

By: Davis of Dallas

H.B. No. 3476

A BILL TO BE ENTITLED

AN ACT

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relating to the authority of the boards of trustees of certain state retirement systems to contract with professional investment managers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 815.301, Government Code, is amended by amending Subsections (b) and (c) and adding Subsection (g) to read as follows:

(b) The board of trustees may delegate its authority under Subsection (a) to the executive director or an investment manager with whom the board contracts under Subsection (c). The board of trustees, ~~or~~ the executive director, or the investment manager may, under the standard of care provided by Section 815.307, invest and reinvest any of the retirement system's assets and may commingle assets of the trust fund and the law enforcement and custodial officer supplemental retirement fund with the assets of the Judicial Retirement System of Texas Plan Two for investment purposes, as long as proportionate ownership records are maintained and credited. Investments may include home office facilities, including land, equipment, and office building, used in administering the retirement system.

(c) The board of trustees may contract with private professional investment managers to invest on behalf of the board or assist the board in investing the assets of the retirement

1 system.

2 (g) In a contract entered into under Subsection (c) for  
3 investing system assets on behalf of the board of trustees, the  
4 board shall specify any policies, requirements, or restrictions,  
5 including criteria for determining the quality of investments and  
6 for the use of standard rating services, that the board adopts for  
7 investments of the system. The board at any time may, and at  
8 frequent intervals shall, monitor the investments made by the  
9 investment manager and may contract for professional evaluation  
10 services to fulfill this requirement.

11 SECTION 2. Section 825.301, Government Code, is amended by  
12 amending Subsection (b) and adding Subsection (f) to read as  
13 follows:

14 (b) The board of trustees may contract with private  
15 professional investment managers to invest on behalf of the board  
16 or assist the board in investing the assets of the retirement  
17 system.

18 (f) In a contract entered into under Subsection (b) for  
19 investing system assets on behalf of the board of trustees, the  
20 board shall specify any policies, requirements, or restrictions,  
21 including criteria for determining the quality of investments and  
22 for the use of standard rating services, that the board adopts for  
23 investments of the system. The board at any time may, and at  
24 frequent intervals shall, monitor the investments made by the  
25 investment manager and may contract for professional evaluation  
26 services to fulfill this requirement.

27 SECTION 3. Section 840.301, Government Code, is amended by

1 adding Subsection (d) to read as follows:

2 (d) The board of trustees may contract with private  
3 professional investment managers for the purposes and in the manner  
4 provided by Section 815.301 for the investment of assets under  
5 Chapter 815.

6 SECTION 4. This Act takes effect immediately if it receives  
7 a vote of two-thirds of all the members elected to each house, as  
8 provided by Section 39, Article III, Texas Constitution. If this  
9 Act does not receive the vote necessary for immediate effect, this  
10 Act takes effect September 1, 2003.