

By: Alvarado

H.B. No. 3549

A BILL TO BE ENTITLED

AN ACT

relating to the investment of assets under the management and control of the Teacher Retirement System of Texas.

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

SECTION 1. Section 825.301, Government Code, is amended by amending Subsection (e) and adding Subsections (f), (g), and (h) to read as follows:

(e) The board of trustees shall develop a written investment strategy ~~[objectives]~~ concerning the investment of the assets of the retirement system. The strategy must provide ~~[objectives may address]~~ desired rates of return by asset class, risks involved, investment time frames, and any other relevant considerations.

(f) In awarding investment contracts to private professional investment managers under Subsection (a-2) or in otherwise seeking or acquiring private financial services, the board of trustees shall:

(1) make a good faith effort to award contracts to or to seek or acquire services from qualified emerging fund managers;  
and

(2) adhere to a standards-based statewide procurement process in awarding each contract.

(g) For purposes of Subsection (f):

(1) "Emerging fund manager" means a private professional investment manager that manages assets of not more

1 than \$5 billion.

2 (2) "Private financial services" includes pension  
3 fund management, consulting, investment advising, brokerage  
4 services, hedge fund management, private equity fund management,  
5 and real estate investment.

6 (h) The board of trustees shall submit a report not later  
7 than the 25th day of the month following the end of each fiscal year  
8 to the governor, the lieutenant governor, the speaker of the house  
9 of representatives, the executive director of the State Pension  
10 Review Board, the appropriate oversight committees of the house and  
11 senate, and the Legislative Budget Board. The report must include  
12 the following:

13 (1) the current end-of-fiscal-year market value of the  
14 trust fund;

15 (2) the asset allocations of the trust fund expressed  
16 in percentages of stocks, fixed income, cash, private equity, hedge  
17 funds, real estate, or other financial investments;

18 (3) the investment performance of the trust fund  
19 utilizing accepted industry measurement standards, by asset class  
20 and by investment manager; and

21 (4) the amount of investment fees, by asset class and  
22 by external investment manager.

23 SECTION 2. The first report required by Section 825.301(h),  
24 Government Code, as added by this Act, must be submitted by the  
25 board of trustees of the Teacher Retirement System of Texas not  
26 later than December 31, 2011.

27 SECTION 3. This Act takes effect September 1, 2011.