

1-1 By: Otto (Senate Sponsor - Williams) H.B. No. 2825
1-2 (In the Senate - Received from the House May 11, 2011;
1-3 May 11, 2011, read first time and referred to Committee on Finance;
1-4 May 17, 2011, reported favorably by the following vote: Yeas 13,
1-5 Nays 0; May 17, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the composition and appointment of the board of
1-9 directors of a corporation to which the board of regents of The
1-10 University of Texas System delegates investment authority for the
1-11 permanent university fund or other funds under the control of the
1-12 board of regents.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Sections 66.08(d) and (e), Education Code, are
1-15 amended to read as follows:

1-16 (d) The board of directors of the corporation shall have
1-17 nine members, determined as follows:

1-18 (1) six [~~. The board shall appoint and remove all~~]
1-19 members appointed by the board, of whom [~~of the board of directors~~
1-20 ~~of the corporation. At least~~] three must be members of the board
1-21 and the other three must have a substantial background and
1-22 expertise in investments;

1-23 (2) [and] the chancellor of The University of Texas
1-24 System; and

1-25 (3) two members appointed by the board of regents of
1-26 The Texas A&M University System, at least one of whom must have a
1-27 substantial background and expertise in investments [~~shall be~~
1-28 ~~appointed as directors~~].

1-29 (e) Each appointed member of the board of directors of the
1-30 corporation is subject to removal and replacement by and at the
1-31 pleasure of the appointing entity [~~The board shall select one or~~
1-32 ~~more of the members of the board of directors of the corporation~~
1-33 ~~from a list of candidates with substantial background and expertise~~
1-34 ~~in investments that is submitted to the board by the board of~~
1-35 ~~regents of The Texas A&M University System~~].

1-36 SECTION 2. (a) This section applies to the corporation
1-37 described by Section 66.08, Education Code, and governs the
1-38 implementation of the changes in law made by this Act to the board
1-39 of directors of the corporation.

1-40 (b) This Act does not affect the terms of office of members
1-41 of the corporation's board of directors who are serving on the
1-42 effective date of this Act.

1-43 (c) The board of regents of The Texas A&M University System
1-44 shall appoint two directors as required by Section 66.08(d)(3),
1-45 Education Code, as added by this Act, as follows:

1-46 (1) one director on the expiration of the term of
1-47 office of a director serving on the effective date of this Act who,
1-48 under prior law, was appointed to that position on recommendation
1-49 of that board of regents; and

1-50 (2) one director on the first expiration after the
1-51 effective date of this Act of a term of office of any director,
1-52 other than:

1-53 (A) the director described by Subdivision (1) of
1-54 this subsection; and

1-55 (B) any director who also serves as a member of
1-56 the board of regents of a university system, as defined by Section
1-57 61.003, Education Code.

1-58 (d) As soon as practicable after the effective date of this
1-59 Act, the board of directors of the corporation and the board of
1-60 regents of The University of Texas System shall amend the bylaws of
1-61 the corporation as necessary to give effect to the requirements of
1-62 this Act.

1-63 SECTION 3. This Act takes effect immediately if it receives
1-64 a vote of two-thirds of all the members elected to each house, as

2-1 provided by Section 39, Article III, Texas Constitution. If this
2-2 Act does not receive the vote necessary for immediate effect, this
2-3 Act takes effect September 1, 2011.

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