

**AGENDA ITEM DETAILS**

**Subject:** Review and Discussion of Eligibility and Compliance of the Investment Advisory Committee

---

**Background/Analysis:**

Texas Government Code § 815.5091 through § 815.5093, requires the Board of Trustees (Board) to annually review the eligibility of Investment Advisory Committee (IAC) members, and establishes eligibility standards. Pursuant to Texas Government Code § 815.0031, a person is not eligible for appointment to the IAC if the person or the person's spouse (a) is employed by or participates in the management of a business entity or other organization receiving funds from ERS, (b) owns or controls, directly or indirectly, more than a 10% interest in a business entity or other organization receiving funds from ERS, or (c) is a paid officer, employee, or consultant of a Texas trade association in the field of insurance or investment or if the person is required to register as a lobbyist because of the person's activities for compensation on behalf of a business or an association related to the investment of the assets of the state or of ERS.

The ERS Investment Policy references an annual review by the Board of the eligibility status of members of the IAC pursuant to statute. An IAC member may be removed from the committee if they are not qualified for appointment to the IAC or unable to perform their duties as a member of the IAC because of illness, disability, or other personal circumstances. A member may also be removed if they are absent for more than half of the scheduled meetings of the IAC.

Pursuant to Texas Government Code § 815.5093(e), the Board of Trustees adopts the following process for removal of a person from the IAC based on any ground for removal. Any member of the IAC with any ground for removal noted shall, based on applicable circumstances and at the discretion of the Board of Trustees, either be (a) removed from the IAC or (b) be given an opportunity to cure the ground for removal if possible. Any person notified that he/she is being given an opportunity to cure a ground for removal must affirm to the Board of Trustees that he/she will make a good faith attempt to cure all grounds for removal. Following this affirmation, the IAC member may be allowed to continue to serve on the IAC until the next following annual review unless it is apparent prior to the next annual review that the IAC member is not able, not willing or not making reasonable efforts to cure the ground for removal. If any ground for removal is not going to be, or capable of being, cured, the Board of Trustees shall remove this person from the IAC. Members of the IAC may be removed at any time at the discretion of Board.

**CALENDAR YEAR 2021 REVIEW**

To facilitate the Board's review of IAC member eligibility, IAC members complete an affirmation of their qualifications and eligibility. Additionally, ERS records attendance at scheduled Joint Meetings and Working Sessions of the Board/IAC.

ERS staff confirmed that all IAC members affirmed their eligibility from their certification in the annual affirmation according to the requirements of the ERS Investment Policy.

As reported in Exhibit A of this agenda item, all IAC members have met the board meeting attendance requirements. Exhibit B of this agenda item includes the full list of IAC members, highlighting their expertise.

**STAFF RECOMMENDATION:**

This agenda item is provided for informational and discussion purposes only. No action is required.

ATTACHMENTS:

1. Exhibit A —Investment Advisory Committee Attendance
2. Exhibit B – Investment Advisory Committee Skills Assessment
3. Slides – Eligibility and Compliance of the IAC