

## What We're Reading

July 26, 2024

Teacher Retirement System of Texas [plans to reduce](#) its private equity target allocation to 12% from a current exposure of 16.7% starting in October. The planned reduction, which may be implemented over a number of years. For now, the change in target allocation likely means reduced new commitments, while some of the rebalancing could be accomplished by fund AUM growth.

Florida State Board of Administration (FSB), which has occasionally conducted secondaries sales in the past, is [considering adding CFOs and NAV](#) to the private equity portfolio management toolkit, subject to state legislative approval. Looking farther ahead, FSB expects GP turnover in the portfolio to increase relative to the past decade as more value creation is expected to rely more on portfolio company operational improvement rather than multiple expansion.

“The bankruptcy code does not authorize a release and injunction that, as part of a plan of reorganization under Chapter 11, effectively seek to discharge claims against a nondebtor without the consent of affected claimants,” according to the Supreme Court in its recent [Harrington v. Purdue Pharma L.P.](#) opinion. At issue was the power of the bankruptcy court to release the Sackler family's from civil liabilities even though the family had not filed for bankruptcy and a minority of the opioid victims rejected the plan. Naturally, the court's decision that limits nonconsensual third-party releases has some observers questioning its potential significance [in private equity land](#) since GPs are interested in releases when portfolio companies restructure in court.