analyses of investment policies, ethics policies, conflict of interest policies, asset allocation policies, performance reports. Analyses of daily data flows for a designated investment strategy (leverage), yielded opportunities for both policy and implementation review of investment practices. Data on net and gross of fee performance absolute and relative to benchmark were collected and analyzed. Opportunities for improvement were identified.

Client Name

Houston Municipal Employees Pension System 2012-2016

Champion Research provided HMEPs with consulting services that included a consultant review of fiduciary excellence as well as a certification for fiduciary excellence. The consultant review of fiduciary excellence provided the client with current adherence the standard and its practices for fiduciary excellence. The engagement included working with staff on HMEPs ethics and conflicts of interest policies as well as revising much of HMEPs investment policies (IPS). Significant changes were made to the monitoring and manager due diligence policies. Changes in monitoring and due diligence policies were necessary, as was the compilation of evidence that staff and board practices had changed to match those policies, in order to become certified for fiduciary excellence by a nationally recognized certification firm CEFEX.

Client Name

Laredo Firefighter's Retirement Fund 2014-2021

Champion Research provided Laredo Firefighters with an independent assessment of its investment policies and practices related to its investments. The client accepted revised policies, such as specific monitoring of investment managers criteria. With respect to revised practices, the client accepted revisions regarding how the Consultant delivered data and presented to the Board. Laredo's Board and Consultant practices were revised to align more with the written IPS that conformed to industry wide fiduciary best practices. The result was improved governance, monitoring and investment performance.

Client Name	Texarkana Firefighters 2010-2021
<p>Champion Research continues to provide ongoing fiduciary consulting services to Texarkana Firefighters. This Board recognized that its investment and governance practices were not completely free from conflicts. Because its investment consultant was effectively its investment manager, the Board relies on Champion for an independent quarterly report and annual assessment of expected risk and return assumption as well as revisions to asset allocation each year. Specifically, our quarterly analysis monitors all managers against benchmarks using 9 criteria. These criteria include performance, risk and risk adjusted performance metrics and more qualitative like manager tenure. Additionally, we assist the fund in hiring and firing managers who do not comply with quantitative performance criteria as stated in the Funds IPS.</p>	
Client Name	Dallas Police and Fire Pension System and Benefits 2015-2017
<p>Champion Research provided a comprehensive review of Dallas Police and Fire's investment policies and practices (IPS). This fiduciary assessment of the retirement system included analyses of investment policies, governance, risk management, ethics policy, asset allocation, performance reports for both private and public asset classes. Opportunities for improvement were identified and courses of action recommended. Dallas Police and Fire implemented the recommendations and many of these fiduciary best practice policies continue to be used by the Board and Staff.</p>	
Client Name	Texas Employees Retirement System 2007-2010
<p>Champion Research provided a comprehensive research and review of TEXPERs aggregated asset allocation and investment performance. The assessment of the retirement systems included analyses of investment policies, ethics policies, conflict of interest policies, asset allocation policies, performance reports for both private and public asset classes. After best practice policies were codified among many of its funds, continued to collect evidence that implementation of policies followed. Data on net and gross of fee performance absolute and relative to benchmark were collected. Opportunities for improvement were identified and courses of action recommended.</p>	

The firm should include information on the types and sizes of public employee retirement systems for which past work has been performed, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to STRS.

Pension Fund/Institutional Investor Client Name	Client Size (AUM)	Type of Plan	Type of Engagement	Date of Service	Primary Contact
CPS Energy	2.7B	DB	Fiduciary Audit	2020	Keith Loveland, CEFEX Analyst, Mary Kathryn Campion, AIFA, Kathleen M, McBride and Ken Mathis, CEFEX Analysts
Texas Employees Retirement System	22B	DB	Consulting	2010- 2021	Mary Kathryn Campion, Ph.D., CFA, AIFA, CEFEX Analyst
San Diego County	8B	DB	Fiduciary Consulting	2014- 2016	Mary Kathryn Campion, Ph.D., CFA, AIFA, CEFEX Analyst
The Rockwell Foundation	150M	Foundation	Fiduciary Consulting	2016-2018	Mary Kathryn Campion, Ph.D., CFA, AIFA, CEFEX Analyst
Laredo Firefighters	125M	DB	Fiduciary Consulting	2014-2021	Mary Kathryn Campion, Ph.D., CFA, AIFA, CEFEX Analyst
Laborers Local Union 1298 Pension Fund	237M	DB	Consulting	2018-2021	Mary Kathryn Campion, Ph.D., CFA, AIFA, CEFEX Analyst
Houston Municipal Employees Pension System	2B	DB	Fiduciary Consulting	2012-2016	Mary Kathryn Campion, Ph.D., CFA, AIFA, CEFEX Analyst Keith Loveland, JD, AIFA, CEFEX Analyst
Texarkana Firefighters	33M	DB	Consulting	2010-2021	Mary Kathryn Campion, Ph.D., CFA, AIFA, CEFEX Analyst
United States Department of Labor		DOL	Fiduciary Analysis, Litigation Consultant, and Expert Witness	2012-2018	Keith Loveland, JD, AIFA, CEFEX Analyst
U.S. Securities and Exchange Commission		SEC	Independent Consultant	2014-2015	Keith Loveland, JD, AIFA, CEFEX Analyst
Minnesota Commerce Department		Other	Fiduciary Training, Investment Adviser Examinations, and Statutory and Regulation Revisions	2017-2018	Keith Loveland, JD, AIFA, CEFEX Analyst

Sentinel Benefits Group 3(16) ERISA Administrator	5.4B	DC	Fiduciary Consulting	2014-2021 Annual	Kathleen M. McBride, AIFA, CEFEX Analyst
Sentinel Pension Advisors, 3(38), 3(21) RIA to Pension Plans	5.3B	DC	Fiduciary Assessment, CEFEX Certification & Re-Certification	2013-2021 Annual	Kathleen M. McBride, AIFA, CEFEX Analyst
Institutional RIA - Pension Plans, Endowments, Unions, Investors	1.5B	Other	Fiduciary Assessment, CEFEX Certification & Re-Certification	2014-2021 Annual	Kathleen M. McBride, AIFA, CEFEX Analyst
Plexus Financial Services	\$1.4 B	Other	Fiduciary Assessment, CEFEX Certification & Re-Certification	2012-2018	Keith Loveland, JD, AIFA, CEFEX Analyst
AEI Fund Management	\$900M	Other	Independent Assessment	2014-2021	Keith Loveland, JD, AIFA, CEFEX Analyst
Retirement Plan	208M	DC	Fiduciary Assessment, CEFEX Certification & Re-Certification	2018-2021 Annual	Kathleen M. McBride, AIFA, CEFEX Analyst
Sovereign Government Endowment & Retirement Funds	100M	Other	Fiduciary Assessment, CEFEX Certification & Re-Certification	2021 Annual	Kathleen M, McBride, AIFA, CEFEX Analyst
Church Institutional Foundation	100M	Foundation	Fiduciary Assessment	2021	Kathleen M, McBride, AIFA, CEFEX Analyst, Ken Mathis AIFA, CEFEX Analyst

*To the best of our knowledge all mentioned have participants greater than 1,000.

4.3 Staff Qualifications

Each proposal shall, at a minimum, describe the qualifications of all management and lead professional personnel who will participate in the fiduciary audit. Each personnel description shall include:

- (1) a resume; Please see attachment 4.3.2 referencing bios and resumes.
- (2) a summary of experience each has had in performing fiduciary audits or studies of public employee retirement systems; Please see attachment 4.3.2 referencing bios and resumes.
- (3) a management plan identifying the responsibilities each will have on the audit. Please reference table under section 4.2.

Each proposal shall also include a description of the firm's procedures in the event that a key person assigned to this engagement leaves the firm during the engagement.

As adjunct professor and having developed professional relationships with Broadridge and a number of other fiduciary working groups, Dr. Campion and Champion Capital Research maintain access to nearly a dozen additional analysts that are certified to perform and complete the fiduciary audit.

Each resume should include information on the current and past positions held with the firm, educational background, relevant credentials, and other relevant information to demonstrate the person's qualifications.

Please see attachment 4.3.2 referencing bios and resumes.

The experience summaries should include information on the types and sizes of public employee retirement systems for which the designated staff have completed work, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to STRS. You may reference, rather than repeat, duplicative information provided in paragraph 4.2, Capabilities and Experience.

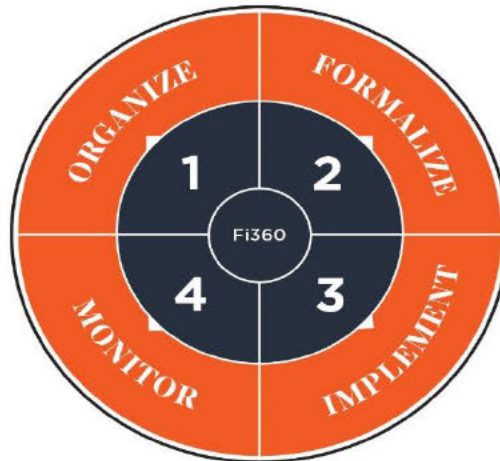
Please reference table located in section 4.2 - Capabilities and Experience.

The management plan should specify the roles and responsibilities that each of the management and professional staff will have on the fiduciary audit and include an estimated portion of the audit's time that will be spent by each on the audit and the individual's hourly billable rate.

The scope of services offered by CCR includes the evaluation of appropriateness and effectiveness of the investment practices and performance and to make

recommendations for improving investment policies and procedures (See Graph and chart below for reference). Specifically, our services include:

- i. Analysis of the IPS as adopted by the Board (Step 3)
- ii. Assessment of the compliance with IPS (Steps 1 & 4)
 - a. Review of investment asset allocation, including the processes of determining future cash flow and liquidity needs and for determining target allocations. Valuation methodologies will be audited (Step 2)
- iii. Ongoing Analysis of investment fees, commissions and expenses (Step 1 & 4)
- iv. Assessment/management of investment selection processes (Step 2 & 3)
- v. Assessment of governance processes (Step 1 & 4)
- vi. Review of education policy (Step 1 & 4)
- vii. Monitoring of investment managers (Step 4)



*See Attachment 4.3.1 for further details on fiduciary excellence 4-step process.

	Category	Lead Professional	Time Allocation
Step 1	Organize	Keith Loveland	25%
Step 2	Formalize	Mary Kathryn Campion	25%
Step 3	Implement	Kathleen McBride	25%
Step 4	Monitor	Ken Mathis	25%

4.4 References

Each proposal must include a list of at least three organizations, but no more than five, that may be used as references for your work on fiduciary audits or studies. References may be contacted to determine the quality of the work performed, personnel assigned to the project, and contract adherence. The following should be included for the references listed:

- Date of the fiduciary audit work;
- Name and address of client;
- Name and telephone number of individual in the client organization who is familiar with the work; and
- Description of the work performed.

PROPOSER:	Champion Capital Research
Reference Company #1 Mary Kathryn Campion	Texas Public Employee Retirement System 2010-2021
Address:	1504 San Antonio St #206
City, State, Zip:	Austin, TX 78701
Contact Person:	Mr. Art Alfaro
Telephone No.:	832-338-3547
Email Address:	art@texpers.org
Description of Work:	Champion Research provided a comprehensive review of TEXPERS aggregated asset allocation and investment performance. The assessment of the retirement systems included analyses of investment policies, ethics policies, conflict of interest policies, asset allocation policies, performance reports for both private and public asset classes. After best practice policies were codified among many of its funds, continued to collect evidence that implementation of policies followed. Data on net and gross of fee performance absolute and relative to benchmark were collected. Opportunities for improvement were identified and courses of action recommended.

Reference Company #3: Mary Kathryn Campion	Houston Municipal Employees Pension 2012-2016
Address:	1201 Louisiana, Suite 900
City, State, Zip:	Houston, Texas 77002
Contact Person:	Ms. Rhonda Smith
Telephone No.:	713-819-4004
Email Address:	Rhonda.Smith@HoustonPolice.org
Description of Work:	<p>Champion Research provided HMEPs with consulting services that included a consultant review of fiduciary excellence as well as a certification for fiduciary excellence. The consultant review of fiduciary excellence provided the client with current adherence the standard and its practices for fiduciary excellence. The engagement included working with staff on HMEPs ethics and conflicts of interest policies as well as revising much of HMEPs investment policies (IPS). Significant changes were made to the monitoring and manager due diligence policies. Changes in monitoring and due diligence policies were necessary, as was the compilation of evidence that staff and board practices had changed to match those policies, in order to become certified for fiduciary excellence by a nationally recognized certification firm CEFEX.</p>
Reference Company: Mary Kathryn Campion	CPS Energy 2020
Address:	500 McCullough Ave
City, State, Zip:	San Antonio, Texas 78215
Contact Person:	Ms. Shanna Wadsworth
Telephone No.:	510-353-4357
Email Address:	SOWadsworth@CPSEnergy.com

Description of Work:	Champion Research provided CPS Energy with fiduciary consulting services that included a review of policies as procedures as required by Texas' Investment Practices and Performance Review, mandated by Senate Bill 322. The fiduciary audit examined investment policies, asset allocation, assessment of fees and expenses, analysis of manager selection and monitoring processes, and review of governance and education. As part of the fiduciary review, a TX SB 322 Investment Expense Report detailed all fees and expenses paid by the trust. Policy changes were implemented and trustee education enhanced.
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4.5 Methodology, Work Product, and Timeline

Each proposal shall describe the proposed methodology for each element of the components listed in Section II, Scope of Audit. The description should include specific techniques that will be used, including anticipated sampling techniques and sizes, and proposed sources of data and information. You may propose alternative ways of addressing the elements of the audit's scope.

In describing the proposed methodology, also identify the type and level of assistance that you anticipate will be needed from the staff of STRS, including assistance to understand the operations and records of STRS and assistance to access, obtain, and analyze information needed for the audit. The description of the proposed methodology shall also identify meetings, interviews, programming support, space needs, etc., that you anticipate needing from STRS.

The methodology for the fiduciary audit is as follows:

- 1) Collect data:
 - a. Collect background information on Sponsor, liaison officer, and service providers
 - b. Request documentation
 - i. Plan or trust documents
 - ii. Investment Policy Statement
 - iii. Fiduciary acknowledgements
 - iv. Service provider agreements
 - v. Board/committee minutes (last 12 months)
 - vi. Board/committee by-laws
 - vii. Recent portfolio performance reports provided to Board (last 12 months)
 - viii. Recent fee and expense report
 - ix. Recent experience study
 - x. Recent asset liability analysis
 - xi. Code of Ethics policies
 - xii. Conflict of Interest policies and procedures
- 2) Analyze the data:
 - a. Verify completeness of Information, records notes
 - b. Assess soundness of investment strategy (asset allocation/managers)
 - c. Verify Investment Policy Statement adherences to federal, state, and local regulations
 - d. Compare due diligence procedures relative to best practices
 - e. Assess safe harbor Compliance(s)
 - f. Assess service providers diligence
 - g. Evaluate segregation of duties
 - h. Monitoring Process Review
- 3) Meet with Sponsor/client -ongoing virtual meetings

- a. Periodic one hour “zoom” (recommend weekly)
 - b. Monthly reports delivered to Sponsor/client
 - c. Reveal opportunities for improvement
 - d. Prudently adjust
 - e. Issue periodic drafts for review and feedback
- 4) On-Site Visit for Final Report/Findings and Conclusion
- a. On-site delivery of report
 - i. Executive summary
 - ii. Analyses
 - iii. Findings
 - iv. Remaining opportunities for improvement (OFI)
 - v. Discuss remedies and recommendations

Each proposal shall also include one or more examples of work product(s) for fiduciary audits that may help to illustrate the proposed methodology and final work product.

Please see attachment 4.5 to reference the sample fiduciary audit report.

Each proposal shall provide an estimated date that the final report will be submitted and the projected timeline or the anticipated work requirements and milestone dates to reach that date. This may be expressed as time after start of contract (i.e., "1 week after contract start date," "4 weeks after contract start date"), rather than specific calendar dates.

PROPOSER:	Champion Capital Research
SUMMARY TIMELINE FOR CONDUCT OF REVIEW	
Completing RFP	Due by July 2, 2021 at 5:00pm ET
Begin Assignment	Immediately upon acceptance
Proposed Weekly Updates begin (Tuesdays 9-10AM)	Begin first Tuesday following acceptance
Fiduciary Audit Report v1 Delivered	3 weeks from assignment beginning
Address non-Compliance Issues	4 weeks from assignment beginning
Address All Scope Requirements	4 weeks from assignment beginning
Final Report Preparation and Finalization	8 weeks following from assignment beginning
Submission of Final Draft report	10 weeks from assignment beginning
Presentation of Final Report to Board	11 to 12 weeks from assignment beginning

4.6 Additional Information

Please see attachment of the fiduciary audit report illustrating final report and work product.

Please also see attachment of lead professional and team members experience specific to fiduciary involvement and expertise.

4.7 Glossary

AIFA	<u>Accredited Investment Fiduciary Analyst</u>
CEFEX	<u>Centre for Fiduciary Excellence</u>
CFA	<u>Chartered Financial Analyst</u>
JD	<u>Juris Doctor</u>
HMEP	<u>Houston Municipal Employees Pension</u>
BPS	<u>Basis Points</u>
IPS	<u>Investment Policies</u>
TEXPERS	<u>Texas Association of Public Employee Retirement Systems</u>
SoG	<u>Statement of Governance</u>
EBOC	<u>Employee Benefits Oversight Committee</u>
OFI	<u>Opportunities for Improvement</u>
NC	<u>Nonconformities</u>
PRB	<u>Pension Review Board</u>

4.8 Cost Information

The pricing includes an independent review and evaluation of the organizational design, structure and practices as well as the investment program of the State Teachers Retirement System. Champion Capital Research will identify strengths and weaknesses in ORSC and compare operations with best practices of other public pension plans and make recommendations for improvement. Pricing for these services will be \$75,000 for 2 months and will not exceed \$75,000. This is all inclusive of extraneous costs to our firm including travel.

Attachment 4.2 Fiduciary Essentials for Public Employee Retirement Systems

*Please note that this is a sample of the entire process developed

Fiduciary Essentials for Any State Public Employee Retirement Systems

CHAMPION CAPITAL RESEARCH
A Blend of Values A Bridge to Tomorrow **Fi360**

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Course Learning Objectives:

1. Recognize the function of a pension trustee and the importance of managing fiduciary responsibility
2. Apply the fundamental competencies of public pensions necessary for trustees and system administrators to successfully discharge their duties
3. Fulfill minimum training requirements for pension trustees and administrators.
4. Understand the roles and duties of fiduciaries;
5. Understand the duty of loyalty and the exclusive benefit rule;
6. Understand the duty of prudence;
7. Know some of the liabilities facing fiduciaries who fail to discharge their fiduciary responsibilities;

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Roles and Responsibilities

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Part 2: Session Learning Objectives Benefits Administration

- Understand the features of defined benefit, defined contribution, and hybrid plans
- Understand the responsibility of the board as it relates to benefits administration
- Understand the responsibility of the staff for day-to-day operations
- Read and interpret the component parts of plan design (including retirement eligibility, vesting requirements, benefit formulas, final average salary, and cost-of-living adjustments)
- Be familiar with additional benefits such as Deferred Retirement Option Plans (DROPs)
- Be familiar with Qualified Domestic Relations Order (QDRO) requirements
- Be aware of the tax qualified pension plan status under the IRS Code
- Be aware of provisions relating to correction of errors in benefit calculation
- Be aware of their system's processes for hearing appeals and contested cases
- Understand the methods of communicating benefit information to system members
- Be familiar with current issues and trends in benefit administration.

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Part 3: Learning Objectives Governance

- Be familiar with the composition of their board and how trustees are appointed
- Understand their responsibilities as board members
- Understand the roles of the board's committees, system administrator and staff
- Understand the roles and responsibilities of investment consultants and managers, the board's actuary/legal counsel, and auditors
- Comprehend the board's oversight role relating to contracted professionals
- Be familiar with the laws and rules governing public pension plans in Any State and any governing documents including bylaws
- Have a basic understanding of the plan's policies and procedures
- Utilize best practices associated with good pension plan governance
- Understand the various fiduciary duties
- Be familiar with state and federal ethics laws that apply to public officials
- Understand the consequences of violating ethics laws
- Know what should be included in an ethics policy
- Be familiar with basic standards of conduct
- Understand the potential conflicts of interest faced by fiduciaries
- Be aware of required disclosures
- Know about prohibited transactions and interests
- Understand issues relating to confidentiality
- Be familiar with laws governing reports, gifts, and benefits
- Be familiar with the laws that apply to fiduciaries in Any State
- Understand the duty to follow the plan documents
- Be familiar with some examples of litigation involving fiduciary liability
- Be aware of ethical responsibilities that are expected of fiduciaries

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Stewards - Three Functional Areas of Responsibility

- 1 Investments**
 - Select and monitor funds
 - Investment committee
 - Fees
 - IPS
 - Service provider review
- 2 Administration**
 - Plan management
 - Communication
 - Fiduciary files
 - Fee disclosure
 - Documentation
- 3 Financial**
 - Tax returns – Form 5500
 - Audits
 - Form 1099 - participants
 - Form 945 filings
 - Plan entry & eligibility
 - Timely deposits

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Part 4: Learning Objectives The IPS

- Distinguish the different characteristics of stocks, bonds, and other major asset classes
- Understand the risk involved in investing in certain asset classes
- Understand the basic elements of an investment policy statement and be familiar with their system's investment policy
- Understand the role of the trustee as it relates to investment decisions
- Be aware of potential conflicts of interest and how to avoid them
- Understand the basic elements of an investment policy statement and be familiar with their system's investment policy
- Demonstrate understanding of due diligence

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Part 5: Learning Objectives All About Investments

- Comprehend passive and active investment management strategies
- Explain the importance of diversification
- Analyze returns, comparing with a system's assumed rate of return
- Be familiar with due diligence and investment performance evaluation processes
- Understand the role of investment consultants and investment managers
- Be aware of best practices for selecting and evaluating investment managers
- Demonstrate understanding of due diligence

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Defining the Investment Profile

THE HIERARCHY OF DECISIONS

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Part 6: Learning Objectives Risk Management

Managing General Risk

- Demonstrate understanding of fiduciary responsibility
- Know several strategies for protecting against fiduciary liability
- Be familiar with risk assessment
- Understand internal control concepts, such as preventative and detective controls
- Distinguish the roles of the trustees, system administrator and staff, related to risk control
- Read and understand a Comprehensive Annual Financial Report
- Comprehend the role of auditors, including internal and external
- Be aware of state requirements related to contracting
- Be familiar with their system's measures for ensuring security of confidential information
- Understand the importance of recordkeeping requirements
- Know the ways in which management of the system is delegated to the executive director

Managing Investment Risk

- Explain the importance of diversification
- Be familiar with types of investment risk including systematic and specific risk, and how to manage total risk
- Understand the basic elements of an investment policy statement and be familiar with their system's investment policy
- Demonstrate understanding of due diligence

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Risk Management

- Internal Controls
- Risk Assessment
- Investment Risks and Financial controls
- The Keeping or Records (security of Confidential Information)
- The CAFR - Comprehensive Annual Financial Report
- Internal and External Auditors

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Risk Is Defined Within A Context, For Example:

- Asset allocation risk;
- Asset liability mismatch risk;
- Board and Actuary miscommunication risk;
- Board Committee structure and personnel risk;
- Cybersecurity risk;
- Delegations of authority risk;
- Ethics risk;
- Fiduciary responsibilities risk;
- Financial controls risk;
- Legal risk;
- Operations risk; and
- Reputational risk.

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Part 7: More on Fiduciary Matters Global Fiduciary Precepts

- 01 Follow laws and governing documents
- 02 Diversify to manage risk and return
- 03 Prepare and follow an investment policy statement
- 04 Prudently select fiduciary and non-fiduciary service providers
- 05 Control and account for costs
- 06 Avoid or manage conflicts of interest
- 07 Monitor service providers
- 08 Monitor and assure conformity to fiduciary obligations

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Monitoring: Working Backwards

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Part 8: Learning Objectives More on Actuarial Matters

- Explain the role of the board's actuary;
- Comprehend basic actuarial terms;
- Read and understand an actuarial valuation;
- Understand the difference between pay-as-you-go and advance or pre-funding;
- Be familiar with the demographic and economic types of actuarial assumptions;
- Distinguish the difference between the market value and actuarial value of assets;
- Distinguish between different types of actuarial cost methods;
- Understand different amortization methods;
- Understand asset smoothing techniques;
- Understand the amortization period and PRB Guidelines for Actuarial Soundness – now retitled PRB Pension Funding Guidelines;
- Understand and evaluate funded ratios;
- Be aware of best practices such as experience studies and actuarial audits; and
- Understand what should be taken into consideration for a system to increase benefits.

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Elements of Funding Policy

- Payers (employer and employees)
- Employer funding methodology
 - Fixed rate – adequate/sufficient
 - Actuarially determined rate – affordability
- Pattern – usually % payroll
 - Level, Increasing, Decreasing
- Actuarial cost method and Amortization (UAAI)
 - Period in years
 - Open period or closed period
 - Level percent of payroll or level dollar amount
- Actuarial Value of Assets
- Other considerations
 - Budgets, Headlines, Review Board (PRB), GASB

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Part 9: Challenges We Face The Past is a Prologue

The first public pension plan in the U.S. was established in 1857 for the New York City police officers. We have seen many changes in the 160+ years since that 1st plan.

The landscape has changed:

- The Government Accounting Standards Board (GASB) was established in 1984 to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others.
- The Actuarial Standards Board (ASB) establishes Actuarial Standards of Practice (ASOPs) to identify what the actuary should consider, document, and disclose when performing an actuarial assessment.

One challenge we'll face is keeping up with accounting and actuarial standards.

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Prudent Process Benefits

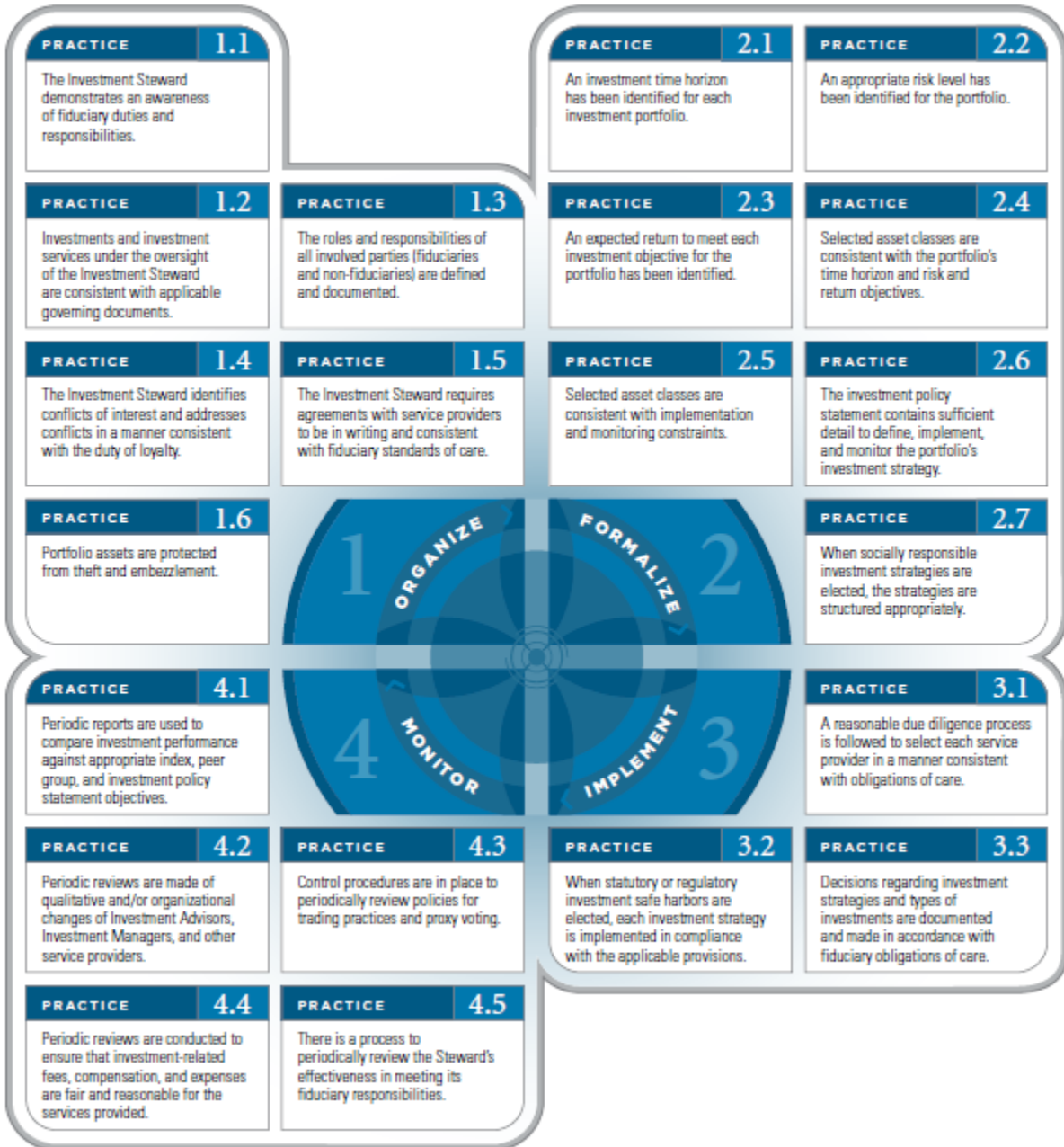
Future participant successes depend on current fiduciary processes.

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Attachment 4.3.1 Periodic Table of Global Fiduciary Practices

Periodic Table of Global Fiduciary Practices



Attachment 4.3.2 Bios and Resumes



Mary Kathryn Champion

Dr. Champion is the founder and president of Champion Capital Research. The firm is a research oriented institutional investment management company. The firm's clientele includes public defined benefit and corporate defined contribution plans, as well as foundations and non-profits. Champion Capital Research has the distinction of being the first firm to certify for fiduciary excellence (CEFEX) a 2.5B public defined benefit plan. The firm has conducted fiduciary assessments for public and corporate plans whose combined assets exceed thirty billion (30B) in assets. Additionally, the firm donates nearly five percent of its profits to charities annually.

Dr. Champion has held the position of adjunct faculty for the Center for Fiduciary Studies at the University of Pittsburgh since 2007. She also lectures and teaches at local universities. At Rice University's Glasscock School, Champion taught economics, finance, equity and fixed income theory and strategy, portfolio management, risk management, and investments. At the University of Houston, Champion taught undergraduate micro and macroeconomic classes. For public fund trustees, Dr. Champion authored and continues to instruct the Certified Trustee Training curriculum. She continues to be a member of TEXPERS Education Committee. Champion has been engaged as a legal expert in securities disputes and lawsuits. Champion was a retained speaker for the CFA Society and spoke in countries including England, Ireland, Malaysia, Philippines, Singapore, Japan, Canada, and in major cities in the United States.

Dr. Champion board and council positions included the Houston Symphony Orchestra's (HSO) Chairperson for the Pension Committee, HSO Leadership and Governance Committee, and Rice University's Initiative for the Study of Economics. She is a member of the National Association for Business Economists, American Economic Association, Association for Investment Management and Research, and of the Houston Society of Financial Analysts. Champion is published in academic and professional journals including Bank Asset/Liability Management, The North America Journal of Economics and Finance, The Texas Pension Observer and The World Economy: The America's. Her hobbies include running, swimming and playing the violin. Dr. Champion has received her B.A from Rice University and M.A from University of Houston. She completed her PhD course work in Economics at the University of Houston. She is a certified Chartered Financial Analyst (CFA) and Accredited Investment Fiduciary Analyst (AIFA).

Mary Kathryn Campion, Ph.D., CFA, AIFA

campion@championcr.com

cell: 713-446-0806



Dr. Campion is the President and Founder of Champion Capital Research, Inc. She has decades of experience as a financial economist and portfolio strategist and is considered an expert in fiduciary excellence and the design of asset allocation strategies. Dr. Campion is published in academic and professional journals including Bank Asset/Liability Management, The North America Journal of Economics and Finance, The World Economy: The Americas, and The TEXPERS Pension Observer. She is a Chartered Financial Analyst (CFA®) and an Accredited Investment Fiduciary Analyst (AIFA®). Dr. Campion holds a Bachelors degree from Rice University and a Masters and Ph.D. from the University of Houston.

EDUCATION and ADVISORY

Bachelor of Arts – Rice University

Master of Arts and Ph.D.: *An Empirical Investigation of the Determinants of the Cross-Border Financial Flows: Evidence on the Role of Capital Control and Financial Liberalization Policies*

Rice University Initiative for the Study of Economics Council (RISE)

Houston Symphony Orchestra – Chair Pension Committee and Executive Board Member

Prisoner Entrepreneurship Program (PEP), Executive Volunteer

SCHOLARSHIPS, FELLOWSHIPS, CHARTERS

Dorothy Starling Full-Tuition Scholarship Recipient (Deans List)

RICE University

Graduate Fellowship Recipient

University of Houston

Shell Oil Foundation Scholarship Recipient

University of Houston

Accredited Investment Fiduciary Auditor (AIFA)

Chartered Financial Analyst (CFA)

FACULTY, INSTRUCTION

Rice University and Glasscock

2008-2013

Economics, Finance, Equity and Fixed Income Theory and Strategy

Portfolio Management, Risk Management, CFP Curriculum

Texas Public Employees Retirement Systems

2001-Present

Instructor & Certified Trustee Training Curriculum Author, Education Committee

Association for Investment Management and Research (AIMR)

2004-2015

Retained Speaker for National CFA Society

Center for Fiduciary Studies, University of Pittsburgh

2007-Present

Adjunct Faculty

PROFESSIONAL MEMBERSHIPS AND LICENSES

American Economic Association (AEA)

National Association for Business Economists (NABE)

Association for Investment Management and Research (AIMR/CFA)

Accredited Investment Fiduciary Auditor (AIFA)

Houston Society of Financial Analysts (HSFA)

Uniform State Law (Series 63), General Securities Representative (Series 7) (*passed*)

Mary Kathryn Campion, Ph.D., CFA, AIFA

campion@championcr.com

cell: 713-446-0806

PROFESSIONAL EXPERIENCE

President & Litigation Expert	Champion Capital Research, Inc.
Adjunct Instructor	Rice University
Adjunct Faculty	University of Pittsburgh/FI360
Chief Investment Officer	U.S. Fiduciary
Senior Portfolio Strategist and Chief Economist	Coastal Securities, LLP
Director of Fixed Income Strategies	Government Securities Corporation
Senior Economist	Westcap Securities
Violinist	Houston Grand Opera and Ballet Orchestras

SELECT PUBLICATIONS, PAPERS, LECTURES

Campion, M.K., *Center for Fiduciary Studies Accreditation Seminars*, Chicago, Denver, Boston, Houston, Dallas, St. Louis, Kansas City, Phoenix, Tucson, West Michigan, 2007-2017.

Campion, M.K., “*TIME, for a Change*”, The Texas Pension Observer, Fall 2012.

Campion, M.K., “*Should Secular Trends Cause Changes in AA Policy?*”, The Texas Pension Observer, Fall, 2011.

Campion Lecture: *Inflation Real or Perceived*, Texas Government Finance Association, Fall 2011.

Campion, M.K., “*Is MPT Dead or Alive?*”, The Texas Pension Observer, Spring, 2010.

Campion Lecture: *Risk Management for MPT Believers*, NAPFA San Diego, Fall 2010.

Campion, M.K., *Accredited Investment Fiduciary Education and Certification Program*, Rice University and Center for Fiduciary Studies, 2009 – 2013.

Campion Lecture: *The Evolution of US and Canadian ETFs*, Quebec Finance Association, Canada, Spring 2008.

Campion Lecture: *Core Satellite and Enhanced Indexing*, Malaysia Finance Society, Fall 2007.

Campion Lecture: *Positioning Your Investment Portfolio for the Future*, AIG National Conference, Fall 2004.

Campion, M.K., R. Neumann, “An Empirical Investigation of Controls in Latin America”, *The North America Journal of Economics and Finance*, Volume 14, No. 2, 2004.

Campion, M.K., R. Neumann, “Compositional Effects of Capital Controls – Theory and Evidence”, The World Economy: The America’s, Vol. 26, August 2003.

Campion, M.K., “*The Derivation of Expected Returns and Volatilities for Model Portfolios*”, Working Paper, October 2002.

Campion, M.K., “*The Globalization of Financial Markets: How Controls and Policies Affect the Allocation of Financial Capital*”, Working Paper, October 2001.

Campion, M.K., “*New Regulations in Capital Management: Pricing Embedded Options in Floating-Rate CMO Portfolios*”, Bank Asset/Liability Management, Vol. 12, No. 8, August 1996.



Keith Alden Loveland

Keith Alden Loveland is a nationally recognized attorney, author, consultant and teacher within the fields of investments, securities and securities offerings, ethical versus fraudulent practices regarding investments and securities, and fiduciary matters. He has been qualified as an expert regarding the above matters in state and federal courts, and in AAA and NASD/FINRA arbitrations, and also has served as an arbitrator and qualified neutral mediator. Keith currently serves as a subject matter expert to the North American Securities Administrators' Association [NASAA]; he previously served as a subject matter expert to the New York Stock Exchange [NYSE] Qualification Committee.

Mr. Loveland has taken and passed the securities examinations Series 3, 4, 5, 7, 8, 15, 24, 27, 53, 63, 65 and 66. Within the securities industry he has worked inside of broker-dealers and investment advisers, and has served as chief compliance officer, chief legal officer, chief operations officer, chief financial officer, chairman of the investment committee for a mutual fund complex and chairman of the board. He has also served as outside counsel to banks, brokerage firms, insurance companies, investment companies and trust companies.

Mr. Loveland is a member of the American Bar Association, Business Law Section, Committee on Federal Regulation of Securities, and the Committee on State Regulation of Securities. He has been a member of the Financial Planning Association since 1983, serving a three-year term on their Board of Directors from 2011 to 2013. He was a recipient of the FPA Heart of Financial Planning Award in 2010. Keith has been a teacher for many years. Among other engagements, he was Adjunct Professor, William Mitchell College of Law, from 1978 to 1987, and Adjunct Professor, Hamline University, from 1979 to 1981, where he taught Philosophy of Law and Jurisprudence. He is currently Adjunct Faculty for The Center for Fiduciary Studies, teaching the Accredited Investment Fiduciary course in Prudent Practices for Investment Stewards, Investment Advisors, and Investment Managers.

Keith's writings span a wide range of topics, including alternative dispute resolution, arbitration, cybersecurity, ethics, portfolio construction, privacy law and various elements of securities law. He received his Bachelor of Arts in Philosophy & Pre-law from University of Minnesota, Duluth, Juris Doctor from William Mitchell College of Law and Certificate in Securities Regulation from Harvard University Law School. He is an Accredited Investment Fiduciary Analyst® (AIFA®), Certified Investments and Derivatives Auditor (CIDA®), Global Financial Steward (GFS™), L5 Plank Holder and CEFEX Fiduciary Analyst.

Keith Alden Loveland, JD; AIFA®; CIDA®; GFS™
CEFEX Fiduciary Analyst; Professional Member, ISACA®

kl Loveland@cap-mgt.com

Phone 952-746-1106



Keith Alden Loveland is a nationally recognized attorney, author, consultant and teacher within the financial services profession. He has been qualified as an expert in state and federal courts, and in AAA and NASD/FINRA arbitrations. He has served as an arbitrator and qualified neutral mediator. Keith is a subject matter expert to the North American Securities Administrators' Association [NASAA]; he previously served as a subject matter expert to the New York Stock Exchange [NYSE] Qualification Committee.

Mr. Loveland has been a member of the Financial Planning Association since 1983, serving a three-year term on their Board of Directors from 2011 to 2013. He was a recipient of the FPA Heart of Financial Planning Award in 2010. Keith was Adjunct Professor, William Mitchell College of Law, from 1978 to 1987, and Adjunct Professor, Hamline University, from 1979 to 1981, where he taught Philosophy of Law and Jurisprudence. He is currently Adjunct Faculty for The Center for Fiduciary Studies, teaching the Accredited Investment Fiduciary course for Investment Stewards, Investment Advisors, and Investment Managers.

EDUCATION

BA, Philosophy & Pre-Law	University of Minnesota, Duluth
Juris Doctor	William Mitchell College of Law
Certificate in Securities Regulation	Harvard University Law School

LICENSE EXAMINATIONS

Mr. Loveland has taken and passed the following securities industry licensing examinations:

<u>EXAM</u>	<u>DATE</u>	<u>TITLE</u>
Series 7	10-15-83	General Securities Representative
Series 63	10-19-83	Uniform Securities Agent State Law Examination
Series 24	10-20-83	General Securities Principal
Series 4	10-27-83	Registered Options Principal
Series 27	11-19-83	Financial and Operations Principal
Series 8	1-18-84	General Securities Sales Supervisor
Series 5	1-19-84	Debt Securities Registered Options Principal
Series 15	1-20-84	Foreign Currency Registered Options Principal
Series 3	4-12-84	Commodity Futures Representative
Series 53	11-9-84	Municipal Securities Sales Supervisor
Series 65	4-2-92	Uniform Investment Advisor Law Examination
Series 66	4-22-97	Uniform Combined State Law Examination

EMPLOYMENT

SPECIAL CONSULTANT, SECURITIES DIVISION
COMMERCE DEPARTMENT, 2017-2018

MINNESOTA

Keith Loveland Consulting – a boutique law practice; 1978 to present.

- AML Compliance, fiduciary and regulatory mock audits and remediation consulting.
- Firm Element surveys and 'in-house' educational seminars.

Keith Alden Loveland, JD; AIFA®; CIDA®; GFS™
CEFEX Fiduciary Analyst; Professional Member, ISACA®

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- BD & RIA formation, Written Supervisory Procedures, Operations and Compliance Manuals.
- Strategic Planning and Executive Coaching services.
- Defense of enforcement actions & Expert witness services.
- Private Mediation & Alternative Dispute Resolution Services.

Chief Operating Officer / Chief Compliance Officer; Larson Allen Private Financial Advisors, 2000 – 2001; an SEC Registered Investment Adviser & Broker-Dealer.

Executive Vice-President & Chief Compliance Officer; Washington Square Securities, Inc., 1999 – 2000; an SEC Registered Investment Adviser & Broker-Dealer.

Chief Compliance Officer – Chief Legal Officer; Offerman & Company / Marquette Investment Services, 1992 – 1994 and 1997 – 1999; an SEC Registered Investment Adviser & Broker-Dealer.

Chairman of the Investment Committee; IRI Asset Management; 1987 – 1989; a Mutual Fund Sponsor & SEC Registered Investment Adviser.

Chairman of the Board; Capital Management Associates, 1982 – 1987; an SEC Registered Investment Adviser & Broker-Dealer.

MISCELLANEOUS

- Co-author with David E. Rosedahl and Andrew C. Small, *Protecting the Privacy of Client Information*. Appeared as Chapter 17, pp. 435-492, *Modern Compliance: Best Practices for Securities & Finance*; © 2015 Wolters Kluwer Financial Services.
- Co-author with Andrew C. Small and David E. Rosedahl, *Practical Implications Regarding the Safeguarding of Customer Information*. Appeared as Chapter 15, *Investment Adviser Regulation: A Step-by-Step Guide to Compliance and the Law* (3 Volume set) 3rd Edition. © 2011 Practising Law Institute.
- Co-author with Brian C. Edstrom and David E. Rosedahl, *Practical Implications Regarding the Safeguarding of Customer Information*. Appeared as Chapter 28, *Broker-Dealer Regulation*. © 2018 Practising Law Institute.
- Member, SIFMA Compliance and Legal Division.
- Member, Securities Experts' Roundtable.
- Professional Member, ISACA, the Information Systems Audit and Control Association.
- Qualified Neutral under Rule 114 of the Minnesota General Rules of Practice
- Securities Arbitrator for NYSE, NASD/FINRA, CBOE, and AAA, 1990 to 2014; NFA Arbitrator since 1990.
- Biographical Subject, Who's Who in American Law.
- Biographical Subject, Who's Who in Finance & Industry.
- Mensa www.mensa.org
- Intertel www.intertel-iq.org
- The International Society for Philosophical Enquiry www.thethousand.com
- Triple Nine Society www.triplenine.org
- Inaugural Recipient of Outstanding Contribution Award, 2005, Financial Planning Association of Minnesota
- Inaugural Recipient of Outstanding Alumnus, 2017, UMD College of Liberal Arts



Kathleen McBride

McBride has more than 35 years of experience in the investment industry including senior posts as a bond underwriter, trader and later, investment adviser. In 2009, she was a founder of The Committee for the Fiduciary Standard, later serving as its Chair. Nationally recognized for her fiduciary process expertise, she frequently speaks, writes, comments, and testifies on investment fiduciary regulation and investor advocacy issues, and meets frequently with regulators and lawmakers.

McBride is an Accredited Investment Fiduciary Analyst® (AIFA®) and a CEFEX Analyst with the Centre for Fiduciary Excellence. McBride's investment experience and specialized knowledge qualifies her to audit the investment fiduciary processes of retirement plans, RIA firms, service providers and nonprofits across the United States and internationally. Using an ISO-based process, McBride assesses an organization's conformance to the appropriate fiduciary standard and Prudent Practices established by CEFEX and Fi360, which are based on regulatory, legal and common law prudence, and analyzes the organization's investments. Once organizations comply the Global Standard of Fiduciary Excellence, they may be certified by CEFEX in a rigorous, peer-reviewed process. McBride was the first CEFEX Analyst to assess a nonprofit organization in Guam for CEFEX certification.

McBride also consults with organizations that desire to improve their investment fiduciary processes. She is qualified to teach the Fiduciary Essentials® courses developed by Fi360 to help investment stewards understand and meet their fiduciary responsibilities.

She has served on nonprofit boards, including Ice Theatre of New York. McBride was a figure skater and still enjoys seeing friends at national or international skating events. She and her husband, Bill, travel and enjoy hiking, sailing and tennis.

She holds BS from New York University and completed the Investment Strategies and Portfolio Management program at The Wharton School of The University of Pennsylvania.

KATHLEEN M. MCBRIDE, AIFA®, CEFEX Analyst39
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RUMSON, NJ 07760
kmcbride@FiduciaryPath.com
732-241-4988



An Accredited Investment Fiduciary Analyst® with investment advisory, research, fiduciary process and conflicts of interest expertise. After starting professional life on Wall Street as a broker, bond trader and then investment adviser, transitioned to develop financial media and research services for institutions and individual investors. My background provides depth and insight on financial institutions, regulators, advisers and investors.

Founded, with a small group of fiduciary leaders, The Committee for the Fiduciary Standard and Institute for the Fiduciary Standard, advocating for investors and working on a central regulatory issue that is changing the landscape for advisers and investors.

CURRICULUM VITAE

FIDUCIARYPATH, LLC www.FiduciaryPath.com

2012 - Present

Founded FiduciaryPath to help investment advisers and investment stewards understand their fiduciary responsibilities and manage them to the appropriate fiduciary standard of care. We enable organizations to develop sustainable, well-documented, systematic investment fiduciary processes. We provide evidence-based assessments, (based on ISO 19011, quality management system auditing), of organizations' conformance to the Global Fiduciary Standard of Excellence for peer-reviewed CEFEX certification. Designated trainer for Fi360's Fiduciary Essentials® curriculum to trustees, boards, and leadership of nonprofits, retirement plans, apprenticeship trustees, tribal nations, and governments. Testify and comment on fiduciary matters.

INSTITUTE FOR PRIVATE INVESTORS

2011

Responsible for investment education content for all IPI members: ultra-high-net-worth families, family offices and private investors. Identified trends and engaged thought leaders on investing, economics and behavioral finance.

SUMMIT BUSINESS MEDIA

2005 - 2011

Responsible for all Wealth content on *AdvisorOne*, a leading Web site for advisers. As Editor in Chief of *Wealth Manager* magazine and Web site, revamped and brought to profitability for the first time, in 2008! Added e-news, expert blogs, Webinars, Podcasts, social media and original research for an audience of sophisticated advisers to pensions, endowments, ultra-high-net-worth investors and retail clients.

Initiated *Investment Advisor's* digital media presence, including Podcasts and Webinars for magazine and Web site. Conducted in-depth research on advisory firms, women and wealth, and fiduciary topics. Spoke on trends in wealth management, economy and markets, investment strategies and regulatory issues. Led creative team including staff, freelancers and subject matter experts to create industry-leading content.

MULTIMEDIA CONSULTANT

1999 - 2005

Consulted on concept and positioning for revenue generating, interactive products and services for the Web, print and television. Clients include CBS, CBS MarketWatch, Dow Jones & Co., Lipper Analytical, REUTERS, Prodigy, OperationalRisk.com and Starbuck & Co.

LIPPER ANALYTICAL SECURITIES, INC.

1993 - 1999

Director, Multimedia Services and Consultant

Developed and marketed multimedia ventures that leveraged Lipper mutual fund information into new products. Served on NASD committee to develop ground-breaking daily mutual fund performance reporting for media. Introduced M-POWER: Investment advice based on unique risk tolerance assessment, for major fund firms. In collaboration with The Associated Press, devised mutual fund profiles, interactive fax service and graphic templates for individual investors. Worked with *The Wall Street Journal* and *Barron's* on mutual fund content.

REUTERS INFORMATION SERVICES, INC.**1989 - 1991**

New York, NY

Director, Subscriber Sales; International Strategic Sales and Consultant – REUTER TV 2000

Managed institutional sales team, branding, advertising and marketing to launch the first desktop business television network, Reuter TV 2000. Funded and produced live, interactive TV. Originated international newsprograms and specials, and revenue-generating series.

STANDARD & POOR'S / MCGRAW-HILL, INC.**1986 - 1989**

New York, NY

Strategic Account Executive, S&P Trading Systems, Inc.

Negotiated sales of a real-time market data, with proprietary software and computer hardware, to brokerage firms,banks, fund managers, securities exchanges and major news organizations.

MANUFACTURERS HANOVER TRUST**1983 - 1986**

New York, NY

Municipal Bond Specialist, Treasury Division

Investment adviser with fiduciary responsibility, advising high-net-worth clients about their municipal, U.S. Treasury,GNMA, commercial paper and agency fixed-income investments.

RELATED ACTIVITIES

CENTER FOR BOARD CERTIFIED FIDUCIARIES™**2021 - Present**Co-founder and Specialty Leader

Co-founder and Foundations & Endowments Specialty Leader. Developing Foundations & Endowments curriculumfor this Public Benefit Corporation created to accelerate the development of exemplary lay fiduciaries and professional fiduciaries through training in one of 10 areas of specialization.

THE COMMITTEE FOR THE FIDUCIARY STANDARD**2009 - Present**Past Chair, Founding Member and Steering Group Member – Pro Bono

Founding member of this all-volunteer organization of fiduciary experts advocating for the undiluted fiduciary standard for all who provide financial or investment advice to investors. The broader Committee includes a community of about 1,100 practitioners. Served as Chair from 2015 to 2017. Provide research, education andresources for media, advisers and senior regulatory and legislative officials. www.TheFiduciaryStandard.org

THE INSTITUTE FOR THE FIDUCIARY STANDARD**2011 - 2015**Founding Member and Steering Group Member – Pro Bono

Founding member of think tank for advocacy, education and research on the fiduciary standard and its importanceto investors and the capital markets. www.theFiduciaryInstitute.org

EDUCATION

NEW YORK UNIVERSITY

BA, Social Sciences, 1995

THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA

Investment Strategies and Portfolio Management program, completed 2009

CENTER FOR FIDUCIARY STUDIES

Accredited Investment Fiduciary®, 2010 Accredited

Investment Fiduciary Analyst®, 2012

LICENSES

Have held as appropriate: Series 7 General Securities Registered Representative; New York State Insurance License; New Jersey Real Estate License. These are no longer necessary for the consulting, training and researchI do now.



Ken Mathis

Ken Mathis has over forty years of experience working with institutional organizations in the capacities of a fiduciary consultant, fiduciary assessments, CEFEX Certification (Centre for Fiduciary Excellence), asset management, and investment consulting. He is a founder of the Center for Board Certified Fiduciaries and served as Chairperson of the first CEFEX Foundation Committee.

Mr. Mathis has written numerous whitepapers on fiduciary best practices for institutional organizations. In addition, he has been a speaker at national conferences on fiduciary best practices, fiduciary assessments, and CEFEX Certification. Ken has also contributed to CEFEX's Consultant's Assessment of Fiduciary Excellence for nonprofits and Fi360's fiduciary training program for foundations and endowments.

Ken has completed the Pension and Investment Management Program at Wharton School of Business, University of Pennsylvania. He has earned the Accredited Investment Fiduciary Analyst® (AIFA®) professional designation from fi360 through the Katz School of Business, University of Pittsburgh. He has also received the Professional Plan Consultant® (PPC®) professional designation from fi360 through the Robert Morris University. Ken is also a CEFEX Analyst, having received formal training in investment fiduciary responsibility and met the criteria established by the Centre for Fiduciary Excellence (CEFEX). He received a B.B.A. from the Fogelman College of Business and Economics at the University of Memphis.

Attachment 4.5 Sample Fiduciary Audit Report
"sampled due to length of report"

Investment Practices & Performance Report

Report

Submitted May 1, 2020

Champion Capital Research, Inc.

510 Bering, Suite 240 Houston,
Texas 77075



Investment Practices and Performance Report

Table of Contents

Independent Fiduciary Advisory Attestation	Page 3
Findings and Recommendations	Page 4-6
1. Analysis of Investment Policies	
2. Review of Asset Allocation	
3. Review and Assessment of Fees	
4. Review of Manager Selection and Monitoring Process	
5. Review of Governance and Education	
The Texas PRB's '2020 Investments Practices and Performance Report'	Page 7 -41
Appendix – Team of Analysts	Page 42-45
– SB 322 Investment Expense Report	Page 46

Independent Fiduciary Advisor Attestation

The Texas Pension Review Board requires the following disclosures by the independent firm performing the review.

A summary outlining the qualifications of the firm.

Champion Capital Research, Inc., (“CCR”) is a consulting firm that provides institutions with fiduciary consulting services. The firm is a bellwether in research pertaining to asset allocation modeling, alternative investment evaluation and due diligence, risk mitigation and fiduciary excellence. For nearly twenty years, the firm has provided institutions’ managers and employees with education regarding institutional investment and portfolio best practices as they relate to investment governance and management. These “best practice” analyses have enhanced efficiencies in portfolios and in committee meetings. Clients understand the value of independence and attribute excess performance and savings to the firms’ services.

A statement indicating the nature of any existing relationship between the firm and the system being evaluated.

The ██████████ Pension Plan (“the Plan”) selected CCR through a Request for Proposal process to perform the Investment Practices and Performance Evaluation and Report, as required by Senate Bill 322 (86R), adopted October 17, 2019.

A list of the types of remuneration received by the firm from sources other than the retirement system for services provided to the system; and

CCR receives no remuneration from any source other than the Plan for services provided to the Plan.

Statement acknowledging that the firm, or its related entities, is not involved in directly or indirectly managing investments of the system.

CCR and its related entities are not involved in directly or indirectly managing investments of the Plan.

Analysis of Investment Policies

CCR completed an analysis of the Plan’s investment and governance policies that have been adopted and assessed the Plan’s compliance with these policies.

The Plan’s Statement of Governance (“SoG”) is thoughtful and comprehensive as it relates to the duties and responsibilities of the Board, the Employee Benefits Oversight Committee (“EBOC”), the President & CEO, and the Administrative Committee. The Investment Policy Statement (“IPS”) further defines the roles and responsibilities of the Trustees, Administrative Committee members and investment managers. Neither of these documents outline the roles and responsibilities of the Actuary, Custodian or the Investment Consultant. Given the many investment research, monitoring and other administrative roles performed by the Investment Consultant, as well as the interactions between the Investment Consultant and the Actuary, it is best practice to outline more definitive roles and responsibilities, as well as fiduciary status, of those entities affecting Plan assets.

With respect to conforming to fiduciary best practices, the Plan’s IPS and SoG do not express specific selection, due diligence and monitoring criteria. In practice, the Plan appears to implement monitoring practices that are good practices. However, without explicit criteria documented in the IPS, the portfolio management process is vulnerable to inconsistency and repeatability throughout generations of fiduciaries. During this assessment, CCR, the Plan, and ██████ the Plan’s Investment Consultant, discussed these opportunities for improvement (“OFI”).

In summary, all OFIs were discussed in detail, and suggested remedies are being thoughtfully considered for inclusion in subsequent IPS and SoG revisions. The Plan is vigilant in its compliance with both its governance and investment policies and procedures, thus, CCR believes the Plan will have no difficulty improving and implementing “best practice” monitoring processes and IPS criteria.

Review of the Plan’s investment asset allocation

CCR completed a detailed review of the Plan’s investment asset allocation, including:

- a) The process for determining target allocations
- b) The expected risk and assumed rate of return categorized by asset class
- c) The appropriateness of selection and valuation methodologies of alternative and illiquid assets
- d) Future cash flow and liquidity needs

In summary, there are no recommendations.

Review of the appropriateness of investment fees and commissions paid by the Plan

CCR completed an analysis of the Plan’s investment fees, expenses and commissions paid during 2019. The Plan was unwaveringly responsive to each request made by CCR to ensure the analysis was thorough and complete.

The Plan has many types of investment fees and expenses, including investment management fees, brokerage fees, trading expenses, profit share, carried interest, custodial fees, investment consulting fees, securities lending fees, operations, among other fees and expenses. ██████████ staff tracks investment related and administrative fees. ██████████ the Investment Consultant, consistently tracks many of the investment management fees. ██████████, trade analytics consultant, consistently reviews trading and best execution fees and expenses.

The Plan’s SoG provides a good “framework” for ensuring the appropriate policies and procedures in place to account for and control for investment expenses and other asset management fees. CCR found that the Plan’s processes are robust with respect to assessing fees and expenses. However, while the framework exists, policies are not explicit with respect to the monitoring of direct fees and expenses, including but not limited to investment management, custodial, consulting, and trading fees and expenses. The Plan’s procedures exist with respect to indirect fee assessment, but policies and monitoring of these procedures are incomplete. ██████████ the Investment Consultant, reports investment management fees periodically, but peer analyses of negotiated investment management fees are absent.

The IPS could delegate to vendors and service providers the responsibility to report periodically fees and expenses and to opine regarding peer group median fees and expenses for like services. ██████████ staff would then have total fees and expenses readily available for annual reporting and benchmark analyses. The reasonableness of fees can be assessed only by ensuring a comparison of the Plan’s total fees and expenses to comparable entities total fees and expenses.

In summary, CCR’s recommendation is that the Plan adopt policies and processes by which it periodically, but no less frequently than annually, documents both direct and indirect fees and compensation paid to all managers, brokers, real estate investments, mutual funds, and consultant(s). Any profit share or carried interest from alternatives/real estate should be documented. At the renewal of all manager agreements, it would be prudent to require an annual accounting by each manager of all direct and indirect remuneration received during the calendar year.¹ This would make it easier for ██████████ the Investment Consultant, and therefore the Plan to aggregate all fees and expenses, benchmark for reasonableness, as well as hold all managers to a fiduciary requirement to report accurately direct and indirect remuneration received.

Review of the Plan’s governance processes related to investment activities, including investment decision-making processes, delegation of investment authority, and board investment expertise and education

CCR completed an analysis of the Plan’s governance and investment processes, delegation of investment authority and board investment expertise and education. CCR reviewed the Plan’s IPS, SoG, EBOC meeting agendas and minutes, Plan Documents, the Plan’s Audit Report, ██████████ Actuarial Report, training and

¹ For example, one could make as part of an Investment Consultant’s and/or manager’s agreement the requirement to submit annually the Texas PRB Fee and Expense template.

continuing education records, [REDACTED] Consulting Agreement, performance reports, and [REDACTED] staff's compliance calendar.

It is best practice to evaluate the services and agreements with all service providers at least once every three years. This is to ensure that fiduciaries can avail themselves of cost saving opportunities, technological efficiencies and otherwise potential improvement opportunities over time.

In summary, CCR finds the Plan's decision-making processes, delegation of authority and investment education and expertise among the Board, EBOC, and Administrative Committee to be robust, prudent, and consistent.² To improve an outstanding OFI, the Plan could implement a policy to review all vendor contracts and agreements once every three years, which is best practice.³

Review of the Plan's investment manager selection and monitoring process

CCR completed an analysis of the Plan's investment manager selection and monitoring processes. CCR reviewed the Plan's IPS, SoG, EBOC meeting agendas, [REDACTED] performance reports, particularly discussions of monitoring, watchlist and potential replacement of investment managers, discussion regarding potential new managers, and investment manager expenses.

While not established formally in the IPS, the Investment Consultant assumes the role of determining the potential candidates for investment manager selection. While the Investment Consultant has its internal selection methodology that appears to be consistently applied, the specific criteria are not transparently displayed in the IPS, which is best practice.

Monitoring gross and net of fee aggregate performance on a quarterly basis for all investments in the Plan's portfolio would improve opportunities for fiduciaries to assess the net value add for each manager, including privately traded strategies. Including benchmarks and peer group analyses will enhance the Plan's monitoring processes. Monitoring net performance relative to peers is best practice.

In summary, the Plan's IPS would be improved if it were to include specific selection and monitoring criteria for selection and termination of investment managers. Fiduciary best practice would be to include both net and gross of fee relative to benchmark and peers in each quarterly report. Both the Plan and the Investment Consultant reviewed proposed monitoring criteria and language and [REDACTED] has developed a list of action items to consider implementing at the next IPS review. The language CCR shared is consistent with industry best practices with respect to the monitoring – both selection and termination – of investment managers. The proposed language also included the selection and monitoring criteria and responsibilities for the Investment Consultant.

² Manager selection and asset allocation policy OFIs addressed subsequently.

³ Best practices as defined by the Center for Fiduciary Studies. The Plan's practice to conduct a formal RFP process for the Investment Consultant and Custodial Trustee every five years is an acceptable practice.

TEXAS Performance Review May 2020

This section provides suggested questions and topics for consideration under each of the five areas required to be covered in each evaluation. The questions are intended to help the ██████████ Pension Plan (“the Plan”) identify the types of information an evaluation may include.

Section 802.109 (a)(1) requires each evaluation to include an analysis of any investment policy or strategic investment plan adopted by the retirement system and the retirement system's compliance with that policy or plan. Champion Capital Research, Inc., (“CCR”) reviewed the Investment Policy Statement (“IPS”) which was adopted by the Plan’s Employee Benefits Oversight Committee (“EBOC”) on July 15, 2019. ██████████ staff promptly, professionally and courteously made themselves available to CCR and made sure CCR had access to representatives at ██████████ the Plan’s Actuary, for consultations regarding actuarial issues and at ██████████ the Plan’s Investment Consultant, regarding asset allocation, risk-and-return assumptions and investment manager search criterion.

The PRB provided ‘Guidance for Investment Practices and Performance Evaluations’ as required by Senate Bill 322. CCR evaluated each of the 75 items contained in the PRB Guidance.

The first task of the five tasks required to be evaluated concerns the appropriateness, adequacy, and effectiveness of the retirement system's investment practices and performance. CCR found the Plan’s IPS and practices to be thoughtful, thorough and complete. In other words, CCR found no nonconformities (“NC”) with the Plan’s IPS. Several opportunities for improvement (“OFI”) were identified and communicated to ██████████ staff during weekly status update teleconferences. In particular, CCR evaluated each of the following PRB Guidance questions.

Each evaluation must include:
(1) an analysis of any investment policy or strategic investment plan adopted by the retirement system and the retirement system’s compliance with that policy or plan;

1. Does the system have a written IPS?

Yes

No

2. Are the roles and responsibilities of those involved in governance, investing, consulting, monitoring and custody clearly outlined?

Yes

No


 Opportunity for Improvement (OFI)

ANSWER: OFI. The governance, investing, monitoring and custody clearing roles and responsibilities are defined in the Plan’s Statement of Governance (“SoG”). While the roles and responsibilities related to the external Investment Consultant are included in the agreement with the consultant, we suggested they also be included in in the IPS. We also suggested adding objective, measurable criteria for due diligence, selection and monitoring of investments, investment consultant and investment managers.

3. Is the policy carefully designed to meet the real needs and objectives of the retirement plan?

Yes

No

 OFI (See box below.)

Is it integrated with any existing funding or benefit policies? (i.e. does the policy take into account the current funded status of the plan, the specific liquidity needs associated with the difference between expected short-term inflows and outflows, the underlying nature of the liabilities being supported [e.g. pay-based vs. flat \$ benefit, automatic COLAs, DROP, etc.]

Yes

No

 OFI

ANSWER: OFI. CCR noted the discussions of liquidity and liabilities in the IPS in general terms, but without specifics. Both the Actuary and the Investment Consultant communicate no less than annually regarding short- and long- term liquidity needs. One way to satisfy this OFI might be to add language to IPS suggesting: “Within 30 days after the end of each calendar quarter, a review will be made of: (a) the specific liquidity needs over the next four quarters; (b) the nature of all liabilities; and (c) the current funded status of the Plan.” The results of such review shall then be shared with the appropriate committees.

4. Is the policy written so clearly and explicitly that anyone could manage a portfolio and conform to the desired intentions?

Yes

No

OFI

ANSWER: Generally, the policy is clear and anyone could manage a portfolio and conform to the desired intentions. For example, the IPS refers to equity securities, and suggests the Plan’s investment managers should limit their investments to those securities or companies with the following characteristics:

- a relatively strong competitive position;
- a sound financial position; and
- a favorable reputation.

CCR suggested more explicit and measurable language could be helpful.

5. Does the policy follow industry best practices? If not, what are the differences?

Yes

No

OFI

ANSWER: OFI. We suggest the addition of roles and responsibilities for investment consultant, and objective, measurable criteria for due diligence, selection, monitoring and replacement for Investment Consultant, investment managers, service providers, and asset allocation processes and decisions. CCR recommends the addition of measurable criteria for the evaluation of investment fees and expenses.

6. Does the IPS contain measurable outcomes for managers?

Yes

No

OFI (See box below.)

9. Does the system implement a tactical asset allocation? If so, what methodology is used to determine the tactical asset allocation? Who is responsible for making decisions regarding the tactical asset allocation?

Yes

No

ANSWER: The Plan's IPS allows for movements away from the strategic asset allocation. Movement outside of the strategic asset allocation ranges are allowed if the Plan and its fiduciaries expect that the economic and capital market environment is such that such a move would be in the best interest of the beneficiaries. The IPS allows for the portfolio to be 100% cash, should an extreme environment prevail.

10. How does the asset allocation compare to peer systems?

ANSWER: The Plan's strategic asset allocation allows for a nearly 52.5% equity (vs 52% Texas Public Funds), 25.5% fixed income (vs 20%), and 22% Alts (vs 28%). Within equities, the Plan is overallocated to domestic equities and fixed income relative to Texas peers, and under allocated to alternatives and international equities.

(B) the expected risk and expected rate of return, categorized by asset class;

11. What are the strategic and tactical allocations?

Asset Class	Actual Allocation ⁴	Strategic Allocation	Tactical Allocation
1. Domestic Equity	37.30%	35.00%	Na
2. Global xUS Equity	10.10%	10.00%	Na
3. Global xUS Low Vol.	8.40%	7.50%	Na
4. Real Estate	8.20%	10.00%	Na
5. MLP	6.40%	7.00%	Na
6. Hedge Funds	4.10%	5.00%	Na
7. HY Bonds	24.80%	7.50%	Na
8. Glob Fxd w EM Bonds		4.00%	Na
9. Leveraged Loans		4.00%	18.00%
10. Aggregate Bonds		10.00%	
11. US TSYs		0.00%	Na

⁴ The actual allocations described represent Q3 2019 asset allocations.

12. What is the expected risk and expected rate of return of each asset class?⁵

Asset Class	Expected Return ⁶	Expected Standard Deviation (Std)
1. Domestic Equity	6.00%	17.00%
2. Global xUS Equity	6.75%	18.80%
3. Global xUS Low Vol.	6.40%	13.45%
4. Real Estate	5.40%	12.00%
5. MLP	7.60%	19.00%
6. Hedge Funds	5.15%	6.60%
7. HY Bonds	4.20%	10.00%
8. EM Bonds	2.80%	8.80%
9. Leveraged Loans	4.60%	6.00%
10. Aggregate Bonds	2.70%	5.15%
11. US TSYs	2.10%	5.00%

13. How is this risk measured and how are the expected rates of return determined? What is the time horizon?

ANSWER: The Plan receives updated capital market assumptions no less than annually. Each quarter the Investment Consultant reviews these estimates in its quarterly report. The expected rates of return are delivered by the Investments Consultant. The time horizon is ten years.

⁵ The expected risk and expected rate of return are not the same data that is in the 3Q19 quarterly report delivered to the Plan. Instead, the Investment Consultant, provided revised data upon request for missing asset class information.

⁶ These data are expected compounded returns, not arithmetic expected returns.

14. What mix of assets is necessary to achieve the plan’s investment return and risk objectives?

Asset Class	Expected Return	Expected Std
1. Domestic Equity	6.00%	17.00%
2. Global xUS Equity	6.50%	18.00%
3. Global xUS Low Vol.	6.15%	16.00%
4. Real Estate	4.80%	16.50%
5. MLP	7.00%	18.00%
6. Hedge Funds	5.39%	3.87%
7. HY Bonds	4.20%	10.00%
8. EM Bonds	7.00%	20.00%
9. Leveraged Loans	7.00%	20.00%
10. Aggregate Bonds	2.70%	5.15%
11. US TSYs	2.70%	5.15%

ANSWER: Given the expected capital market assumptions and current asset allocation, it is unreasonable to expect to achieve the actuarial rate of return of 7.25%. An Experience Study is expected to be completed in 2020 and assumption discussions are planned for mid-year 2020, for inclusion in the next actuarial valuation.

15. What consideration is given to active vs. passive management?

ANSWER:
While there is no explicit discussion in the IPS of active vs. passive management as a strategy, as of December 31, 2019, the Plan followed its Investment Consultant’s recommendation and converted several actively managed strategies to passive investments, primarily in equity funds.

Is the approach used by the system to formulate asset allocation strategies sound, consistent with best practices, and does it result in a well-diversified portfolio?

- Yes
- No
- OFI

16. How often are the strategic and tactical allocations reviewed?

(C) the appropriateness of selection and valuation methodologies of alternative and illiquid assets; and

17. How are alternative and illiquid assets selected, measured and evaluated?

ANSWER:

Alternative and illiquid assets, including hedge funds, MLPs and real estate holdings (other than direct property holdings) are selected through a “search” process guided by the Investment Consultant. Each investment manager is required to have an independent accountant, auditor, and servicing vendor as part of Investment Consultant’s due diligence process.

The process includes extensive due diligence of each candidate, evaluation and comparison of several factors (past performance, assets under management, fees, etc.) and interviews of top candidates. The directly held real estate property (only one investment remained at 12/31/2019) was selected based on local development opportunity.

The market value of the alternative and illiquid assets is generally reported by the investment manager quarterly, based on procedures described in the individual investment’s documentation. The direct property real estate is valued annually with a Broker’s Opinion of Value and/or formal independent appraisals in accordance with an Appraisal Policy adopted by the Administrative Committee and supported by the Plan’s external audit firm. Quarterly valuations are provided by the open-end real estate fund investments managed by investment managers. The underlying properties are appraised in accordance with each fund’s policy.

18. Are the system’s alternative investments appropriate given its size and level of investment expertise?

Yes

No

OFI

Does the IPS outline the specific types of alternative and illiquid investments allowed, as well as the maximum allocation allowable?

Yes

No

OFI

(D) future cash flow and liquidity needs;

20. What are the plan's anticipated future cash flow and liquidity needs? Is this based on an open or closed group projection?

ANSWER: The Plan's expected cash flow and liquidity needs are assessed no less than annually by both [REDACTED] and [REDACTED]. Expected benefit payments, estimated by [REDACTED] are delivered to [REDACTED] no less than annually. [REDACTED] assesses cash flow needs based upon both open and closed group projections. Long-term analyses rely on open group projections.

21. When was the last time an asset-liability study was performed?

ANSWER: January 2019.

22. How are system-specific issues incorporated in the asset allocation process? What is the current funded status of the plan and what impact does it have? What changes should be considered when the plan is severely underfunded, approaching full funding, or in a surplus? How does the difference between expected short-term inflows (contributions, dividends, interest, etc.) and outflows (distributions and expenses) impact the allocation? How does the underlying nature of the liabilities impact the allocation (e.g. pay-based vs. flat \$ benefit, automatic COLAs, DROP, etc.)?

ANSWER: [REDACTED] the Investment Consultant, and [REDACTED] the Actuary, communicate at a minimum annually to address system-specific asset allocation issues. As of 1/1/2019 the Plan was 82% funded. The Plan continues to make progress towards 100% funding. While not applicable to the Plan, a severely underfunded plan should consider increased contribution and plan changes like lowering benefit accruals. A plan approaching full funding should continue with the funding and IPS that got them to that point. A plan with a surplus should take steps to protect and maintain the surplus, including but not limited to de-risking of the assets, continuing to make contributions, and considering benefit improvements if prudent. In general, both [REDACTED] and the fiduciaries at the Plan understand and regularly meet to discuss the expected cash flows and liquidity risk, such as an increased wave of retirement/expected payouts. Thus, the Plan and its fiduciaries should not be surprised by a sudden need for cash.

Section 802.109(a)(3) Requires a review of the appropriateness of fees and commissions paid by the retirement system. Based on all available direct and indirect expense information, CCR created a PRB Section 802.103 Expense Report. CCR compared the Plan fee and commission data with proprietary and publicly available fee and commission data for public plans of similar size. ██████████ staff promptly, professionally and courteously made themselves available to CCR and made sure CCR had access to representatives at ██████████ regarding the Plan’s expenses.

(3) a review of the appropriateness of investment fees and commissions paid by the retirement system;

1. What types of stress testing are incorporated in the process?

ANSWER: Both ██████████ (Actuary) and ██████████ (Investment Consultant) have stressed the assets and liabilities and informed the client of the risks associated under different interest rate and economic scenarios. Results are analyzed and used for the determination of changes in asset allocation. Importantly, these stress test results are used in serious discussions regarding the impact a different – lower – discount rate might have on the future funding status of the Plan.

2. Do the system's policies describe the management and monitoring of direct and indirect compensation paid to investment managers and other service providers? What direct and indirect investment fees and commissions are paid by the system?

ANSWER: OFI. CCR found that the system’s IPS and SoG does not describe the monitoring of direct and indirect compensation paid to investment managers and other service providers.

██████████ staff tracks investment related and administrative fees. The ██████████ Q4 2019 Performance Report, which includes fees reported by the custodian “JPM”, provides investment management fees on a subset of the system’s assets. The 2019 Plan Audit Report provides a sum of all investment fees in the amount of \$12,593,950. The attached SB-322 Investment Expense Report shows the TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS totaled \$11,322,605. This does not include the operating expense of \$8,708,743 related to private real estate.

3. Who is responsible for monitoring and reporting fees to the board? Is this responsibility clearly defined in the system's investment policies?

Yes

No

OFI

ANSWER: OFI. The Investment Consultant, [REDACTED] is responsible for monitoring investment managers and ensuring that investment related fees are appropriate for the style of investment. This includes fees charged for fund investments. Fees are considered by the Administrative Committee when selecting investment managers.

Administrative expenses related to consultants, training, etc., are monitored by the Administrative Committee on a monthly basis.

The IPS does not define responsibility for monitoring and reporting fees to the Administrative Committee or other governing bodies and is silent on governance processes for review of all direct and indirect expenses. The IPS discusses controlling plan costs and defraying reasonable expenses of administering the plan in general terms.

4. Are all forms of manager compensation included in reported fees?

Yes

No

OFI

ANSWER: OFI. No, fees netted from fund investments were not included in the reported investment expense. An analysis of investment management fees netted from returns, profit share/carried interest from alternative investments, expenses related to cash (if any) and expenses related to real estate, is needed and would enhance the Plan's monitoring and oversight of the Plan. The SB-322 Investment Expense Report, with all known fee and expense information, is included with documents package.

5. How do these fees compare to peer group and industry averages for similar services? How are the fee benchmarks determined?

Higher

Lower

Similar

ANSWER: A review of the SB-322 Investment Expense Report, the TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS totaled \$11,322,605. This does not include the operating expense of \$8,708,743 related to private real estate. Based on the average year end reported asset value of \$1,779,033,857 and beginning year asset value of \$1,522,045,827, the TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS without private real estate equals 67 basis points.

According to PublicPlanData.org, there are 114 public plans that reported fee data in 2019. Of those 114 plans, 27 had asset values between \$1 billion and \$5 billion. The average value was \$2,719,184 and the median value was \$2,618,857. The average reported fee for the 27 plans was 38 basis points and the median fee was 53 basis points.

6. Does the system have appropriate policies and procedures in place to account for and control investment expenses and other asset management fees?

Yes

No

OFI

ANSWER: OFI. The Plan's IPS discusses controlling plan costs and defraying reasonable expenses of administering the plan.

The SoG provides a good framework for the appropriate policies and procedures in place to account for and control investment expenses and other asset management fees. ■■■ assists the Administrative Committee in monitoring investment costs.

CCR recommended the IPS be updated to include specific monitoring procedures of all direct and indirect expenses paid by the Plan, and that a periodic, consistent monitoring process be followed for the accounting of all direct and indirect investment fees and expenses.

7. What other fees are incurred by the system that are not directly related to the management of the portfolio?

ANSWER: Other fees incurred by the Plan that are not directly related to the management of the portfolio included Net Administrative Expenses for 2019 in the amount of \$448,088. These administrative expenses included audit, actuarial, investment consulting, legal, accounting, etc.

8. How often are the fees reviewed for reasonableness?

- Every year
- Once every two years
- Once every five years
- Infrequently/OFI

ANSWER: OFI. It is not detailed in the IPS nor in the SoG. There is evidence of fees reviewed in the █████ Quarterly Reports showing the renegotiation of fees. However, there is no evidence of peer analyses, or renegotiated fees becoming effective.

9. Is an attorney reviewing any investment fee arrangements for alternative investments?

YES or NO.

- Yes
- No

ANSWER: In addition to █████ review and market comparison related to the fee arrangements related to any new investment, an attorney reviews all key documents related to new investments, including the fee mechanism. The Investment Consultant is the subject matter expert related to the competitiveness of fees.

13. Who is responsible for making decisions regarding investments, including manager selection and asset allocation? How is authority allocated between the full board, a portion of the board (e.g. an investment committee), and internal staff members and/or outside consultants?

Does the IPS clearly outline this information?

Yes

No

OFI

ANSWER: As detailed in the SoG, approved by the Board (as defined above) on 7/29/2019, the EBOC is responsible for approving the IPS which includes the targeted asset allocation/investment strategy. The Administrative Committee (referred to as “the board” by PRB) is responsible for implementing the approved allocation strategy, which includes making investment decisions and investment manager selections. A majority vote from the Administrative Committee is required to make investments/hire investment managers. Three of the Administrative Committee members serve as members of an Alternative Investments Subcommittee and have limited authority to act on behalf of the full Administrative Committee in relation to more immediate decisions needed related to the alternative investments, primarily related to direct real estate investments.

Is the board consistent in its use of this structure/delegation of authority?

Yes

No

OFI

ANSWER: OFI. The IPS and SoG clearly define responsibilities for the Board, the EBOC and the Administrative Committee with respect to governance, investing, monitoring and custody clearing roles and responsibilities. Although some responsibilities are included in the Investment Consultant Agreement, the IPS and SoG do not explicitly define the role and responsibilities of the Investment Consultant, which assists with asset allocation, manager searches, performance reporting, and monitoring. The Administrative Committee retains responsibility for manager selection and monitoring, but delegates investment management to individual managers.

Section 802.109(a)(5) Requires a review of the fund’s investment manager selection and monitoring processes. ██████ staff promptly, professionally and courteously made themselves available to CCR and made sure CCR had access to representatives at ██████ regarding investment manager due diligence criterion, search and selection process, monitoring and replacement criterion.

(5) a review of the retirement system’s investment manager selection and monitoring process.

1. Who is responsible for selecting investment managers?

The Board – The Administrative Committee

The Consultant

Other

2. How are the managers identified as potential candidates?

Consultant Research

Other

OFI

3. What are the selection criteria for including potential candidates?

Established in IPS

Not Established in IPS - OFI

ANSWER: While not established formally in the IPS, the Investment Consultant is responsible for the selection of potential candidates. The Investment Consultant, ██████, has its own internal selection methodology that appears to be consistently applied. However, the specific criteria are not transparently displayed in the IPS, which is best practice. However, the Plan and the Investment Consultant intend to improve on this weakness and CCR has delivered IPS language to be considered to improve on this OFI.

4. What are the selection criteria when deciding between multiple candidates?

Board decision

Staff decision

Consultant decision

ANSWER: ■■■ is a non-discretionary Investment Consultant. ■■■ performs searches for managers and vendors and brings its best ideas to the Administrative Committee for review. In the end, the Administrative Committee retains full discretion over the hiring and firing of its investment managers and other vendors.

Please note that the PRB reference to "board" most closely aligns with the Plan's Administrative Committee.

5. How does the selection process address ethical considerations and potential conflicts of interest for both investment managers and board members?

ANSWER: ■■■ uses criteria that are meant to identify conflicts of interest among investment manager prospects. Such criteria included disclosure of "soft dollar" arrangements. ■■■ stated that it does not hire any manager that allows for "soft dollar" remuneration for the Plan. The Plan's Ethics Policy for all employees discusses Conflicts of Interest. All employees must sign an annual declaration to abide by this policy, recuse themselves when necessary and report suspected violations under the process outlined in the policy.

6. Who is responsible for developing and/or reviewing investment consultant and/or manager contracts?

Staff

Board

Consultant

Legal/Other

9. What benchmarks are used to evaluate performance?

Asset Class	Broad Benchmark	Style/Manager Benchmark
1. Domestic Equity	Russell 3000 Index	Growth/Value/Micro
2. International Equity	MSCI AC World ex USA IMI (Net)	Growth/Value
3. World Equity	MSCI ACWI Minimum Vol Index (Net)	Na
4. Energy	Alerian MLP Index	Na
5. Real Estate	NCREIF Property Index	■ US Real Estate Index
6. Loans	CSFB Leveraged Loan (1M-lag)	Na
7. Hedge Funds	HFRI Fund of Funds Composite Index	HFRI Equity Hedge / HFRI Macro/CS Managed Futures
8. High Yield Bonds	ICE BofAML High Yield Master II	Na
9. Emerging Market Bonds	Blmbg. Barc. EM Local Currency Gov't.	Na
10. Domestic IG Bonds	Blmbg. Barc. US Aggregate	Na
11. US TSY Bonds	Blmbg. Barc. US Treasury	Na

10. What types of performance evaluation reports are provided to the board? Are they provided in a digestible format accessible to trustees with differing levels of investment knowledge/expertise?

Yes

No

OFI

ANSWER: ■ provides at a minimum four comprehensive quarterly reports to the Administrative Committee. The Administrative Committee summarizes performance for the EBOC at least twice per year. These reports are well documented and in a digestible format. They are relatively consistent across quarters.

11. How frequently is net-of-fee and gross-of-fee investment manager performance reviewed?

- Monthly
- Quarterly
- Annually
- Other/OFI

Is net-of-fee and gross-of-fee manager performance compared against benchmarks and/or peers?

- Yes
- No
- OFI

ANSWER: OFI. Net of fee performance compared to benchmarks is reported by the Investment Consultant on a quarterly basis. Gross of fee performance is reported from the Investment Consultant annually for required PRB reporting. The majority of active investment managers report both net and gross of fee performance compared to benchmarks during their annual visits. CCR recommended the inclusion of gross of fee and net of fee performance compared to benchmarks for each performance period in quarterly reports, which would allow fiduciaries to assess the net value add for each manager, especially privately traded strategies.

12. What is the process for determining when an investment manager should be replaced?

ANSWER: ██████ the Investment Consultant, is responsible for reporting manager performance quarterly to the Administrative Committee. When a manager is no longer providing value relative to a benchmark, that manager is put on “watch” status and if performance does not improve, the manager may be phased out by taking cash periodically to meet operational needs or a search for a replacement may be undertaken. Costs associated with manager replacement is taken into consideration. CCR recommends the Plan’s IPS reflect objective and quantifiable criteria by which a “watch” list manager’s replacement can be implemented.

CHAMPION CAPITAL RESEARCH

INVESTMENT AND EXPENSE REPORTING

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	MANAGEMENT FEES NETTED FROM RETURNS**	TOTAL INVESTMENT MANAGEMENT FEES (Management Fees Netted from Returns + Management Fees Paid From Trust)	BROKERAGE FEES/COMMISSIONS	PROFIT SHARE/CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS (Management Fees + Brokerage Fees/Commissions + Profit Share)
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Equity	1,050,000	1,210,213	2,250,000	80,000	-	2,500,000
Fixed Income	1,350,000	1,200,000	1,400,000	-	-	1,350,000
Real Estate	900,000	-	900,000	-	-	900,000
Securities Lending	80,000	-	80,000	-	-	-
Securities Lending borrower rebates	1,150,000	-	1,200,000	-	-	1,200,000
Alternative/Other	1,750,000	370,000	2,150,000	-	3,326,500	5,000,000
TOTAL	\$ 6,280,000	\$ 2,780,213	\$ 7,980,000	\$ 80,000	\$ 3,326,500	\$ 10,950,000

Alternative/Other	Benchmark	Investment Managers	Benchmark
List of Alternative/Other Investments*	List of Alternative/Other Benchmarks	List of Investment Manager Names*	List of Investment Manager Benchmarks
	NCREIF Property		MSCI ACWI Min Vol
	Wilshire RESI		MSCI Emerging Markets
	CSFB Leveraged Loan		Merrill Lynch BofA High Yield
	HFRI Equity Hedge (Total)		MSCI ACWI Min Vol
	HFRI Macro (Total)		Russell 1000 Growth
	Alerian MLP		Global Sovereign Credit Blend
	NCREIF Property		Russell Mid Cap Growth
			Merrill Lynch BofA High Yield
	HFRI Fund-of-Funds Composite		Bloomberg US Aggregate
			Bloomberg US Aggregate
			S&P 500
	NCREIF Property		MSCI EAFE Value
	Credit Suisse Managed Futures		
	CPI		MSCI Emerging Markets
	CPI		Russell 1000 Value
	CPI		S&P 500
	CPI		Russell 2000 Value
			Russell Micro Cap
			MSCI EAFE Growth

Total Investment Expenses	
Total Direct and Indirect Fees and Commissions	\$ 10,950,000
Investment Services	
Custodial	65,000.00
Research	-
Investment Consulting	195,000.00
Legal	700,000.00
Other	257,000.00
Total	
Total Investment Expenses (Total Direct and Indirect Fees and Commissions +	\$ 12,167,000

Team of Analysts

Mary Kathryn Campion

Dr. Campion is the founder and president of Champion Capital Research. The firm is a research oriented institutional investment management company. The firm's clientele includes public defined benefit and corporate defined contribution plans, as well as foundations and non-profits. Champion Capital Research has the distinction of being the first firm to certify for fiduciary excellence (CEFEX) a 2.5B public defined benefit plan. The firm has conducted fiduciary assessments for public and corporate plans whose combined assets exceed thirty billion (30B) in assets. Additionally, the firm donates nearly five percent of its profits to charities annually.

Dr. Campion has held the position of adjunct faculty for the Center for Fiduciary Studies at the University of Pittsburgh since 2007. She also lectures and teaches at local universities. At Rice University's Glasscock School, Campion taught economics, finance, equity and fixed income theory and strategy, portfolio management, risk management, and investments. At the University of Houston, Campion taught undergraduate micro and macroeconomic classes. For public fund trustees, Dr. Campion authored and continues to instruct the Certified Trustee Training curriculum. She continues to be a member of TEXPERS Education Committee. Campion has been engaged as a legal expert in securities disputes and lawsuits. Campion was a retained speaker for the CFA Society and spoke in countries including England, Ireland, Malaysia, Philippines, Singapore, Japan, Canada, and in major cities in the United States.

Dr. Campion's experience with large institutional clientele includes analyses of diversified public assets and private equity and real estate holdings. Analysts at the firm have experience analyzing private equity and real estate cash flows, reporting gross and net of fee performance, and assessing performance relative to benchmarks. Importantly, the firm has developed governance, ethics and policy statements for public pension plans, and has ongoing relationships to monitor those plans as well as update annually the policies and procedures for defined benefit and contribution plans.

Dr. Campion's board and council positions include the Houston Symphony Orchestra's (HSO) Chairperson for the Pension Committee, HSO Leadership and Governance Committee, and Rice University's Initiative for the Study of Economics. She is a member of the National Association for Business Economists, American Economic Association, Association for Investment Management and Research, and of the Houston Society of Financial Analysts. Campion is published in academic and professional journals including Bank Asset/Liability Management, The North America Journal of Economics and Finance, The Texas Pension Observer and The World Economy: The America's. Her hobbies include running, swimming and playing the violin.

Dr. Campion has received her B.A from Rice University and M.A from University of Houston. She completed her PhD course work in Economics at the University of Houston. She is a certified Chartered Financial Analyst (CFA) and Accredited Investment Fiduciary Analyst (AIFA).

Keith Alden Loveland

Keith Alden Loveland is a nationally recognized attorney, author, consultant and teacher within the fields of investments, securities and securities offerings, ethical versus fraudulent practices regarding investments and securities, and fiduciary matters. He has been qualified as an expert regarding the above matters in state and federal courts, and in AAA and NASD/FINRA arbitrations, and also has served as an arbitrator and qualified neutral mediator. Keith currently serves as a subject matter expert to the North American Securities Administrators' Association [NASAA]; he previously served as a subject matter expert to the New York Stock Exchange [NYSE] Qualification Committee.

Mr. Loveland has taken and passed the securities examinations Series 3, 4, 5, 7, 8, 15, 24, 27, 53, 63, 65 and 66. Within the securities industry he has worked inside of broker-dealers and investment advisers, and has served as chief compliance officer, chief legal officer, chief operations officer, chief financial officer, chairman of the investment committee for a mutual fund complex and chairman of the board. He has also served as outside counsel to banks, brokerage firms, insurance companies, investment companies and trust companies.

Mr. Loveland is a member of the American Bar Association, Business Law Section, Committee on Federal Regulation of Securities, and the Committee on State Regulation of Securities. He has been a member of the Financial Planning Association since 1983, serving a three-year term on their Board of Directors from 2011 to 2013. He was a recipient of the FPA Heart of Financial Planning Award in 2010. Keith has been a teacher for many years. Among other engagements, he was Adjunct Professor, William Mitchell College of Law, from 1978 to 1987, and Adjunct Professor, Hamline University, from 1979 to 1981, where he taught Philosophy of Law and Jurisprudence. He is currently Adjunct Faculty for The Center for Fiduciary Studies, teaching the Accredited Investment Fiduciary course in Prudent Practices for Investment Stewards, Investment Advisors, and Investment Managers.

Keith's writings span a wide range of topics, including alternative dispute resolution, arbitration, cybersecurity, ethics, portfolio construction, privacy law and various elements of securities law. He received his Bachelor of Arts in Philosophy & Pre-law from University of Minnesota, Duluth, Juris Doctor from William Mitchell College of Law and Certificate in Securities Regulation from Harvard University Law School. He is an Accredited Investment Fiduciary Analyst (AIFA®), Certified Investments and Derivatives Auditor (CIDA®), Global Financial Steward (GFS™), L5 Plank Holder and CEFEX Fiduciary Analyst.

Kathleen McBride

Kathleen McBride has more than 35 years of experience in the investment industry including senior posts as a bond underwriter, trader and later, investment adviser. In 2009, she was a founder of The Committee for the Fiduciary Standard, later serving as its Chair. Nationally recognized for her fiduciary process expertise, she frequently speaks, writes, comments, and testifies on investment fiduciary regulation and investor advocacy issues, and meets frequently with regulators and lawmakers.

Ms. McBride is an Accredited Investment Fiduciary Analyst® (AIFA®) and a CEFEX Analyst with the Centre for Fiduciary Excellence. McBride's investment experience and specialized knowledge qualifies her to audit the investment fiduciary processes of retirement plans, RIA firms, service providers and nonprofits across the United States and internationally. Using an ISO-based process, McBride assesses an organization's conformance to the appropriate fiduciary standard and Prudent Practices established by CEFEX and Fi360, which are based on regulatory, legal and common law prudence, and analyzes the organization's investments. Once organizations comply the Global Standard of Fiduciary Excellence, they may be certified by CEFEX in a rigorous, peer-reviewed process. McBride was the first CEFEX Analyst to assess a nonprofit organization in Guam for CEFEX certification.

McBride also consults with organizations that desire to improve their investment fiduciary processes. She is qualified to teach the Fiduciary Essentials® courses developed by Fi360 to help investment stewards understand and meet their fiduciary responsibilities.

She holds BA from New York University and completed the Investment Strategies and Portfolio Management program at The Wharton School of The University of Pennsylvania. She has passed the Series 7 and 3 securities examinations.

Ken Mathis

Ken Mathis has over thirty-seven years of experience working with institutional organizations in the capacities of a fiduciary consultant, fiduciary assessments, CEFEX Certification (Centre for Fiduciary Excellence), asset management, and investment consulting. He served as Chairperson of the first CEFEX Foundation Committee.

Mr. Mathis has written numerous whitepapers on fiduciary best practices for institutional organizations. In addition, he has been a speaker at national conferences on fiduciary best