

1-1 By: Huffman S.B. No. 1665
1-2 (In the Senate - Filed March 9, 2017; March 22, 2017, read
1-3 first time and referred to Committee on State Affairs;
1-4 April 4, 2017, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; April 4, 2017, sent to printer.)

1-6 COMMITTEE VOTE

1-7		Yea	Nay	Absent	PNV
1-8	Huffman	X			
1-9	Hughes	X			
1-10	Birdwell	X			
1-11	Creighton	X			
1-12	Estes	X			
1-13	Lucio	X			
1-14	Nelson	X			
1-15	Schwertner	X			
1-16	Zaffirini	X			

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the investment authority of the Teacher Retirement
1-20 System of Texas.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Sections [825.301](#)(a), (b), and (b-1), Government
1-23 Code, are amended to read as follows:

1-24 (a) The board of trustees shall invest and reinvest assets
1-25 of the retirement system without distinction as to their source in
1-26 accordance with Section [67](#), Article XVI, Texas Constitution. For
1-27 purposes of the investment authority of the board of trustees under
1-28 Section [67](#), Article XVI, Texas Constitution, "securities" includes
1-29 ~~[means]~~ any investment instrument within the meaning of the term as
1-30 defined by Section 4, The Securities Act (Article 581-4, Vernon's
1-31 Texas Civil Statutes), 15 U.S.C. Section 77b(a)(1), or 15 U.S.C.
1-32 Section 78c(a)(10), any derivative instrument, and any other
1-33 instrument commonly used by institutional investors to manage
1-34 institutional investment portfolios. An interest in a limited
1-35 partnership or investment contract is considered a security without
1-36 regard to the number of investors or the control, access to
1-37 information, or rights granted to or retained by the retirement
1-38 system. Any instrument or contract intended to manage transaction
1-39 or currency exchange risk in purchasing, selling, or holding
1-40 securities is considered to be a security. Investment decisions
1-41 are subject to the standard provided in the Texas Trust Code by
1-42 Section [117.004](#)(b), Property Code.

1-43 (b) ~~The [In addition to the board's authority under~~
1-44 ~~Subsection (a-2), the]~~ board of trustees may delegate discretionary
1-45 investment authority to external investment managers to invest and
1-46 manage not more than 30 percent of the total assets held in trust by
1-47 the retirement system and may contract with external [private
1-48 professional] investment [managers,] advisors[7] and consultants
1-49 to assist and advise the board and the staff of the retirement
1-50 system [in investing the assets of the retirement system].

1-51 (b-1) By accepting a delegation of discretionary investment
1-52 authority ~~[under Subsection (a-2)]~~ or an engagement to assist or
1-53 advise the board or the staff of the retirement system under
1-54 Subsection (b), an external [a professional] investment manager,
1-55 advisor, or consultant submits to the jurisdiction of the courts of
1-56 this state in all proceedings arising from or related to
1-57 performance of the delegated authority or engagement. An action
1-58 relating to services rendered under this section shall be brought
1-59 only in a state district court sitting in Travis County, Texas.
1-60 Chapter [2260](#) does not apply to a contract under this section
1-61 ~~[Subsection (a-2) or (b)].~~ This subsection does not waive any

2-1 immunity of the retirement system.

2-2 SECTION 2. Sections 825.301(a-1) and (a-2), Government
2-3 Code, are repealed.

2-4 SECTION 3. This Act takes effect immediately if it receives
2-5 a vote of two-thirds of all the members elected to each house, as
2-6 provided by Section 39, Article III, Texas Constitution. If this
2-7 Act does not receive the vote necessary for immediate effect, this
2-8 Act takes effect September 1, 2017.

2-9 * * * * *