

By: Davis of Dallas

H.B. No. 3998

A BILL TO BE ENTITLED

AN ACT

relating to the selection of certain members 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 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 Subsection (b) [~~this section~~], two [~~seven~~] members of the board of trustees.

(b) The members appointed to the board of trustees by the governor under Subsection (a) shall [~~appoint three members of the board to~~] hold office for staggered terms that expire [~~, with the term of one trustee expiring~~] on August 31 of [~~each~~] odd-numbered years [~~year~~]. These 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 members appointed under Subsection (a) [~~this subsection~~] may be a member or annuitant of the retirement system.

(c) Members of the retirement system whose most recent credited service was performed for a public school district ~~[The governor]~~ shall elect ~~[appoint]~~ two members of the board who must be ~~[from a slate of three]~~ members of the retirement system and ~~[who are]~~ currently employed by a public school district ~~[and who have been nominated in accordance with Subsection (f) by the members of the retirement system whose most recent credited service was performed for a public school district]~~. The two members hold office for staggered terms.

(d) Persons who have retired and are receiving benefits from the retirement system ~~[The governor]~~ shall elect ~~[appoint]~~ one member of the board who must be a ~~[from a slate of three]~~ former member ~~[members]~~ of the retirement system who is ~~[have]~~ retired and ~~[are]~~ receiving benefits from the retirement system ~~[and who have been nominated in accordance with Subsections (f) and (g) by the persons who have retired and are receiving benefits from the retirement system]~~.

(e) Members of the retirement system whose most recent credited service was performed for an institution of higher education ~~[The governor]~~ shall elect ~~[appoint]~~ one member who must be a member ~~[from a slate of three members]~~ of the retirement system and ~~[who are]~~ currently employed by an institution of higher education ~~[and who have been nominated in accordance with Subsection (f) by the members of the retirement system whose most recent credited service was performed for an institution of higher education]~~.

(f) Persons eligible to elect trustees ~~[considered for~~

1 ~~nomination]~~ under Subsections ~~[Subsection]~~ (c), (d), and ~~[or]~~ (e)
2 shall collectively elect one member of the board of trustees who is
3 otherwise eligible for election to the board under any of those
4 subsections ~~[must have been nominated by written ballot at an~~
5 ~~election conducted under rules adopted by the board of trustees].~~

6 (g) The board of trustees shall adopt rules for the election
7 of trustees under Subsections (c), (d), (e), and (f) ~~[To provide~~
8 ~~for the nomination of persons for appointment under Subsection (d),~~
9 ~~the board shall send to each retiree of the retirement system:~~

10 ~~[(1) notice of the deadline for filing as a candidate~~
11 ~~for nomination;~~

12 ~~[(2) information on procedures to follow in filing as~~
13 ~~a candidate; and~~

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

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

17 (a) Except as provided by Subsection (b), a person is not
18 eligible for appointment or election to the board if the person or
19 the person's spouse:

20 (1) is employed by or participates in the management
21 of a business entity or other organization receiving funds from the
22 retirement system;

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

26 (3) uses or receives a substantial amount of tangible
27 goods, services, or funds from the retirement system, other than

1 compensation or reimbursement authorized by law for board
2 membership, attendance, or expenses.

3 (b) Subsection (a) does not apply to employment by,
4 participation in the management of, or ownership or control of an
5 interest in a business entity or other organization on behalf of the
6 retirement system. Subsection (a)(3) does not apply to a person who
7 is elected [~~nominated for appointment~~] under Section 825.002(c),
8 (d), [~~or~~] (e), or (f).

9 SECTION 4. Sections 825.0041(a) and (c), Government Code,
10 are amended to read as follows:

11 (a) A person who is appointed or elected to and qualifies
12 for office as a member of the board of trustees may not vote,
13 deliberate, or be counted as a member in attendance at a meeting of
14 the board until the person completes a training program that
15 complies with this section.

16 (c) A person appointed or elected to the board of trustees
17 is entitled to reimbursement under Section 825.007 for the travel
18 expenses incurred in attending the training program regardless of
19 whether the attendance at the program occurs before or after
20 the person qualifies for office.

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

23 (a) A trustee elected [~~appointed from a slate of members~~
24 ~~nominated by members of the retirement system~~] under Section
25 825.002 is entitled to leave with pay from the trustee's public
26 school employer to attend to the official business of the
27 retirement system.

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

(a) It is a ground for removal from the board that a trustee:

(1) does not have at the time of taking office the qualifications required for the trustee's position;

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

(3) violates a prohibition established by Section 825.002(b) or 825.0032;

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

(5) is absent from more than half of the regularly scheduled board meetings that the person is eligible to attend during a calendar year without an excuse approved by a majority vote of the board.

(c) If the executive director has knowledge that a potential ground for removal exists, the executive director shall notify the presiding officer of the board of the ground. The presiding officer shall then notify the appropriate appointing officer, if any, and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the executive director shall notify the next highest officer of the board, who shall notify the appropriate appointing officer, if any, and the attorney general that a potential ground for removal exists.

SECTION 7. (a) Section 825.002, Government Code, as

1 amended by this Act, applies only to the appointment or election of
2 a member of the board of trustees of the Teacher Retirement System
3 of Texas that occurs on or after the effective date of this Act.

4 (b) Except as provided by Subsection (c) of this section,
5 the change in the manner of appointing or electing members of the
6 board of trustees of the Teacher Retirement System of Texas does not
7 affect the qualifications for serving or the term of office of
8 members serving on the board immediately before the effective date
9 of this Act.

10 (c) The governor may not appoint a successor to a member of
11 the board of trustees of the Teacher Retirement System of Texas who
12 was appointed under Section 825.002(a), Government Code, and whose
13 term expires August 31, 2011.

14 (d) The board of trustees of the Teacher Retirement System
15 of Texas shall ensure that the first election under Section
16 825.002(f), Government Code, as amended by this Act, is conducted
17 so that the term of the member elected at that election begins
18 September 1, 2011.

19 SECTION 8. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2009.