

By: Williams

S.B. No. 1777

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the composition and appointment of the board of  
3 directors of a corporation to which the board of regents of The  
4 University of Texas System delegates investment authority for the  
5 permanent university fund or other funds under the control of the  
6 board of regents.

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

8 SECTION 1. Section 66.08, Education Code, is amended by  
9 amending Subsections (d) and (e) and adding Subsection (e-1) to  
10 read as follows:

11 (d) The board of directors of the corporation shall have  
12 nine members, determined as follows:

13 (1) six [~~. The board shall appoint and remove all~~  
14 members appointed by the board, of which [~~of the board of directors~~  
15 ~~of the corporation. At least~~] three must be members of the board;

16 (2) [~~and~~] the chancellor of The University of Texas  
17 System; and

18 (3) two members appointed by the board of regents of  
19 The Texas A&M University System [~~shall be appointed as directors~~].

20 (e) Each appointed member of the board of directors of the  
21 corporation is subject to removal and replacement by and at the  
22 pleasure of the appointing entity [~~The board shall select one or~~  
23 ~~more of the members of the board of directors of the corporation~~  
24 ~~from a list of candidates with substantial background and expertise~~

1 ~~in investments that is submitted to the board by the board of~~  
2 ~~regents of The Texas A&M University System].~~

3 (e-1) A vote of at least four-fifths of the members of the  
4 board of directors shall be required to:

5 (1) hire or terminate the employment of the chief  
6 executive officer of the corporation;

7 (2) approve the corporation's annual budget;

8 (3) award executive compensation, including bonuses;

9 (4) change the corporation's asset allocation; and

10 (5) change the investment policies of the  
11 corporation.

12 SECTION 2. (a) Not later than January 1, 2012, the board of  
13 regents of The Texas A&M University System shall appoint the  
14 required number of members of the board of directors of a  
15 corporation established under Section 66.08, Education Code, in  
16 accordance with the change in law made by this Act to Section  
17 66.08(d).

18 (b) Not later than January 1, 2012, the board of regents of  
19 The University of Texas System shall appoint the required number of  
20 members of the board of directors of a corporation established  
21 under Section 66.08, Education Code. For that purpose, the board of  
22 regents may reappoint a sitting member of the board of directors.

23 (c) Until January 1, 2012, the composition of the board of  
24 directors of a corporation established under Section 66.08,  
25 Education Code, is as provided by the law in effect immediately  
26 before the effective date of this Act.

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