

By: Vo

H.B. No. 2634

A BILL TO BE ENTITLED

AN ACT

relating to the composition of the board of trustees of the Teacher Retirement System of Texas.

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

SECTION 1. Section 821.001(5), Government Code, is amended to read as follows:

(5) "Board of trustees" means the persons ~~[board]~~ appointed or elected under this subtitle to administer the retirement system.

SECTION 2. Section 825.002, Government Code, is amended to read as follows:

Sec. 825.002. APPOINTMENT AND ELECTION OF TRUSTEES ~~[APPOINTED BY GOVERNOR]~~. (a) The governor shall appoint, with the advice and consent of the senate ~~[and as provided by this section]~~, ~~[seven members of the board of trustees]~~.

~~[(b) The governor shall appoint]~~ three trustees ~~[members]~~ of the board of trustees to hold office for staggered terms, with the term of one trustee expiring on August 31 of each odd-numbered year. These trustees ~~[members]~~ must be persons who have demonstrated financial expertise, who have worked in private business or industry, and who have broad investment experience, preferably in investment of pension funds. None of the trustees ~~[members]~~ appointed under this subsection may be a member or annuitant of the retirement system.

1 (b) Two trustees who are [~~(c) The governor shall appoint~~
2 ~~two members of the board from a slate of three~~] members of the
3 retirement system and who are currently employed by a public school
4 district shall be elected [~~and who have been nominated in~~
5 ~~accordance with Subsection (f)~~] by the members of the retirement
6 system whose most recent credited service was performed for a
7 public school district. The two trustees [~~members~~] hold office for
8 staggered terms.

9 (c) One trustee who is a [~~(d) The governor shall appoint one~~
10 ~~member of the board from a slate of three~~] former member [~~members~~]
11 of the retirement system, has [~~who have~~] retired, and is [~~are~~]
12 receiving benefits from the retirement system shall be elected [~~and~~
13 ~~who have been nominated in accordance with Subsections (f) and (g)~~]
14 by [~~the~~] persons who have retired and are receiving benefits from
15 the retirement system.

16 (d) One trustee who is a member [~~(e) The governor shall~~
17 ~~appoint one member from a slate of three members~~] of the retirement
18 system and who is [~~are currently~~] employed by an institution of
19 higher education shall be elected [~~and who have been nominated in~~
20 ~~accordance with Subsection (f)~~] by the members of the retirement
21 system whose most recent credited service was performed for an
22 institution of higher education.

23 (e) The board of trustees shall adopt rules for the election
24 of trustees described [~~(f) Persons considered for nomination~~]
25 under Subsection (b), (c), or (d) [~~, or (e) must have been nominated~~
26 ~~by written ballot at an election conducted under rules adopted by~~
27 ~~the board of trustees~~].

1 (f) [~~(g)~~] To provide for the election [~~nomination~~ of
2 ~~persons for appointment~~] under Subsection (c) [~~(d)~~], the board of of
3 trustees shall send to each retiree of the retirement system:

4 (1) notice of the deadline for filing as a candidate
5 for election [~~nomination~~];

6 (2) information on procedures to follow in filing as a
7 candidate; and

8 (3) a [~~written~~] ballot.

9 SECTION 3. Sections 825.0032(a) and (b), Government Code,
10 are amended to read as follows:

11 (a) Except as provided by Subsection (b), a person is not
12 eligible for appointment or election to the board of trustees if the
13 person or the person's spouse:

14 (1) is employed by or participates in the management
15 of a business entity or other organization receiving funds from the
16 retirement system;

17 (2) owns or controls, directly or indirectly, more
18 than a 10 percent interest in a business entity or other
19 organization receiving funds from the retirement system; or

20 (3) uses or receives a substantial amount of tangible
21 goods, services, or funds from the retirement system, other than
22 compensation or reimbursement authorized by law for board of
23 trustees membership, attendance, or expenses.

24 (b) Subsection (a) does not apply to employment by,
25 participation in the management of, or ownership or control of an
26 interest in a business entity or other organization on behalf of the
27 retirement system. Subsection (a)(3) does not apply to a person who

1 is elected [~~nominated for appointment~~] under Section 825.002(b)
2 [~~825.002(c)~~], (c), or (d) [~~, or (e)~~].

3 SECTION 4. Section 825.0041(b), Government Code, is amended
4 to read as follows:

5 (b) A training program established under this section shall
6 provide information to the trustee [~~member~~] regarding:

7 (1) the enabling legislation that created the
8 retirement system and its policy-making body on [~~to~~] which the
9 trustee [~~member~~] is [~~appointed~~] to serve;

10 (2) the programs operated by the retirement system;

11 (3) the role and functions of the retirement system;

12 (4) the rules of the retirement system with an
13 emphasis on the rules that relate to disciplinary and investigatory
14 authority;

15 (5) the current budget for the retirement system;

16 (6) the results of the most recent formal audit of the
17 retirement system;

18 (7) the requirements of the:

19 (A) open meetings law, Chapter 551;

20 (B) open records law, Chapter 552; and

21 (C) administrative procedure law, Chapter 2001;

22 (8) the requirements of the conflict of interest laws
23 and other laws relating to public officials; and

24 (9) any applicable ethics policies adopted by the
25 retirement system or the Texas Ethics Commission.

26 SECTION 5. Section 825.009(a), Government Code, is amended
27 to read as follows:

1 (a) A trustee elected [~~appointed from a slate of members~~
2 ~~nominated~~] by members of the retirement system under Section
3 825.002 is entitled to leave with pay from the trustee's public
4 school employer to attend to the official business of the
5 retirement system.

6 SECTION 6. Sections 825.010(a) and (c), Government Code,
7 are amended to read as follows:

8 (a) It is a ground for removal from the board of trustees if
9 a trustee:

10 (1) does not have at the time of appointment or
11 election the qualifications required for the trustee's position;

12 (2) does not maintain during service on the board of
13 trustees the qualifications required for the trustee's position;

14 (3) violates a prohibition established by Section
15 825.002(a) [~~825.002(b)~~] or 825.0032 applicable to the trustee;

16 (4) cannot because of illness or disability discharge
17 the trustee's duties for a substantial part of the term for which
18 the trustee is appointed or elected; or

19 (5) is absent from more than one-third of the
20 regularly scheduled board of trustees meetings that the person is
21 eligible to attend during a calendar year unless the absence is
22 excused by majority vote of the board of trustees.

23 (c) If the executive director has knowledge that a potential
24 ground for removal exists, the executive director shall notify the
25 presiding officer of the board of trustees of the ground. The
26 presiding officer shall then notify the governor [~~appropriate~~
27 ~~appointing officer~~] and the attorney general that a potential

1 ground for removal exists. If the potential ground for removal
2 involves the presiding officer, the executive director shall notify
3 the next highest officer of the board of trustees, who shall notify
4 the governor [~~appropriate appointing officer~~] and the attorney
5 general that a potential ground for removal exists.

6 SECTION 7. (a) This Act applies only to the appointment or
7 election of a trustee of the board of trustees of the Teacher
8 Retirement System of Texas that occurs on or after the effective
9 date of this Act.

10 (b) A person who is serving as a trustee immediately before
11 the effective date of this Act may complete the trustee's term of
12 office, and the trustee's qualifications for serving as a trustee
13 are governed by the law in effect immediately before the effective
14 date of this Act until the date that trustee's term expires.

15 SECTION 8. This Act takes effect January 1, 2006.