

By: Janek

S.B. No. 1731

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), (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); 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 appointed by a vote of a majority of the
20 members of the city council. The city's actuarial association
21 shall nominate at least two certified actuaries to be voted on by
22 the city council.

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

1 department.

2 (e) A person elected as an employee trustee under Subsection
3 (d) of this section who retires during the trustee's term shall
4 remain in office until the expiration of the term. [~~Persons elected
5 as employee trustees serve staggered four-year terms, with the
6 terms of two of the trustees expiring in each even-numbered year.
7 Each employee trustee shall continue to serve until a successor is
8 qualified.~~]

9 (h) To serve as a trustee under Subsection (c)(6) of this
10 section, the person must be appointed by a vote of a majority of the
11 members of the city council. The city's association of registered
12 investment advisors shall nominate at least four registered
13 investment advisors to be voted on by the city council. [~~Persons
14 elected as retiree trustees serve four-year staggered terms, with
15 the term of one trustee expiring in each even-numbered year.~~]

16 (j) To serve as a trustee under Subsection (c)(5) of this
17 section, the person must be appointed by a vote of a majority of the
18 elected trustees of the pension board. [~~The trustee appointed under
19 Subsection (c)(5) of this section serves a two-year term. The
20 appointment or reappointment of the appointed trustee shall take
21 place in January of each even-numbered year.~~] The appointed
22 trustee may be removed at any time by a vote of a majority of the
23 elected trustees of the pension board. A vacancy caused by the
24 appointed trustee's death, resignation, or removal shall be filled
25 by the elected trustees of the pension board. The appointee serves
26 for the remainder of the unexpired term of the replaced trustee. An
27 appointed trustee may not serve beyond the expiration of the

1 three-year [~~two-year~~] term other than by appointment for a new term
2 by the elected trustees of the pension board.

3 (j-1) The pension board shall adopt a rule requiring a
4 trustee appointed under Subsection (c)(5) to have an adequate
5 background in finance.

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

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

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

1 SECTION 2. (a) The term of office for any person serving as
2 a trustee of the pension board under Chapter 88, Acts of the 77th
3 Legislature, Regular Session, 2001 (Article 6243h, Vernon's Texas
4 Civil Statutes), as of December 31, 2005, expires on January 1,
5 2006. The pension board and the city council shall appoint trustees
6 and the pension board shall hold an election as required by Section
7 2, Chapter 88, Acts of the 77th Legislature, Regular Session, 2001
8 (Article 6243h, Vernon's Texas Civil Statutes), as amended by this
9 Act, as soon as practicable after January 1, 2006.

10 (b) Trustees who are elected or appointed on January 1,
11 2006, under Section 2, Chapter 88, Acts of the 77th Legislature,
12 Regular Session, 2001 (Article 6243h, Vernon's Texas Civil
13 Statutes), as amended by this Act, shall draw lots to determine
14 three trustees to serve terms expiring January 1, 2007, three
15 trustees to serve terms expiring January 1, 2008, and three
16 trustees to serve terms expiring January 1, 2009.

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