

By: Turner of Harris

H.B. No. 2755

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the higher education fund, the management of
3 investments of the permanent university fund, and the allocation
4 and distribution of certain constitutional revenues to the
5 University of Houston.

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

7 SECTION 1. Section 62.021, Education Code, is amended by
8 adding Subsection (g) to read as follows:

9 (g) Notwithstanding Subsection (a), the allocation made by
10 that subsection to the University of Houston is void, and any amount
11 allocated by that subsection to the University of Houston for a
12 state fiscal year after the state fiscal year ending August 31,
13 2015, is reallocated to the other eligible institutions listed in
14 Subsection (a) in that fiscal year in the manner provided by Section
15 17A, Article VII, Texas Constitution.

16 SECTION 2. The heading to Section 62.147, Education Code,
17 is amended to read as follows:

18 Sec. 62.147. INELIGIBILITY OF CERTAIN INSTITUTIONS
19 RECEIVING PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE.

20 SECTION 3. Sections 66.08(d) and (f), Education Code, are
21 amended to read as follows:

22 (d) The board of directors of the corporation shall have 11
23 [~~nine~~] members, determined as follows:

24 (1) seven members appointed by the board, of whom:

- 1 (A) three must be members of the board;
- 2 (B) three must have a substantial background and
3 expertise in investments; and
- 4 (C) one must be a qualified individual as
5 determined by the board, which may include the chancellor of The
6 University of Texas System; ~~and~~
- 7 (2) two members appointed by the board of regents of
8 The Texas A&M University System, at least one of whom must have a
9 substantial background and expertise in investments; and
- 10 (3) two members appointed by the president of the
11 University of Houston, at least one of whom must have a substantial
12 background and expertise in investments.

13 (f) If an investment contract entered into under Subsection
14 (b) includes the permanent university fund within the scope of
15 funds under the control and management of the board to be invested
16 by the corporation, the board shall provide for an annual financial
17 audit of the permanent university fund. The audit shall be
18 performed by the auditors of The University of Texas System, ~~and~~
19 The Texas A&M University System, and the University of Houston
20 System and presented to the board.

21 SECTION 4. As soon as practicable following the effective
22 date of this Act, The University of Texas Investment Management
23 Company shall amend its bylaws to allow the president of the
24 University of Houston to appoint two directors to the company's
25 board of directors as required by Section 66.08(d), Education Code,
26 as amended by this Act.

27 SECTION 5. This Act takes effect September 1, 2016, but only

1 if the constitutional amendment proposed by the 84th Legislature,
2 Regular Session, 2015, entitling the University of Houston to
3 participate in the income and other benefits of the permanent
4 university fund, takes effect. If that amendment is not approved by
5 the voters, this Act has no effect.