

## **BILL ANALYSIS**

Senate Research Center  
82R5235 SGA-F

S.B. 1666  
By: Duncan  
State Affairs  
4/29/2011  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, the Teacher Retirement System of Texas (TRS), has investments primarily in public and private equities, and current statute prohibits TRS from placing more than five percent of the total value of its investment portfolio in hedge funds. This limits TRS's investment options at a time when other systems have sought to diversify their portfolios.

S.B. 1666 grants additional flexibility to TRS in its ability to invest in hedge funds. This would help it to further diversify its investments, further insulating TRS's assets from the negative effects of an economic downturn.

As proposed, S.B. 1666 amends current law relating to the authority of the Teacher Retirement System of Texas to invest in hedge funds.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 825.3012(b), Government Code, to authorize not more than 10 percent, rather than five percent, of the value of the total investment portfolio of the Teacher Retirement System of Texas, notwithstanding any provision of Section 825.301 (Investment of Assets), to be invested in hedge funds.

SECTION 2. Effective date: upon passage or September 1, 2011.