

By: Otto

H.B. No. 1061

A BILL TO BE ENTITLED

AN ACT

relating to the expiration of certain investment authority of the
Teacher Retirement System of Texas.

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

SECTION 1. Sections 825.301(a-1) and (a-2), Government
Code, are amended to read as follows:

(a-1) This subsection expires September 1, 2019 [~~2012~~], and
applies to the investment and reinvestment of assets of the
retirement system only if the investment or reinvestment is made
before September 1, 2019 [~~2012~~]. In addition to any investment or
reinvestment authorized by Subsection (a), the board of trustees
may buy and sell the following, only to efficiently manage and
reduce the risk of the overall investment portfolio:

(1) futures contracts;

(2) options;

(3) options on futures contracts;

(4) forward contracts;

(5) swap contracts, including swap contracts with
embedded options;

(6) any instrument or contract intended to manage
transaction or currency exchange risk in purchasing, selling, or
holding investments; and

(7) any other instrument commonly used by
institutional investors to manage institutional investment

1 portfolios.

2 (a-2) The board of trustees may delegate investment
3 authority and contract with one or more private professional
4 investment managers for investment and management of not more than
5 30 percent of the total assets held in trust by the retirement
6 system. In a contract made under this subsection, the board of
7 trustees shall specify any applicable policies, requirements, or
8 restrictions, including criteria for determining the quality of
9 investments or the use of standard rating services, that the board
10 of trustees adopts for investments of the system. The board of
11 trustees may not contract under this subsection for investment and
12 management services to be performed on or after September 1, 2019
13 [~~2012~~].

14 SECTION 2. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2011.