

By: Wong

H.B. No. 1473

Substitute the following for H.B. No. 1473:

By: Talton

C.S.H.B. No. 1473

A BILL TO BE ENTITLED

AN ACT

relating to the composition of the pension board of certain municipalities.

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

SECTION 1. Section 2, Chapter 88, Acts of the 77th Legislature, Regular Session, 2001 (Article 6243h, Vernon's Texas Civil Statutes), is amended by amending Subsections (c), (d), (e), (h), (j), (n), and (p) and adding Subsections (c-1), (c-2), (c-3), (h-1), (j-1), and (n-1) to read as follows:

(c) The pension board consists of nine trustees as follows:

(1) an employee of the city's financial division [~~the mayor of the city, or the director of the civil service commission as the mayor's representative~~];

(2) an actuary [~~the city treasurer or a person performing the duties of treasurer~~];

(3) two [~~four~~] municipal employees of the city who are members of the pension system;

(4) two retirees, each of whom:

(A) has at least five years of credited service in the pension system;

(B) receives a retirement pension from the pension system; and

(C) is not an officer or employee of the city;

[~~and~~]

1 (5) one person who:

2 (A) has been a resident of this state for the
3 three years preceding the date of initial appointment; ~~and~~

4 (B) is not a city officer or employee and is not
5 related within the second degree by consanguinity or affinity, as
6 determined under Chapter 573, Government Code, to a person who is a
7 city officer or employee;

8 (C) is a registered voter of the city;

9 (D) is not a member of the municipal pension
10 system and is not related within the second degree by consanguinity
11 or affinity, as determined under Chapter 573, Government Code, to a
12 person who is a member of the municipal pension system; and

13 (E) meets the qualifications established by the
14 pension board under Subsection (j-1) of this section; and

15 (6) two registered investment advisors.

16 (c-1) To serve as a trustee under Subsection (c)(1) of this
17 section, the person must be appointed by the mayor.

18 (c-2) To serve as a trustee under Subsection (c)(2) of this
19 section, the person must be a fellow of the Society of Actuaries who
20 is appointed by the pension review committee of the city council or,
21 if a pension review committee does not exist, by a vote of a
22 majority of the members of the city council. The trustee who is
23 appointed under this subsection shall:

24 (1) submit quarterly reports to the pension review
25 committee of the city council or, if a pension review committee does
26 not exist, to the city council; or

27 (2) meet quarterly with the pension review committee

1 of the city council or, if a pension review committee does not
2 exist, with the city council.

3 (c-3) The trustee appointed under Subsection (c)(2) of this
4 section may be removed at any time by a vote of a majority of the
5 city council. A vacancy caused by the trustee's death,
6 resignation, or removal shall be filled by the city council. The
7 appointee serves for the remainder of the unexpired term of the
8 replaced trustee. The trustee appointed to fill the remainder of
9 the term may not serve beyond the expiration of the three-year term
10 unless the trustee is appointed for a new term by the pension review
11 committee of the city council or, if a pension review committee does
12 not exist, by a vote of a majority of the members of the city
13 council.

14 (d) To serve as a trustee under Subsection (c)(3) of this
15 section, a person must be a member with at least five years of
16 credited service and be elected by the active members of the pension
17 system at an election called by the pension board. The [~~No more~~
18 ~~than two of the~~] employee trustees may not be employees of the same
19 department.

20 (e) A person elected as an employee trustee under Subsection
21 (d) of this section who retires during the trustee's term shall
22 remain in office until the expiration of the term. [~~Persons elected~~
23 ~~as employee trustees serve staggered four-year terms, with the~~
24 ~~terms of two of the trustees expiring in each even-numbered year.~~
25 ~~Each employee trustee shall continue to serve until a successor is~~
26 ~~qualified.]~~

27 (h) To serve as a trustee under Subsection (c)(6) of this

1 section, the person must be appointed by the pension review
2 committee of the city council or, if a pension review committee does
3 not exist, by a vote of a majority of the members of the city
4 council. A trustee who is appointed under this subsection shall:

5 (1) submit quarterly reports to the pension review
6 committee of the city council or, if a pension review committee does
7 not exist, to the city council; or

8 (2) meet quarterly with the pension review committee
9 of the city council or, if a pension review committee does not
10 exist, with the city council.

11 (h-1) A trustee appointed under Subsection (c)(6) of this
12 section may be removed at any time by a vote of a majority of the
13 city council. A vacancy caused by the trustee's death,
14 resignation, or removal shall be filled by the city council. The
15 appointee serves for the remainder of the unexpired term of the
16 replaced trustee. The trustee appointed to fill the remainder of
17 the term may not serve beyond the expiration of the three-year term
18 unless the trustee is appointed for a new term by the pension review
19 committee of the city council or, if a pension review committee does
20 not exist, by a vote of a majority of the members of the city
21 council. [~~Persons elected as retiree trustees serve four-year~~
22 ~~staggered terms, with the term of one trustee expiring in each~~
23 ~~even-numbered year.~~]

24 (j) To serve as a trustee under Subsection (c)(5) of this
25 section, the person must be appointed by a vote of a majority of the
26 elected trustees of the pension board. [~~The trustee appointed~~
27 ~~under Subsection (c)(5) of this section serves a two-year term. The~~

1 ~~appointment or reappointment of the appointed trustee shall take~~
2 ~~place in January of each even-numbered year.]~~ The appointed
3 trustee may be removed at any time by a vote of a majority of the
4 elected trustees of the pension board. A vacancy caused by the
5 appointed trustee's death, resignation, or removal shall be filled
6 by the elected trustees of the pension board. The appointee serves
7 for the remainder of the unexpired term of the replaced trustee. An
8 appointed trustee may not serve beyond the expiration of the
9 three-year ~~[two-year]~~ term other than by appointment for a new term
10 by the elected trustees of the pension board.

11 (j-1) The pension board shall adopt a rule requiring a
12 trustee appointed under Subsection (c)(5) of this section to have
13 an adequate background in finance.

14 (n) The pension board shall appoint, by a vote of a majority
15 of the trustees of the pension board, a [The] person serving as a
16 trustee under Subsection (c)(6) [(c)(2)] of this section to serve
17 [serves] as the treasurer of the pension fund. The pension board
18 shall require the treasurer to file an [under penalty of that
19 person's] official bond payable to the pension board. The
20 treasurer is liable on the treasurer's official bond for the
21 faithful performance of the treasurer's duties under this Act in
22 connection with the pension fund [and oath of office. That person's
23 official bond to the city shall cover the person's position as
24 treasurer of the pension fund, and that person's sureties are
25 liable for the treasurer's actions pertaining to the pension fund
26 to the same extent as the sureties are liable under the terms of the
27 bond for other actions and conduct of the treasurer].

1 (n-1) Trustees serve staggered three-year terms. On
2 January 1 of each year, the appropriate number of trustees shall be
3 appointed or elected. A trustee may not serve more than four
4 consecutive terms.

5 (p) In each odd-numbered year, the pension board shall elect
6 from the elected trustees a chair, vice chair, and secretary. The
7 chair may not serve in that capacity more than two consecutive
8 terms.

9 SECTION 2. (a) The term of office for any person serving as
10 a trustee of the pension board under Chapter 88, Acts of the 77th
11 Legislature, Regular Session, 2001 (Article 6243h, Vernon's Texas
12 Civil Statutes), as of December 31, 2005, expires on January 1,
13 2006. The pension board and the city council shall appoint trustees
14 and the pension board shall hold an election as required by Section
15 2, Chapter 88, Acts of the 77th Legislature, Regular Session, 2001
16 (Article 6243h, Vernon's Texas Civil Statutes), as amended by this
17 Act, as soon as practicable after January 1, 2006.

18 (b) Trustees who are elected or appointed on January 1,
19 2006, under Section 2, Chapter 88, Acts of the 77th Legislature,
20 Regular Session, 2001 (Article 6243h, Vernon's Texas Civil
21 Statutes), as amended by this Act, shall draw lots to determine
22 three trustees to serve terms expiring January 1, 2007, three
23 trustees to serve terms expiring January 1, 2008, and three
24 trustees to serve terms expiring January 1, 2009.

25 SECTION 3. This Act takes effect September 1, 2005.