

AN ACT

relating to 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. Section 825.3012, Government Code, is amended by
15 adding Subsection (b-1) to read as follows:

16 (b-1) Notwithstanding Subsection (b) of this section and
17 any provision of Section 825.301, before September 1, 2019, not
18 more than 10 percent of the value of the total investment portfolio
19 of the retirement system may be invested in hedge funds. This
20 subsection expires September 1, 2019.

21 SECTION 3. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2011.

President of the Senate

Speaker of the House

I certify that H.B. No. 1061 was passed by the House on April 26, 2011, by the following vote: Yeas 147, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1061 on May 16, 2011, by the following vote: Yeas 141, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1061 was passed by the Senate, with amendments, on May 10, 2011, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor