

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

1 Section 117.004(b), Property Code.

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

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

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23 Code, are repealed.

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

1 Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1665 passed the Senate on April 19, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1665 passed the House on May 24, 2017, by the following vote: Yeas 143, Nays 0, three present not voting.

Chief Clerk of the House

Approved:

Date

Governor