

By: Davis of Dallas

H.J.R. No. 100

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to the authority of
2 the boards of trustees of certain state retirement systems to
3 contract with professional investment managers.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 67, Article XVI, Texas Constitution, is
6 amended to read as follows:

7 (a) General Provisions.

8 (1) The legislature may enact general laws
9 establishing systems and programs of retirement and related
10 disability and death benefits for public employees and officers.
11 Financing of benefits must be based on sound actuarial principles.
12 The assets of a system are held in trust for the benefit of members
13 and may not be diverted.

14 (2) A person may not receive benefits from more than
15 one system for the same service, but the legislature may provide by
16 law that a person with service covered by more than one system or
17 program is entitled to a fractional benefit from each system or
18 program based on service rendered under each system or program
19 calculated as to amount upon the benefit formula used in that system
20 or program. Transfer of service credit between the Employees
21 Retirement System of Texas and the Teacher Retirement System of
22 Texas also may be authorized by law.

23 (3) Each statewide benefit system must have a board of
24 trustees to administer the system and to invest the funds of the

1 system in such securities as the board may consider prudent
2 investments. In making investments, a board shall exercise the
3 judgment and care under the circumstances then prevailing that
4 persons of ordinary prudence, discretion, and intelligence
5 exercise in the management of their own affairs, not in regard to
6 speculation, but in regard to the permanent disposition of their
7 funds, considering the probable income therefrom as well as the
8 probable safety of their capital. The legislature by law may
9 further restrict the investment discretion of a board and may
10 provide for a board alternatively, or in combination with its own
11 staff, to contract for the management of investments under this
12 section with a private investment management firm.

13 (4) General laws establishing retirement systems and
14 optional retirement programs for public employees and officers in
15 effect at the time of the adoption of this section remain in effect,
16 subject to the general powers of the legislature established in
17 this subsection.

18 SECTION 2. This proposed constitutional amendment shall be
19 submitted to the voters at an election to be held November 4, 2003.
20 The ballot shall be printed to permit voting for or against the
21 proposition: "The constitutional amendment to authorize the boards
22 of trustees of certain state retirement systems to contract with
23 professional investment managers."