

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 1, 2007

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions & Investments

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1447 by Duncan (Relating to the investment authority of the Teacher Retirement System of Texas.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would provide additional investment authority to the Teacher Retirement System (TRS) by including certain private investments in the definition of "securities." The additional investment authority granted under the provisions of the bill would expire September 1, 2012.

The bill would allow the TRS board of trustees to delegate investment authority over a proportion of the assets of the Retirement Trust Fund to external managers. Contracts for external management allowed under the provisions of the bill could not extend past September 1, 2012.

The bill would clarify that the TRS board of trustees may delegate investment authority to TRS staff. The bill would allow the TRS board of trustees to consider certain investment-related matters in closed session.

The bill would restrict investments in hedge funds to no more than five percent of the value of the system's investment portfolio.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, KJG, UP, JSc