

By: Ogden

S.B. No. 2348

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the composition and appointment of the board of
3 directors of a corporation to which the board of regents of The
4 University of Texas System delegates investment authority for the
5 permanent university fund or other funds under the control of the
6 board of regents, and to the administration of that corporation.

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

8 SECTION 1. Section 66.08, Education Code, is amended by
9 amending Subsections (d) and (e) and adding Subsections (d-1) and
10 (i-1) to read as follows:

11 (d) The board of directors of the corporation shall have
12 seven ~~nine~~ members appointed as follows:

13 (1) three members appointed by the board of regents of
14 The University of Texas System;

15 (2) one member appointed by the board of regents of The
16 Texas A&M University System; and

17 (3) three members appointed by the governor with the
18 advice and consent of the senate. ~~[The board shall appoint and~~
19 ~~remove all members of the board of directors of the corporation. At~~
20 ~~least three members of the board and the chancellor of The~~
21 ~~University of Texas System shall be appointed as directors.]~~

22 (e) Each member of the board of directors of the corporation
23 is subject to removal and replacement by the appointing entity. The
24 governor may remove a member appointed by the governor without the

1 advice and consent of the senate but may not replace the member
2 without the advice and consent of the senate. [~~The board shall~~
3 ~~select one or more of the members of the board of directors of the~~
4 ~~corporation from a list of candidates with substantial background~~
5 ~~and expertise in investments that is submitted to the board by the~~
6 ~~board of regents of The Texas A&M University System.~~]

7 (i-1) The corporation may not pay a director, officer, or
8 employee of the corporation a bonus, reward, or other incentive
9 payment based on the performance of the director, officer, or
10 employee, including the performance of an investment made or
11 recommended by the director, officer, or employee, unless the
12 payment is approved in writing by the Legislative Budget Board, the
13 governor, and the attorney general.

14 SECTION 2. (a) Not later than January 1, 2010, the
15 appropriate appointing entities shall appoint the members of the
16 board of directors of a corporation established under Section
17 66.08, Education Code, in accordance with the change in law made by
18 this Act regarding the composition of the board of directors. The
19 members of the board of directors appointed under this subsection
20 take office January 1, 2010. On that date, the incumbent members of
21 the board of directors are considered removed from the board of
22 directors.

23 (b) Until January 1, 2010, the composition of the board of
24 directors of a corporation established under Section 66.08,
25 Education Code, is as provided by the law in effect immediately
26 before the effective date of this Act.

27 SECTION 3. This Act takes effect immediately if it receives

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2009.