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H.B. No. 4368

A BILL TO BE ENTITLED

1 AN ACT
2 relating to participation in, contributions to, and the benefits
3 and administration of retirement systems for police officers in
4 certain municipalities.

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

6 SECTION 1. Section 1.02, Chapter 452 (S.B. 738), Acts of the
7 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#), Vernon's
8 Texas Civil Statutes), is amended by amending Subdivisions (2) and
9 (4) and adding Subdivisions (1-a), (2-a), (3-a), (3-b), (6-a),
10 (6-b), (6-c), (6-d), (6-e), (10-a), (11-a), (13-a), (13-b), (13-c),
11 (15-a), (15-b), (15-c), (15-d), (15-e), (17-a), (18-a), (18-b),
12 (19-a), (19-b), (23-a), (29-a), and (29-b) to read as follows:

13 (1-a) "Actuarial accrued liability" means the portion
14 of the actuarial present value of projected benefits of the police
15 retirement system attributed to past periods of member service
16 based on the cost method used in the risk sharing valuation study
17 prepared under Section 8.03 or 8.04 of this Act, as applicable.

18 (2) "Actuarial equivalent" means any benefit of equal
19 present value to a standard benefit when computed as specified by
20 this Act, based on the actuarial assumptions adopted by the police
21 retirement board for that purpose.

22 (2-a) "Actuarial value of assets" means the value of
23 the police retirement system's investments as calculated using the
24 asset smoothing method used in the risk sharing valuation study

1 prepared under Section 8.03 or 8.04 of this Act, as applicable.

2 (3-a) "Amortization period" means:

3 (A) the period necessary to fully pay a liability
4 layer; or

5 (B) if referring to the amortization period of
6 the police retirement system as a whole, the number of years
7 incorporated in a weighted average amortization factor for the sum
8 of the legacy liability and all liability layers as determined in
9 each annual actuarial valuation of assets and liabilities of the
10 system.

11 (3-b) "Amortization rate" means, for a given calendar
12 year, the percentage rate determined by:

13 (A) adding the scheduled amortization payments
14 required to pay off the then-existing liability layers;

15 (B) subtracting the city legacy contribution
16 amount for the same calendar year, as determined in the risk sharing
17 valuation study prepared under Section 8.03 or 8.04 of this Act, as
18 applicable, from the sum under Paragraph (A); and

19 (C) dividing the sum under Paragraph (B) by the
20 projected pensionable payroll for the same calendar year.

21 (4) "Average final compensation" means the monthly
22 average of basic hourly earnings of a member during, as applicable:

23 (A) if the member has 120 months or more of
24 service during which the member made contributions to the system or
25 the predecessor system, the 36 months for a group A member or 60
26 months for a group B member which yielded the highest average during
27 the last 120 months of membership service during which the member

1 contributed to the system or the predecessor system;

2 (B) if the member has less than 120 months of
3 membership service during which the member contributed to the
4 system or the predecessor system, but has at least 36 months of
5 membership service for a group A member or 60 months of membership
6 service for a group B member during which the member made
7 contributions to the system or the predecessor system, the average
8 of the 36 months or 60 months, as applicable, which yielded the
9 highest average; or

10 (C) if the member does not have 36 months of
11 membership service for a group A member or 60 months of membership
12 service for a group B member during which the member contributed to
13 the system or the predecessor system, the average of the member's
14 months of membership service during which the member made
15 contributions to the system or the predecessor system.

16 (6-a) "City contribution rate" means, for a given
17 calendar year, a percentage rate equal to the sum of the employer
18 normal cost rate and the amortization rate, as adjusted under
19 Section 8.05 or 8.06 of this Act, if applicable.

20 (6-b) "City legacy contribution amount" means, for
21 each calendar year, a predetermined payment amount expressed in
22 dollars in accordance with a payment schedule amortizing the legacy
23 liability for the calendar year ending December 31, 2020, that is
24 included in the initial risk sharing valuation study under Section
25 8.03 of this Act.

26 (6-c) "Corridor" means the range of city contribution
27 rates that are:

1 (A) equal to or greater than the minimum city
2 contribution rate; and

3 (B) equal to or less than the maximum city
4 contribution rate.

5 (6-d) "Corridor margin" means five percentage points.

6 (6-e) "Corridor midpoint" means the projected city
7 contribution rate specified for each calendar year for 30 years as
8 provided by the initial risk sharing valuation study under Section
9 8.03 of this Act, rounded to the nearest hundredths decimal place.

10 (10-a) "Employer normal cost rate" means, for a given
11 calendar year, the normal cost rate minus the applicable member
12 contribution rate determined under Section 8.01 of this Act.

13 (11-a) "Estimated city contribution rate" means, for a
14 given calendar year, the city contribution rate that would be
15 required to maintain an amortization period for the retirement
16 system as a whole of no more than 30 years as determined by the
17 system's actuary in a risk sharing valuation study under Section
18 8.03 or 8.04 of this Act, as applicable, and before any adjustment
19 to the rate under Section 8.05 or 8.06 of this Act, as applicable.

20 (13-a) "Funded ratio" means the ratio of the actuarial
21 value of assets divided by the actuarial accrued liability.

22 (13-b) "Group A member" means a member included in
23 group A membership under Section 4.01(e-1) of this Act.

24 (13-c) "Group B member" means a member included in
25 group B membership under Section 4.01(e-1) of this Act.

26 (15-a) "Legacy liability" means the unfunded
27 actuarial accrued liability determined as of December 31, 2020, and

1 for each subsequent calendar year, adjusted as follows:

2 (A) reduced by the city legacy contribution
3 amount for the calendar year allocated to the amortization of the
4 legacy liability; and

5 (B) adjusted by the assumed rate of return
6 adopted by the police retirement board for the calendar year.

7 (15-b) "Level percent of payroll method" means the
8 amortization method that defines the amount of the liability layer
9 recognized each calendar year as a level percent of pensionable
10 payroll until the amount of the liability layer remaining is
11 reduced to zero.

12 (15-c) "Liability gain layer" means a liability layer
13 that decreases the unfunded actuarial accrued liability.

14 (15-d) "Liability layer" means:

15 (A) the legacy liability established in the
16 initial risk sharing valuation study under Section 8.03 of this
17 Act; or

18 (B) for calendar years after December 31, 2020,
19 the amount that the police retirement system's unfunded actuarial
20 accrued liability increases or decreases, as applicable, due to the
21 unanticipated change for the calendar year as determined in each
22 subsequent risk sharing valuation study prepared under Section 8.04
23 of this Act.

24 (15-e) "Liability loss layer" means a liability layer
25 that increases the unfunded actuarial accrued liability. For
26 purposes of this Act, the legacy liability is a liability loss
27 layer.

1 (17-a) "Maximum city contribution rate" means, for a
2 given calendar year, the rate equal to the corridor midpoint plus
3 the corridor margin.

4 (18-a) "Minimum city contribution rate" means, for a
5 given calendar year, the rate equal to the corridor midpoint minus
6 the corridor margin.

7 (18-b) "Normal cost rate" means, for a given calendar
8 year, the salary weighted average of the individual normal cost
9 rates determined for the current active member population, plus the
10 assumed administrative expenses determined in the most recent
11 actuarial experience study.

12 (19-a) "Payoff year" means the year a liability layer
13 is fully amortized under the amortization period. A payoff year may
14 not be extended or accelerated for a period that is less than one
15 month.

16 (19-b) "Pensionable payroll" means the aggregate
17 basic hourly earnings of all members in active service for a
18 calendar year or pay period, as applicable.

19 (23-a) "Projected pensionable payroll" means the
20 estimated pensionable payroll for the calendar year beginning 12
21 months after the date of the risk sharing valuation study prepared
22 under Section 8.03 or 8.04 of this Act, at the time of calculation
23 by:

24 (A) projecting the prior calendar year's
25 pensionable payroll forward two years using the current payroll
26 growth rate assumption adopted by the police retirement board; and

27 (B) adjusting, if necessary, for changes in

1 population or other known factors, provided those factors would
2 have a material impact on the calculation, as determined by the
3 board.

4 (29-a) "Unanticipated change" means, with respect to
5 the unfunded actuarial accrued liability in each subsequent risk
6 sharing valuation study prepared under Section 8.04 of this Act,
7 the difference between:

8 (A) the remaining balance of all then-existing
9 liability layers as of the date of the risk sharing valuation study;
10 and

11 (B) the actual unfunded actuarial accrued
12 liability as of the date of the risk sharing valuation study.

13 (29-b) "Unfunded actuarial accrued liability" means
14 the difference between the actuarial accrued liability and the
15 actuarial value of assets.

16 SECTION 2. Section 3.02, Chapter 452 (S.B. 738), Acts of the
17 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#), Vernon's
18 Texas Civil Statutes), is amended to read as follows:

19 Sec. 3.02. COMPOSITION OF BOARD; TRUSTEE QUALIFICATIONS.

20 (a) The police retirement board shall be composed of 11 members as
21 follows:

- 22 (1) one council member designated by the city council;
23 (2) the city manager or the city manager's designee;
24 (3) the director of finance or the director's
25 designee;

26 (4) four [~~five~~] police officer members elected by the
27 police officer members of the system, each of whom serves for a term

1 of four years;

2 (5) one legally qualified voter of the city, who is a
3 resident and has been a resident for the preceding five years, is
4 not an employee of the city or a member of the system, and has
5 demonstrated experience in the field of finance or investments, to
6 be appointed by the police retirement board to serve for a term of
7 four years and until the member's successor is duly selected and
8 qualified; ~~and~~

9 (6) one legally qualified voter of the city, who is a
10 resident and has been a resident for the preceding five years, is
11 not an employee of the city or a member of the system, and has
12 demonstrated experience in the field of finance or investments, to
13 be appointed by the city council to serve for a term of four years
14 and until the member's successor is duly selected and qualified;
15 and

16 (7) two retired members to be elected by the retired
17 members to serve for a term of four years, with the term of one
18 member expiring each odd-numbered year.

19 (b) The terms of two members elected as described by
20 Subsection (a)(4) of this section expire in 2023 ~~[2001]~~ and every
21 fourth subsequent year, and the terms of two ~~[three]~~ members
22 elected as described by Subsection (a)(4) of this section expire in
23 2025 ~~[2003]~~ and every fourth subsequent year.

24 (b-1) A member of the police retirement board appointed
25 under Subsection (a)(5) or (a)(6) of this section must:

26 (1) have, at the time of taking office, the
27 qualifications required for the trustee's position; and

1 (2) maintain during service on the board the
2 qualifications required for the trustee's position.

3 (c) A vacancy occurring by the death, resignation, or
4 removal of the member appointed under:

5 (1) Subsection (a)(5) of this section shall be filled
6 by appointment by the remaining members of the police retirement
7 board; and

8 (2) Subsection (a)(6) of this section shall be filled
9 by appointment by the city council.

10 SECTION 3. Section 3.09(b), Chapter 452 (S.B. 738), Acts of
11 the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),
12 Vernon's Texas Civil Statutes), is amended to read as follows:

13 (b) From time to time on the advice of the actuary and at the
14 direction of the board and as provided by Section 3.091 of this Act,
15 the actuary shall make an actuarial investigation of the mortality,
16 service, and compensation experience of members, retired members,
17 and beneficiaries of the system and shall recommend for adoption by
18 the board the tables and rates required by the system. The board
19 shall adopt the tables and rates to be used by the system.

20 SECTION 4. Article III, Chapter 452 (S.B. 738), Acts of the
21 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#), Vernon's
22 Texas Civil Statutes), is amended by adding Section 3.091 to read as
23 follows:

24 Sec. 3.091. PROCESS FOR EXPERIENCE STUDIES AND CHANGES TO
25 ACTUARIAL ASSUMPTIONS. (a) At least once every five years, the
26 police retirement board shall have the system's actuary designated
27 under Section 3.09 of this Act conduct an experience study to review

1 the actuarial assumptions and methods adopted by the board for the
2 purposes of determining the actuarial liabilities and actuarially
3 determined contribution rates of the system. The system shall
4 notify the city at the beginning of an upcoming experience study by
5 the system's actuary.

6 (b) In connection with the system's experience study, the
7 city will inform the system if it will:

8 (1) conduct the city's own experience study using the
9 city's own actuary;

10 (2) have the city's actuary review the experience
11 study of the system's actuary; or

12 (3) accept the experience study of the system's
13 actuary.

14 (c) If the city chooses to:

15 (1) have the city's own experience study performed
16 under Subsection (b)(1) of this section, the city must complete the
17 study not later than three months after the date the system notified
18 the city of the system's intent to conduct an experience study; or

19 (2) have the city's actuary review the system's
20 experience study under Subsection (b)(2) of this section, the city
21 must complete the review not later than one month after the date the
22 preliminary results of the experience study are presented to the
23 board.

24 (d) If the city chooses to have the city's own experience
25 study performed under Subsection (b)(1) of this section, or to have
26 the city's actuary review the system's experience study under
27 Subsection (b)(2) of this section, the system's actuary and the

1 city's actuary shall determine what the hypothetical city
2 contribution rate would be using the proposed actuarial assumptions
3 from the experience studies and data from the most recent actuarial
4 valuation.

5 (e) If the difference between the hypothetical city
6 contribution rates determined by the system's actuary and the
7 city's actuary under Subsection (d) of this section:

8 (1) is less than or equal to two percent of pensionable
9 payroll, then no further action is needed and the board shall use
10 the experience study performed by the system's actuary in
11 determining assumptions; or

12 (2) is greater than two percent of pensionable
13 payroll, then the system's actuary and the city's actuary shall have
14 20 business days to reconcile the difference in actuarial
15 assumptions or methods causing the different hypothetical city
16 contribution rates, and:

17 (A) if, as a result of the reconciliation efforts
18 under this subdivision, the difference between the city
19 contribution rates determined by the system's actuary and the
20 city's actuary is reduced to less than or equal to two percentage
21 points, then no further action is needed and the board shall use the
22 experience study performed by the system's actuary in determining
23 actuarial assumptions; or

24 (B) if, after 20 business days, the system's
25 actuary and the city's actuary are not able to reach a
26 reconciliation that reduces the difference in the hypothetical city
27 contribution rates to an amount less than or equal to two percentage

1 points, a third-party actuary shall be retained to opine on the
2 differences in the assumptions made and actuarial methods used by
3 the system's actuary and the city's actuary.

4 (f) The independent third-party actuary retained in
5 accordance with Subsection (e)(2)(B) of this section shall be
6 chosen by the city from a list of three actuarial firms provided by
7 the system.

8 (g) If a third-party actuary is retained under Subsection
9 (e)(2)(B) of this section, the third-party actuary's findings will
10 be presented to the board along with the experience study conducted
11 by the system's actuary and, if applicable, the city's actuary. If
12 the board adopts actuarial assumptions or methods contrary to the
13 third-party actuary's findings:

14 (1) the system shall provide a formal letter
15 describing the rationale for the board's action to the city council
16 and State Pension Review Board; and

17 (2) the system's actuary and executive director shall
18 be made available at the request of the city council or the State
19 Pension Review Board to present in person the rationale for the
20 board's action.

21 (h) If the board proposes a change to actuarial assumptions
22 or methods that is not in connection with an experience study
23 described in Subsection (a) of this section, the system and the city
24 shall follow the same process prescribed by this section with
25 respect to an experience study in connection with the proposed
26 change.

27 SECTION 5. Section 3.10, Chapter 452 (S.B. 738), Acts of the

1 72nd Legislature, Regular Session, 1991 (Article ~~6243n-1~~, Vernon's
2 Texas Civil Statutes), is amended to read as follows:

3 Sec. 3.10. INVESTMENT MANAGERS. The police retirement
4 board may hire an investment manager or investment managers who
5 shall have full authority to invest the assets and manage any
6 portion of the portfolio of the system, as specified by the
7 manager's ~~[employment]~~ contract.

8 SECTION 6. Section 4.01, Chapter 452 (S.B. 738), Acts of the
9 72nd Legislature, Regular Session, 1991 (Article ~~6243n-1~~, Vernon's
10 Texas Civil Statutes), is amended by amending Subsections (c) and
11 (e) and adding Subsections (e-1) and (e-2) to read as follows:

12 (c) Any person who becomes an employee of the city or the
13 system, if eligible for membership, shall become a member as a
14 condition of employment and shall make the required deposits
15 commencing with the first pay period following a probationary
16 period of six continuous months from date of employment, if
17 applicable, or eligibility, if later.

18 (e) ~~[(1)]~~ Membership in the police retirement system shall
19 consist of the following groups:

20 (1) ~~[(A)]~~ Active--Contributory: the member who is in a
21 status which allows payroll contributions to the police retirement
22 system (working a normal work week, holding a full-time position,
23 and, if applicable, having completed a continuous period of six
24 months of service initially, to attain membership).

25 (2) ~~[(B)]~~ Active--Noncontributory: the member whose
26 current employment status does not allow contributions to the
27 system (working less than a normal work week or on a leave of

1 absence under Subsection (f)(6)(A) of this section) and on return
2 to working a normal work week, the member will again be given
3 creditable service, with contributions resumed at time of status
4 change.

5 (3) [~~(C)~~] Inactive--Contributory: the member who is
6 on a uniformed service leave of absence under Subsection (f)(6)(B)
7 of this section, who is allowed to make deposits to the system
8 during the member's absence.

9 (4) [~~(D)~~] Vested--Noncontributory: the terminated
10 member who, being vested, leaves the member's accumulated deposits
11 in the system.

12 (5) [~~(E)~~] Retired: the member who is receiving a
13 service or disability retirement annuity.

14 (e-1) Each member is either a group A member or a group B
15 member, as follows:

16 (1) a member is a group A member if the member was:

17 (A) retired from or employed by the city or the
18 system on December 31, 2021;

19 (B) a vested--noncontributory member as of
20 December 31, 2021, who has not withdrawn the member's accumulated
21 deposits; or

22 (C) formerly employed by the city or the system
23 before December 31, 2021, returned to employment with the city or
24 system on or after January 1, 2022, and:

25 (i) did not withdraw the member's
26 accumulated deposits from the system; or

27 (ii) withdrew the member's accumulated

1 deposits from the system, but reinstated all of the previously
2 forfeited creditable service; and

3 (2) a member is a group B member if the member:

4 (A) first became employed by the city or the
5 system on or after January 1, 2022; or

6 (B) was formerly employed by the city or the
7 system before December 31, 2021, returned to employment with the
8 city or system on or after January 1, 2022, and:

9 (i) while the member was separated from
10 service, withdrew the member's accumulated deposits from the
11 system; and

12 (ii) has not reinstated all of the member's
13 previously forfeited creditable service.

14 (e-2) [~~(2)~~] It shall be the duty of the police retirement
15 board to determine the membership group to which each police
16 officer or employee of the system who becomes a member of the police
17 retirement system properly belongs under Subsections (e) and (e-1)
18 of this section.

19 SECTION 7. Section 5.03(a), Chapter 452 (S.B. 738), Acts of
20 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
21 Vernon's Texas Civil Statutes), is amended to read as follows:

22 (a) An eligible member or eligible surviving spouse may
23 establish creditable service for probationary service performed as
24 provided under this section according to the following conditions,
25 limitations, and restrictions:

26 (1) Probationary service creditable in the system is
27 any probationary service following the member's commission date or

1 the member's first date of employment with the system for which the
2 member does not have creditable service.

3 (2) An eligible member or eligible surviving spouse
4 may establish creditable service under this section by contributing
5 to the system a single payment equal to the contribution the member
6 would have made to the system for that service at the time the
7 service was performed and an interest charge based on the
8 contribution amount to be repaid times an interest factor. The
9 interest factor is eight percent per year for the period that begins
10 with the beginning of the month and year at the end of the
11 probationary period for which creditable service is being
12 established to the beginning of the month and year payment is made
13 to the system for the purpose of establishing said service.

14 (3) After the eligible member or eligible surviving
15 spouse makes the deposit required by Subdivision (2) of this
16 subsection, the system shall grant the member one month of
17 creditable service for each month of probationary service
18 established under this section.

19 SECTION 8. Section 5.04(a), Chapter 452 (S.B. 738), Acts of
20 the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),
21 Vernon's Texas Civil Statutes), is amended to read as follows:

22 (a) Under irrevocable action taken by the city council on
23 February 12, 1998, police [~~This section does not take effect unless~~
24 ~~the city council authorizes the city to begin making contributions~~
25 ~~to the police retirement system in accordance with Section 8.01(a)~~
26 ~~of this Act for police cadets during their employment as cadets~~
27 ~~while members of a cadet class. Police]~~ cadets whose cadet class

1 begins after April 1, 1998, [~~the city council makes the~~
2 ~~authorization~~] shall make deposits to the police retirement system
3 in accordance with Section 8.01(a) of this Act, and those cadets
4 shall be members of the police retirement system and shall receive
5 creditable service for employment as cadets while members of a
6 cadet class, notwithstanding Sections 1.02(7), (18), and (21) of
7 this Act.

8 SECTION 9. Section 6.01, Chapter 452 (S.B. 738), Acts of the
9 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
10 Texas Civil Statutes), is amended by amending Subsections (a) and
11 (f) to read as follows:

12 (a) On retirement after having reached the member's normal
13 retirement date, members entitled thereto shall receive a service
14 retirement benefit in the form of a life annuity (modified cash
15 refund). Each monthly payment of the life annuity (modified cash
16 refund) shall be equal to one-twelfth of:

17 (1) for a group A member, the product of 3.2 [2.88]
18 percent of a member's average final compensation multiplied by the
19 number of months of creditable service; or

20 (2) for a group B member, the product of 2.5 percent of
21 a member's average final compensation multiplied by the number of
22 months of creditable service. [~~The retirement benefit percent~~
23 ~~specified by this section to calculate the amount of the monthly~~
24 ~~payment of the life annuity (modified cash refund) may be changed~~
25 ~~after 1997 if:~~

26 [~~(1) the change is approved by the board's actuary,~~

27 [~~(2) the change is adopted by the board as a board~~

1 rule;

2 ~~[(3) the change applies to all present members, all~~
3 ~~retired members, and all who become members after the effective~~
4 ~~date of the change in the retirement benefit percent;~~

5 ~~[(4) a member's vested interest as of the last day of~~
6 ~~the month immediately preceding the effective date of the change in~~
7 ~~the retirement benefit percent is not reduced; and~~

8 ~~[(5) a retirement annuity being paid by the police~~
9 ~~retirement system to members or to the surviving spouses or~~
10 ~~beneficiaries of members who retired before the effective date of~~
11 ~~the change in the retirement benefit percent is changed as~~
12 ~~prescribed by Subsection (d)(6) of this section, except that a~~
13 ~~reduction in annuities may not cause the member's, surviving~~
14 ~~spouse's, or beneficiary's annuity payment to be reduced below the~~
15 ~~base retirement amount calculated under this Act.]~~

16 (f) For purposes of this section, compensation of each
17 noneligible member taken into account under this Act may not exceed
18 the maximum amount allowed under ~~[\$200,000 per calendar year,~~
19 ~~indexed pursuant to]~~ Section 401(a)(17) of the Internal Revenue
20 Code of 1986 (26 U.S.C. Section 401). The ~~[\$200,000]~~ limit
21 prescribed by this subsection does not apply to an eligible member.
22 For purposes of this subsection, an eligible member is any
23 individual who first became a member before January 1, 1996. For
24 purposes of this subsection, a noneligible member is any other
25 member.

26 SECTION 10. Section 6.02, Chapter 452 (S.B. 738), Acts of
27 the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),

1 Vernon's Texas Civil Statutes), is amended by amending Subsection
2 (a) and adding Subsection (a-1) to read as follows:

3 (a) A group A [~~Any~~] member shall be eligible for service
4 retirement if the member has attained the age of 55 years and
5 completed at least 20 years of creditable service with the city, or
6 has completed 23 years of creditable service, excluding any
7 military service established under Section 5.02 of this Act.

8 (a-1) A group B member shall be eligible for service
9 retirement if the member has attained the age of 50 years and
10 completed at least 25 years of creditable service with the city,
11 excluding any military service established under Section 5.02 of
12 this Act.

13 SECTION 11. Section 6.04(b), Chapter 452 (S.B. 738), Acts
14 of the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),
15 Vernon's Texas Civil Statutes), is amended to read as follows:

16 (b) If a member who has attained the applicable age for the
17 minimum distribution required under Section 401(a)(9) of the
18 Internal Revenue Code of 1986 (26 U.S.C. Section 401(a)(9)) [~~age~~
19 ~~70-1/2~~] separates or has separated from service without applying
20 for retirement or a refund of accumulated deposits, the police
21 retirement system shall attempt to send to that member a written
22 notice as soon as practicable after the later of the date the member
23 attains the applicable age [~~70-1/2~~] or the date the member
24 separates from service. The written notice must advise the member
25 of the requirement under Section 401(a)(9) of the Internal Revenue
26 Code of 1986 (26 U.S.C. Section 401(a)(9)) to retire and begin
27 receiving a monthly retirement benefit. If, before the 91st day

1 after the date the police retirement system sends the notice, the
2 member has not filed an application for retirement or a refund, the
3 member is considered to have retired on the last day of the third
4 month following the later of the two dates specified by this
5 subsection. If applicable, the retirement option shall be
6 determined in accordance with the member's written selection of
7 optional benefit and designation of beneficiary under Section
8 6.06(a)(1) of this Act. Otherwise, the member shall receive the
9 life annuity under Section 6.01 of this Act.

10 SECTION 12. Section 6.07(e), Chapter 452 (S.B. 738), Acts
11 of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
12 Vernon's Texas Civil Statutes), is amended to read as follows:

13 (e) The first monthly annuity amount that would have been
14 paid during the RETRO DROP benefit accumulation period is the
15 amount defined by Subsection (c) of this section. [~~Subsequent
16 monthly annuity amounts that would have been paid during the RETRO
17 DROP benefit accumulation period must include any cost-of-living
18 increases or special ad hoc increases in annuity amounts granted in
19 accordance with Sections 6.01(c) and (d) of this Act.~~]

20 SECTION 13. Section 7.02, Chapter 452 (S.B. 738), Acts of
21 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
22 Vernon's Texas Civil Statutes), is amended by amending Subsection
23 (a) and adding Subsection (a-1) to read as follows:

24 (a) On award of disability retirement benefits, the member
25 shall receive a disability retirement benefit computed in the same
26 manner that a service retirement benefit would be computed at the
27 member's normal retirement date, based on average final

1 compensation and creditable service at date of disability
2 retirement without reduction for early retirement. If the
3 disability is a direct or proximate result of the performance of the
4 member's employment duties with the system or the city, then the
5 disability retirement benefit will be subject to a minimum benefit
6 determined in accordance with Section 6.01(a)(1) or (2) of this
7 Act, as applicable, based on:

8 (1) average final compensation at date of disability
9 retirement; and

10 (2) for:

11 (A) a group A member, 20 years of creditable
12 service; or

13 (B) a group B member, 25 years of creditable
14 service.

15 (a-1) The options allowed under this section are life
16 annuity or its actuarial equivalent payable in the form described
17 as Option I, Option II, Option III, Option IV, or Option V in
18 Section 6.03 of this Act. The disability benefits paid to the
19 member will be paid from Fund No. 1 until the amount received equals
20 the member's accumulated deposits; thereafter the benefits will be
21 paid from Fund No. 2.

22 SECTION 14. Article VIII, Chapter 452 (S.B. 738), Acts of
23 the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),
24 Vernon's Texas Civil Statutes), is amended by amending Section 8.01
25 and adding Sections 8.02 through 8.13 to read as follows:

26 Sec. 8.01. MEMBER CONTRIBUTIONS [~~METHOD OF FINANCING~~]. (a)
27 [~~(1)~~] Deposits by the members to the police retirement system shall

1 be made at a rate of at least:

2 (1) 13 percent of the basic hourly earnings of the
3 [each] member, for each pay period beginning before January 1,
4 2022; and

5 (2) 15 percent of the basic hourly earnings of the
6 member, for each pay period beginning on or after January 1, 2022,
7 unless a different member contribution rate is required in
8 accordance with Section 8.04(b)(4) of this Act, as adjusted, if
9 applicable, under Section 8.065 of this Act, except that the rate
10 may not exceed 17 percent.

11 (a-1) Deposits required to be made by members under
12 Subsection (a) of this section shall be deducted from payroll each
13 pay period.

14 (a-2) On recommendation of the board, the
15 Active--Contributory members may by a majority of those voting
16 increase the rate of member deposits above the minimum rate of
17 deposit established by Subsection (a) of this section [13 percent]
18 to whatever amount the board has recommended. If the deposit rate
19 for members has been increased to a rate above the rate established
20 by Subsection (a) of this section in accordance with this
21 subsection [13 percent], the rate may be decreased to a rate lower
22 than the rate prescribed by Subsection (a)(2) of this section if the
23 board recommends the decrease, the board's actuary approves the
24 decrease, and a majority of the Active--Contributory members voting
25 on the matter approve the decrease. If an increase in the member
26 contribution rate is made solely as the result of an adjustment
27 under Section 8.065 of this Act, that increase may not be decreased

1 under this subsection.

2 Sec. 8.02. CITY CONTRIBUTIONS. (a) [(2)] The city shall
3 contribute amounts equal to [~~18 percent of the basic hourly~~
4 ~~earnings of each member employed by the city for all periods on or~~
5 ~~before September 30, 2010, subject to additional amounts as~~
6 ~~provided by Subdivision (3) of this subsection. The city shall~~
7 ~~contribute amounts equal to 19 percent of the basic hourly earnings~~
8 ~~of each member employed by the city for all periods after September~~
9 ~~30, 2010, and before October 1, 2011, subject to additional amounts~~
10 ~~as provided by Subdivision (3) of this subsection. The city shall~~
11 ~~contribute amounts equal to 20 percent of the basic hourly earnings~~
12 ~~of each member employed by the city for all periods after September~~
13 ~~30, 2011, and before October 1, 2012, subject to additional amounts~~
14 ~~as provided by Subdivision (3) of this subsection. The city shall~~
15 ~~contribute amounts equal to] 21 percent of the basic hourly~~
16 earnings of each member employed by the city for all pay periods
17 beginning after September 30, 2012, and before January 1, 2022,
18 subject to additional amounts as provided by Section 8.07 of this
19 Act [~~Subdivision (3) of this subsection~~]. For all pay periods
20 beginning on or after January 1, 2022, the city shall make
21 contributions to the police retirement system in accordance with
22 Subsections (b) and (c) of this section and Sections 8.03, 8.04,
23 8.05, and 8.06 of this Act, as applicable, and subject to additional
24 amounts as provided by Section 8.07 of this Act. The city council
25 may also authorize the city to make additional contributions to the
26 police retirement system in whatever amount the city council may
27 determine. Contributions by the city shall be made each pay period.

1 (b) For each pay period that begins on or after January 1,
2 2022, and before January 1, 2023, the city shall contribute an
3 amount equal to the sum of:

4 (1) the city contribution rate, as determined in the
5 initial risk sharing valuation study conducted under Section 8.03
6 of this Act, multiplied by the pensionable payroll for the
7 applicable pay period; and

8 (2) 1/26 of the city legacy contribution amount for
9 the 2022 calendar year, as determined and adjusted in the initial
10 risk sharing valuation study conducted under Section 8.03 of this
11 Act.

12 (c) For each pay period that begins on or after January 1,
13 2023, the city shall contribute an amount equal to the sum of:

14 (1) the city contribution rate for the applicable
15 calendar year, as determined in a subsequent risk sharing valuation
16 study conducted under Section 8.04 of this Act and adjusted under
17 Section 8.05 or 8.06 of this Act, as applicable, multiplied by the
18 pensionable payroll for the applicable pay period; and

19 (2) 1/26 of the city legacy contribution amount for
20 the applicable calendar year, as determined and adjusted in the
21 initial risk sharing valuation study conducted under Section 8.03
22 of this Act.

23 Sec. 8.03. INITIAL RISK SHARING VALUATION STUDY. (a) The
24 police retirement system shall cause the system's actuary to
25 prepare an initial risk sharing valuation study that is dated as of
26 December 31, 2020, in accordance with this section.

27 (b) The initial risk sharing valuation study must:

1 (1) except as otherwise provided by this section, be
2 prepared in accordance with the requirements of Section 8.04 of
3 this Act;

4 (2) be based on the actuarial assumptions that were
5 used by the system's actuary in the valuation completed for the year
6 ended December 31, 2020;

7 (3) project the corridor midpoint for the next 30
8 calendar years beginning with the calendar year that begins on
9 January 1, 2022; and

10 (4) include a schedule of city legacy contribution
11 amounts for 30 calendar years beginning with the calendar year that
12 begins on January 1, 2022.

13 (c) For purposes of Subsection (b)(4) of this section, the
14 schedule of city legacy contribution amounts must be determined in
15 such a manner that the total annual city legacy contribution amount
16 for the first three calendar years will result in a phase-in of the
17 anticipated increase in the city's contribution rate from the
18 calendar year that begins on January 1, 2021, in accordance with
19 Subsection (a) of this section, to the rate equal to the sum of the
20 estimated contribution rate for the calendar year that begins on
21 January 1, 2022, and the rate of pensionable payroll equal to the
22 city legacy contribution amount for January 1, 2022, determined as
23 if there was no phase-in of the increase to the city legacy
24 contribution amount. The phase-in must reflect approximately
25 one-third of the increase each year over the three-year phase-in
26 period. The city's contribution under Section 8.02 of this Act for:

27 (1) the calendar years that begin on January 1, 2022,

1 January 1, 2023, and January 1, 2024, must be adjusted to reflect
2 the impact of the phase-in prescribed by this section; and

3 (2) each calendar year that begins on January 1, 2025,
4 through January 1, 2051, must reflect a city legacy contribution
5 amount that is three percent greater than the city legacy
6 contribution amount for the preceding calendar year.

7 (d) The estimated city contribution rate for the calendar
8 year that begins on January 1, 2022, must be based on the projected
9 pensionable payroll, as determined under the initial risk sharing
10 valuation study required by this section, assuming a payroll growth
11 rate of three percent.

12 Sec. 8.04. SUBSEQUENT RISK SHARING VALUATION STUDIES. (a)
13 For each calendar year beginning after December 31, 2020, the
14 police retirement system shall cause the system's actuary to
15 prepare a risk sharing valuation study in accordance with this
16 section and actuarial standards of practice.

17 (b) Each risk sharing valuation study must:

18 (1) be dated as of the last day of the calendar year
19 for which the study is required to be prepared;

20 (2) calculate the unfunded actuarial accrued
21 liability of the system as of the last day of the applicable
22 calendar year, including the liability layer, if any, associated
23 with the most recently completed calendar year;

24 (3) calculate the estimated city contribution rate for
25 the following calendar year;

26 (4) determine the city contribution rate and the
27 member contribution rate for the following calendar year, taking

1 into account any adjustments required under Section 8.05, 8.06, or
2 8.065 of this Act, as applicable; and

3 (5) except as provided by Subsection (d) of this
4 section, be based on the assumptions and methods adopted by the
5 board in accordance with Section 3.091 of this Act, if applicable,
6 and that are consistent with actuarial standards of practice and
7 the following principles:

8 (A) closed layered amortization of liability
9 layers to ensure that the amortization period for each liability
10 layer begins 12 months after the date of the risk sharing valuation
11 study in which the liability layer is first recognized;

12 (B) each liability layer is assigned an
13 amortization period;

14 (C) each liability loss layer will be amortized
15 over a period of 30 years from the first day of the calendar year
16 beginning 12 months after the date of the risk sharing valuation
17 study in which the liability loss layer is first recognized, except
18 that the legacy liability must be amortized over a 30-year period
19 beginning January 1, 2022;

20 (D) each liability gain layer will be amortized
21 over:

22 (i) a period equal to the remaining
23 amortization period on the largest remaining liability loss layer,
24 and the two layers must be treated as one layer such that if the
25 payoff year of the liability loss layer is accelerated or extended,
26 the payoff year of the liability gain layer is also accelerated or
27 extended; or

1 (ii) if there is no liability loss layer, a
2 period of 30 years from the first day of the calendar year beginning
3 12 months after the date of the risk sharing valuation study in
4 which the liability gain layer is first recognized;

5 (E) liability layers will be funded according to
6 the level percent of payroll method;

7 (F) payroll for purposes of determining the
8 corridor midpoint, city contribution rate, and city legacy
9 contribution amount must be projected using the annual payroll
10 growth rate assumption adopted by the board; and

11 (G) the city contribution rate will be calculated
12 each calendar year without inclusion of the legacy liability.

13 (c) The city and the board may agree on a written transition
14 plan for resetting the corridor midpoint:

15 (1) if at any time the funded ratio of the system is
16 equal to or greater than 100 percent; or

17 (2) for any calendar year after the payoff year of the
18 legacy liability.

19 (d) Subject to Section 3.091 of this Act, the board may by
20 rule adopt actuarial principles other than those required under
21 Subsection (b)(5) of this section, provided the actuarial
22 principles:

23 (1) are consistent with actuarial standards of
24 practice;

25 (2) are approved by the system's actuary; and

26 (3) do not operate to change the city legacy
27 contribution amount.

1 Sec. 8.05. ADJUSTMENT TO CITY CONTRIBUTION RATE IF LOWER
2 THAN CORRIDOR MIDPOINT. (a) This section governs the
3 determination of the city contribution rate applicable in a
4 calendar year under Section 8.04(b)(4) of this Act if the estimated
5 city contribution rate determined under Section 8.04(b)(3) of this
6 Act is lower than the corridor midpoint.

7 (b) If the estimated city contribution rate is lower than
8 the corridor midpoint and the funded ratio is:

9 (1) less than 90 percent, the city contribution rate
10 for the applicable year equals the corridor midpoint; or

11 (2) equal to or greater than 90 percent and the city
12 contribution rate is:

13 (A) equal to or greater than the minimum city
14 contribution rate, the estimated city contribution rate is the city
15 contribution rate for the calendar year; or

16 (B) less than the minimum city contribution rate
17 for the corresponding calendar year, the city contribution rate for
18 the calendar year equals the minimum city contribution rate.

19 (c) If the funded ratio is equal to or greater than 100
20 percent:

21 (1) all existing liability layers, including the
22 legacy liability, are considered fully amortized and paid; and

23 (2) the city legacy contribution amount may no longer
24 be included in the city contribution under Section 8.02 of this Act.

25 Sec. 8.06. ADJUSTMENT TO CITY CONTRIBUTION RATE IF EQUAL TO
26 OR GREATER THAN CORRIDOR MIDPOINT. (a) This section governs the
27 determination of the city contribution rate applicable in a

1 calendar year under Section 8.04(b)(4) of this Act if the estimated
2 city contribution rate determined under Section 8.04(b)(3) of this
3 Act is equal to or greater than the corridor midpoint.

4 (b) If the estimated city contribution rate is equal to or
5 greater than the corridor midpoint and:

6 (1) less than or equal to the maximum city
7 contribution rate for the corresponding calendar year, the
8 estimated city contribution rate is the city contribution rate; or

9 (2) greater than the maximum city contribution rate
10 for the corresponding calendar year, the city contribution rate is
11 the maximum city contribution rate.

12 Sec. 8.065. INCREASED MEMBER CONTRIBUTION RATE IF ESTIMATED
13 CITY CONTRIBUTION RATE GREATER THAN MAXIMUM CITY CONTRIBUTION RATE.

14 (a) This section governs the determination of the member
15 contribution rate applicable in a calendar year under Section
16 8.04(b)(4) of this Act if the estimated city contribution rate
17 determined under Section 8.04(b)(3) of this Act is greater than the
18 maximum city contribution rate.

19 (b) Except as provided by Subsection (c) of this section, if
20 the estimated city contribution rate is greater than the corridor
21 maximum, the member contribution rate will increase by an amount
22 equal to the difference between the following:

23 (1) the estimated city contribution rate; and

24 (2) the maximum city contribution rate.

25 (c) The member contribution rate may not be increased by
26 more than two percentage points under this section.

27 (d) If the estimated city contribution rate is more than two

1 percent of pensionable payroll greater than the maximum city
2 contribution rate, the city and the board shall enter into
3 discussions to determine additional funding solutions.

4 Sec. 8.07. ADDITIONAL CITY CONTRIBUTIONS FOR PROPORTIONATE
5 RETIREMENT PROGRAM PARTICIPATION. (a) [~~3~~] The city shall
6 contribute amounts in addition to the amounts described by Section
7 8.02 of this Act [~~Subdivision (2) of this subsection~~] as required by
8 Section 803.101(h), Government Code, to fund the additional
9 liabilities incurred by the police retirement system as a result of
10 participating in the proportionate retirement program. The rate at
11 which the city shall contribute additional amounts under this
12 section [~~subdivision~~] is equal to 0.737 [~~0.25~~] percent of the basic
13 hourly earnings of each member employed by the city for all pay
14 periods commencing on or after October 1, 2020, subject to
15 adjustment under Subsection (b) of this section [~~from January 4,~~
16 2009, through September 30, 2009. The rate at which the city shall
17 contribute additional amounts under this subdivision is equal to
18 0.63 percent of the basic hourly earnings of each member employed by
19 the city for all periods after September 30, 2009, subject to
20 adjustment under Subdivision (4) of this subsection].

21 (b) [~~4~~] The additional contribution rate under Subsection
22 (a) of this section [~~Subdivision (3) of this subsection~~] shall
23 increase or decrease as considered necessary by the actuary for the
24 police retirement system after each five-year period of
25 participation by the system in the proportionate retirement program
26 in order to update the amount necessary to fund the additional
27 liabilities incurred by the system as a result of participating in

1 the proportionate retirement program and of the consolidation of
 2 the city's public safety and emergency management department with
 3 the police department on January 4, 2009. The system's actuary
 4 shall perform an experience study that shall be the basis for a
 5 contribution rate adjustment under this subsection [~~subdivision~~].
 6 The effective date of the initial contribution rate adjustment
 7 under this subsection [~~subdivision~~] is October 1, 2015. Each later
 8 contribution rate adjustment under this subsection [~~subdivision~~]
 9 takes effect October 1 of every fifth year after the effective date
 10 of the initial contribution rate adjustment. The system's actuary
 11 shall present to the police retirement board the experience study
 12 on which any contribution rate adjustment under this subsection
 13 [~~subdivision~~] is based not later than 45 days before the effective
 14 date of the adjustment, and the city's actuary shall have the
 15 opportunity to review and comment on the study. An adjustment in
 16 the additional contribution rate under this subsection
 17 [~~subdivision~~] may not cause the additional contribution rate under
 18 Subsection (a) of this section [~~Subdivision (3) of this subsection~~]
 19 to be less than zero.

20 Sec. 8.08. PUBLICATION OF CHANGES TO CONTRIBUTION RATES.

21 [~~(b)~~] Any change of the rates of deposit and the rates of
 22 contribution shall be published when approved by the board.

23 Sec. 8.09. EXPENSES. (a) [~~(c) Contributions by the city~~
 24 ~~shall be paid to the system after appropriation by the city council.~~

25 [~~(d)~~] Expenses involved in administration and operation of
 26 the police retirement system shall be paid from the assets of the
 27 police retirement system subject to approval by the board. Such

1 expenses shall include actuarial valuations of the system no less
2 frequently than on a biennial basis, annual audits and/or actuarial
3 studies, preparation of annual reports, and staff assistance.
4 Additional consulting may be authorized by the board and paid for
5 from the assets of the police retirement system as deemed necessary
6 from time to time by the board.

7 (b) [~~(e)~~] Expenses incurred from investment advice,
8 counsel, and management shall be paid from the assets of the police
9 retirement system.

10 Sec. 8.10. PAYMENT OF CONTRIBUTIONS. (a) Contributions by
11 the city shall be paid to the system after appropriation by the city
12 council.

13 (b) [~~(f)~~] The city shall make the police officer
14 contributions to the system required by Section 8.02 of this Act
15 [~~Subsection (a) of this section~~].

16 (c) The system shall make the administrative staff's
17 contributions to the system.

18 (d) Member contributions will be made by a reduction in
19 their monetary compensation. Contributions made shall be treated
20 as employer contributions in accordance with Section 414(h)(2),
21 Internal Revenue Code (26 U.S.C. Section 414(h)(2)), for the
22 purpose of determining tax treatment of the amounts under the
23 federal Internal Revenue Code. These contributions are not
24 includible in the gross income of the member until such time as they
25 are distributed or made available to the member.

26 (e) Member contributions made as provided by Subsection (d)
27 of this section [~~subsection~~] shall be deposited to the individual

1 account of each affected member and shall be treated as
2 compensation of members for all other purposes of this Act and for
3 the purpose of determining contributions to the federal Old-Age,
4 Survivors, and Disability Insurance System (Social Security). The
5 provisions of this subsection shall remain in effect as long as the
6 plan covering members is a qualified retirement plan under Section
7 401(a), Internal Revenue Code (26 U.S.C. Section 401(a)), and its
8 related trust is tax exempt under Section 501(a), Internal Revenue
9 Code (26 U.S.C. Section 501(a)).

10 Sec. 8.11. EFFECT OF SYSTEM TERMINATION ON CONTRIBUTIONS.

11 [~~(g)~~] If the police retirement system is terminated, further
12 contributions may not be made by the city or the system, and further
13 deposits may not be made by the members for service after the date
14 of termination. Members do not accrue any additional benefits
15 after the date of termination. The benefit accrued by each member
16 on the termination of the plan or the complete discontinuance of
17 contributions under the plan and the benefit of any affected member
18 on the partial termination of the plan, to the extent funded, become
19 nonforfeitable notwithstanding the length of a member's service.
20 The benefit accrued by a member also becomes nonforfeitable, if not
21 already nonforfeitable, at the normal retirement date.

22 Sec. 8.12. EFFECT OF FORFEITURE. [~~(h)~~] A forfeiture from a

23 member terminating employment and withdrawing the member's
24 accumulated deposits may not be applied to increase the benefit
25 that any other member would receive from the system. The actuary
26 shall anticipate the effect of forfeitures in determining the costs
27 under the system.

1 Sec. 8.13. SYSTEM ASSETS. [~~(i)~~] The assets of the police
2 retirement system shall be held in trust for the exclusive benefit
3 of the members and their beneficiaries. The corpus or income may
4 not be used for or diverted to a purpose other than the exclusive
5 benefit of members or their beneficiaries, whether by operation or
6 natural termination of the system, by power of revocation or
7 amendment, by the happening of a contingency, by collateral
8 arrangement, or by other means.

9 SECTION 15. Section 13.02, Chapter 452 (S.B. 738), Acts of
10 the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),
11 Vernon's Texas Civil Statutes), is amended to read as follows:

12 Sec. 13.02. MANDATORY DISTRIBUTIONS PROHIBITED. A member
13 or former member who has separated from service may not be required
14 to receive an eligible rollover distribution, as defined in Section
15 13.01(b)(1) of this Act, without the member's consent unless the
16 member or former member has attained the applicable age for minimum
17 distributions required under Section 401(a)(9) of the Internal
18 Revenue Code of 1986 (26 U.S.C. Section 401(a)(9)) [~~is at least~~
19 ~~70-1/2 years of age~~].

20 SECTION 16. The following provisions of Chapter 452 (S.B.
21 738), Acts of the 72nd Legislature, Regular Session, 1991 (Article
22 [6243n-1](#), Vernon's Texas Civil Statutes), are repealed:

- 23 (1) Section 5.04(b);
- 24 (2) Sections 6.01(c), (d), and (e);
- 25 (3) Section 6.02(b); and
- 26 (4) Section 7.02(b).

27 SECTION 17. (a) In this section, "police retirement board"

1 has the meaning assigned by Section 1.02, Chapter 452 (S.B. 738),
2 Acts of the 72nd Legislature, Regular Session, 1991 (Article
3 [6243n-1](#), Vernon's Texas Civil Statutes).

4 (b) Section 3.02, Chapter 452 (S.B. 738), Acts of the 72nd
5 Legislature, Regular Session, 1991 (Article [6243n-1](#), Vernon's
6 Texas Civil Statutes), does not affect the term of a member of the
7 police retirement board appointed or elected under that section, as
8 that section existed immediately before the effective date of this
9 Act, and serving on the board on the effective date of this Act.

10 (c) When the terms of:

11 (1) the two members of the police retirement board
12 elected under Section 3.02(a)(4), Chapter 452 (S.B. 738), Acts of
13 the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),
14 Vernon's Texas Civil Statutes), as that section existed immediately
15 before the effective date of this Act, who have terms that expire in
16 December 2021, expire:

17 (A) one of the resulting vacancies on the board
18 shall be filled by appointment by the city council in accordance
19 with Section 3.02(a)(6), Chapter 452 (S.B. 738), Acts of the 72nd
20 Legislature, Regular Session, 1991 (Article [6243n-1](#), Vernon's
21 Texas Civil Statutes), as amended by this Act; and

22 (B) the other resulting vacancy shall be filled
23 by election of the members in accordance with Sections 3.02(a)(4)
24 and 3.03, Chapter 452 (S.B. 738), Acts of the 72nd Legislature,
25 Regular Session, 1991 (Article [6243n-1](#), Vernon's Texas Civil
26 Statutes), as applicable; and

27 (2) the three members of the police retirement board

1 elected under Section 3.02(a)(4), Chapter 452 (S.B. 738), Acts of
2 the 72nd Legislature, Regular Session, 1991 (Article [6243n-1](#),
3 Vernon's Texas Civil Statutes), as that section existed immediately
4 before the effective date of this Act, who have terms that expire in
5 December 2023, expire, the resulting vacancies on the board shall
6 be filled by an election of the members in accordance with that
7 section and Section 3.03, Chapter 452 (S.B. 738), Acts of the 72nd
8 Legislature, Regular Session, 1991 (Article [6243n-1](#), Vernon's
9 Texas Civil Statutes), as applicable, except that the member
10 receiving the third highest number of votes in that election shall
11 serve for a term of only two years with the member's term expiring
12 in December 2025.

13 SECTION 18. This Act takes effect September 1, 2021.