

By: Branch

H.B. No. 3693

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the authority of the Board for Lease of University Lands
3 to delegate certain powers and duties of the board.

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

5 SECTION 1. Subchapter D, Chapter 66, Education Code, is
6 amended by adding Subsections (c), (d), (e), (f), (g), (h), and (i)
7 to read as follows:

8 (c) The board may enter into a contract with a nonprofit
9 corporation for the corporation to invest funds under the control
10 and management of the board, including the permanent university
11 fund, as designated by the board. The corporation may not engage
12 in any business other than investing funds designated by the board
13 under the contract.

14 (d) The board must approve the:

15 (1) articles of incorporation and bylaws of the
16 corporation and any amendment to the articles of incorporation or
17 bylaws;

18 (2) investment policies of the corporation, including
19 changes to those policies;

20 (3) audit and ethics committee of the corporation; and

21 (4) code of ethics of the corporation.

22 (e) The corporation shall file quarterly reports with the
23 board concerning matters required by the board.

24 (f) The corporation:

1 (1) is subject to the Texas Non-Profit Corporation Act
2 (Articles 1396-1.01 et seq., Vernon's Texas Civil Statutes); and

3 (2) is subject to the provisions of Chapter 551,
4 Government Code, that apply to the board of regents of The
5 University of Texas System, except that the board of directors of
6 the corporation:

7 (A) may discuss an investment or potential
8 investment with one or more employees of the corporation or with a
9 third party to the extent permitted to the board of trustees of the
10 Texas growth fund under Section 551.075, Government Code; and

11 (B) is not subject to Section 551.121 or Section
12 551.125, Government Code, rather any director of the corporation
13 may attend any meeting of the board of directors by telephone
14 conference call provided that the telephone conference is audible
15 to the public at the meeting location specified in the notice of
16 the meeting during each part of the meeting that is required to be
17 open to the public.

18 (g) The corporation may not enter into an agreement or
19 transaction with a:

20 (1) director, officer, or employee of the corporation
21 acting in other than an official capacity on behalf of the
22 corporation; or

23 (2) business entity in which a director, officer, or
24 employee of the corporation has an interest.

25 (h) An agreement or transaction entered into in violation of
26 Subsection (g) is void.

27 (i) For purposes of this section, a person has an interest

1 in a business entity if:

2 (1) the person owns five percent or more of the voting
3 stock or shares of the business entity;

4 (2) the person owns five percent or more of the fair
5 market value of the business entity; or

6 (3) money received by the person from the business
7 entity exceeds five percent of the person's gross income for the
8 preceding calendar year.

9 SECTION 2. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2013.