

BILL ANALYSIS

Senate Research Center
82R22994 KEL-F

H.B. 2825
By: Otto (Williams)
Finance
5/14/2011
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2825 amends current law relating to the composition and appointment of the board of directors of a corporation to which the board of regents of The University of Texas System delegates investment authority for the permanent university fund or other funds under the control of the board of regents.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 66.08(d) and (e), Education Code, as follows:

(d) Requires the board of directors of the nonprofit corporation contracted to invest funds under the control and management of the board of regents of The University of Texas System (corporation; board) to have nine members, determined as follows:

- (1) six members appointed by the board, of whom three are required to be members of the board and the other three are required to have a substantial background and expertise in investments;
- (2) the chancellor of The University of Texas System; and
- (3) two members appointed by the board of regents of The Texas A&M University System, at least one of whom is required to have a substantial background and expertise in investments

Deletes existing text requiring the board to appoint and remove all members of the board of directors of the corporation. Deletes existing text requiring that at least three members of the board and the chancellor of The University of Texas System be appointed as directors.

(e) Provides that each appointed member of the board is subject to removal and replacement by and at the pleasure of the appointing entity. Deletes existing text requiring the board to select one or more of the members of the board of directors of the corporation from a list of candidates with substantial background and expertise in investments that is submitted to the board by the board of regents of The Texas A&M University System.

SECTION 2. (a) Provides that this section applies to the corporation described by Section 66.08, Education Code, and governs the implementation of the changes in law made by this Act to the board of directors of the corporation.

(b) Provides that this Act does not affect the terms of office of members of the corporation's board of directors who are serving on the effective date of this Act.

(c) Requires the board of regents of The Texas A&M University System to appoint two directors as required by Section 66.08(d)(3), Education Code, as added by this Act, as follows:

(1) one director on the expiration of the term of office of a director serving on the effective date of this Act who, under prior law, was appointed to that position on recommendation of that board of regents; and

(2) one director on the first expiration after the effective date of this Act of a term of office of any director, other than the director described by Subdivision (1) of this subsection, and any director who also serves as a member of the board of regents of a university system, as defined by Section 61.003, Education Code.

(d) Requires the board of directors of the corporation and the board of regents of The University of Texas System, as soon as practicable after the effective date of this Act, to amend the bylaws of the corporation as necessary to give effect to the requirements of this Act.

SECTION 3. Effective date: upon passage or September 1, 2011.