

By: Huffman

S.B. No. 1665

A BILL TO BE ENTITLED

AN ACT

relating to the investment authority of the Teacher Retirement System of Texas.

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

SECTION 1. Sections 825.301(a), (b), and (b-1), Government Code, are amended to read as follows:

(a) The board of trustees shall invest and reinvest assets of the retirement system without distinction as to their source in accordance with Section 67, Article XVI, Texas Constitution. For purposes of the investment authority of the board of trustees under Section 67, Article XVI, Texas Constitution, "securities" includes ~~[means]~~ any investment instrument within the meaning of the term as defined by Section 4, The Securities Act (Article 581-4, Vernon's Texas Civil Statutes), 15 U.S.C. Section 77b(a)(1), or 15 U.S.C. Section 78c(a)(10), any derivative instrument, and any other instrument commonly used by institutional investors to manage institutional investment portfolios. An interest in a limited partnership or investment contract is considered a security without regard to the number of investors or the control, access to information, or rights granted to or retained by the retirement system. Any instrument or contract intended to manage transaction or currency exchange risk in purchasing, selling, or holding securities is considered to be a security. Investment decisions are subject to the standard provided in the Texas Trust Code by

Section 117.004(b), Property Code.

(b) The ~~[In addition to the board's authority under Subsection (a-2), the]~~ board of trustees may delegate discretionary investment authority to external investment managers to invest and manage not more than 30 percent of the total assets held in trust by the retirement system and may contract with external ~~[private professional]~~ investment ~~[managers]~~ advisors~~[,]~~ and consultants to assist and advise the board and the staff of the retirement system ~~[in investing the assets of the retirement system]~~.

(b-1) By accepting a delegation of discretionary investment authority ~~[under Subsection (a-2)]~~ or an engagement to assist or advise the board or the staff of the retirement system under Subsection (b), an external ~~[a professional]~~ investment manager, advisor, or consultant submits to the jurisdiction of the courts of this state in all proceedings arising from or related to performance of the delegated authority or engagement. An action relating to services rendered under this section shall be brought only in a state district court sitting in Travis County, Texas. Chapter 2260 does not apply to a contract under this section ~~[Subsection (a-2) or (b)]~~. This subsection does not waive any immunity of the retirement system.

SECTION 2. Sections 825.301(a-1) and (a-2), Government Code, are repealed.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this

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1 Act takes effect September 1, 2017.