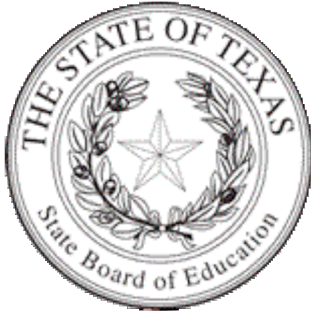


Press Release – October 16, 2009



For Immediate Release

State Education Rep Responds to Allegations of Wrongdoing

San Antonio, Texas – Rick Agosto, District 3 Representative for the State Board of Education, made a statement at today’s Board meeting refuting allegations that he violated the state ethics code and supporting the Board’s attempt to clarify disclosure rules.

The text of the statement follows:

**STATEMENT BY RICK AGOSTO, MEMBER, TEXAS STATE BOARD OF EDUCATION
MEETING ON OCTOBER 16, 2009**

Fellow members of the Board, staff, and fellow citizens of the state of Texas, thank you for this opportunity to share my perspectives on ethics reform.

We are meeting today to review the Board’s ethics and disclosure policies, and I believe this is an important step forward in resolving confusion that has led to false allegations of misconduct and raised unfounded suspicions.

Now, as members of this Board, each of us has a fiduciary obligation to the children of the state of Texas, who are the beneficiaries of the Permanent School Fund: By law, we are required to put their interest ahead of our own.

As a Board member, I take that fiduciary obligation very seriously. As an investment professional, I understand, perhaps better than many, the role a fiduciary must play and the importance of fulfilling that obligation. I believe it is my experience in the investment management industry that makes me such a valuable member of the Board, as I have an in-depth understanding of investment strategies and asset allocation.

However, from one or more leaks to the press by board members or PSF staff – which in themselves violate state ethics rules – and by relaying on incorrect information, the media have unfairly cast doubt on my ethics and how I have carried out my fiduciary obligations as a member of the State Board of Education.

It is unfortunate that in this highly politicized, “gotcha” environment erroneous reports have been seized upon by several publications, forcing me to clear my good name.

Last Saturday, on October 10, the Dallas Morning News published a story written by a freelance writer-for-hire based in New York City alleging I received gifts that I never, in fact, received. Specifically, the Dallas Morning News story stated that I benefited from two gifts of more than \$200, \$220 for football tickets and \$324 for golf green fees, caddy fees and tips.

The truth is that I personally returned the tickets to the AEW employee whose expense report was the basis of the article, as I had purchased tickets for myself; and I did not even play in that person’s foursome.

After confirming these inaccuracies with AEW, the money management firm involved, I pointed these errors out to the Dallas Morning News editorial board member and columnist Bill McKenzie on Wednesday, October 14. Despite the spread of these scurrilous claims, I have yet to see a correction or an apology from that publication.

Further, based on these incorrect reports, several publications then wrote editorials stating that I and other unnamed members of the State Board of Education had an ethical blind spot. However,

the problem, as I and other observers have noted, isn't our lack of awareness of the standard that our Board service requires: It is an ethics policy that requires elected officials to report one thing, and vendors to report another.

For the record, then, let me be clear: This Board should commit itself to fixing the ethics policy and reconciling these inconsistent rules: We should all report the *same* things.

While we are at it, there is second discrepancy that should be addressed: Today, a firm seeking to be appointed to manage the Fund's assets must disclose all contacts with board members for the six months before submitting a response to a request for a proposal, whereas board members are not prohibited from having contact until the response is submitted.

This discrepancy was at the heart of recent ethics violation charges leveled against me in regard to a business meeting I had with NEPC last year. As you now know, I met with NEPC in August 2008 to discuss an investment opportunity for their clients. In October they submitted an RFQ for the Plan's investment advisor contract. At that point I stopped all business contacts. NEPC reported the August contact, as they should. I didn't report anything because we have no form or rule for doing so. Yet this discrepancy was used to cast doubt on my reputation. Now, as we have just heard, the fiduciary counsel for the Public School Fund has cleared me of any wrongdoing. Yet the papers are full of editorials about wrongdoing and ethical blind spots. We need clarity, and a fix to these inconsistencies.

Finally, since the question has been asked of me, let me say, clearly and to anyone who has questions that I believe that my financial disclosures comply with all the requirements under Chapter 572 of the Government Code. While my business involves meeting with many financial advisors and professionals around the United States, I want to assure you that I have never knowingly received an improper benefit in connection with my role on the Board.

As an investment professional, I know the need for capable investment management and oversight of the Fund. The Fund is the source for textbooks and for the continuation of education for the children of Texas. I was educated in the public schools of suburban San Antonio, and my education has provided me with many opportunities in business and in life, so I relish the opportunity to serve Texas for the betterment of our children's future.

Thank you for giving me this opportunity to share my perspectives.

After the meeting, Agosto stated, "I'm delighted that the fiduciary counsel for the Public School Fund found that I did not violate any reporting requirements or ethics rules. I take my fiduciary responsibilities very seriously and would never knowingly violate any rules or disclosure requirements."

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About Rick Agosto, State Board of Education Representative, District 3

Rick Agosto is President and CEO of Aureus Partners, Inc., a financial marketing firm for institutional investing. In addition to his elected position on the State Board of Education, he holds the officer position of Board Secretary. Currently a freshman representative, he was also elected by his peers to sit on the School Finance/Permanent School Fund Committee. Prior to accepting his seat on the State Board of Education, Agosto was actively involved within San Antonio's education community as a member of the San Antonio Greater Chamber of Commerce's education committee.

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