

BILL ANALYSIS

H.B. 2374
By: McClendon
Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The San Antonio Firefighters and Police Officers Pension Fund is a statutory trust that was established by the Legislature (Art. 6243o). This Fund provides retirement, disability, and death benefits for over 3400 active firefighters and police officers, over 1700 retired members, and their beneficiaries.

The Fund has a comprehensive legislative plan which solicits input from its members and the city and performs actuarial and cost studies on all proposed legislative changes over a 2 year period prior to convening of the Legislature. House Bill 2374 reflects these recommendations for administrative changes to the plan and minor benefit changes.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 2.01(b), Article 6243o, V.T.C.S., to provide that there is no need to have an election when a trustee is unopposed.

SECTION 2. Amends Sections 2.03(d)-(e), Article 6243o, V.T.C.S., to clarify election procedures.

SECTION 3. Adds Sections 3.01(f)-(j), Article 6243o, V.T.C.S., to provide the ability to meet for site visits for investments without posting under the Open Meetings Act, codify case law regarding liability of trustees, and provide protection of member's personal records under the Open Records Act.

SECTION 4. Adds Section 3.03(e), Article 6243o, V.T.C.S., to provide that the Fund can pay for costs of retirement counseling.

SECTION 5. Amends Sections 5.015(d) and (e), and adds Sections 5.015(d-1) and (e-1), Article 6243o, V.T.C.S., to provide greater clarity for the calculation of Backdrop payments and to give a small increase in Backdrop benefits to members who are in the Fund for 34 years or longer.

SECTION 6. Amends Section 5.09(a), Article 6243o, V.T.C.S. to permit retirees who have been retired 12 years or longer from the effective date of the Act to receive slightly larger cost of living increases.

SECTION 7. Amends Section 6.02(g) and adds Sections 6.02(m) and (n), Article 6243o, V.T.C.S., to allow a retiree who is married post-retirement to reduce his or her benefits in order to provide a survivor's benefit to a spouse upon the retiree's death.

SECTION 8. Amends Section 6.08(b) and adds Section 6.08(c), Article 6243o, V.T.C.S., to prohibit a lump sum benefit to a spouse when the spouse is entitled to an annuity under 6.02(m).

SECTION 9. Amends Section 6.11, Article 6243o, V.T.C.S., to provide for a minimum award to the estate of an active member equal to five times the amount of an annuity computed in

accordance with Section 5.01(f) of this act using the deceased member's service credit and average total salary as of the date of death.

SECTION 10. Amends Section 6.115, Article 6243o, V.T.C.S., to provide a death benefit to a retiree's estate equal to five times the amount of the annuity awarded by the board on the retiree's date of retirement.

SECTION 11. Amends Section 6.14(h) and adds Section (l), Article 6243o, V.T.C.S., to allow a spouse to have the same rights as a member with regard to a Backdrop election, subject to a 27-year cap.

SECTION 12. Amends Section 7.06, Article 6243o, V.T.C.S., to eliminate the requirement that investment managers be registered under Investment Advisors Act of 1940 but maintains the requirement for investment consultant.

SECTION 13. Repeals Sections 2.04(b) and 7.01, Article 6243o, V.T.C.S., to delete any requirement for a treasurer of the board. Since the Fund has a professional management team, including a chief financial officer, the position of "treasurer" is being abolished. The City of San Antonio no longer has a treasurer and has no day-to-day responsibility for Fund administration.

SECTION 14. Effective date.

EFFECTIVE DATE

October 1, 2005.