

By: Ogden

S.B. No. 1548

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the monitoring and oversight of certain public  
3 retirement systems and public investments; providing civil  
4 penalties.

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

6 SECTION 1. The heading to Chapter 801, Government Code, is  
7 amended to read as follows:

8 CHAPTER 801. STATE PENSION AND INVESTMENT REVIEW BOARD

9 SECTION 2. Section 801.001(1), Government Code, is amended  
10 to read as follows:

11 (1) "Board" means the State Pension and Investment  
12 Review Board.

13 SECTION 3. Section 801.101, Government Code, is amended to  
14 read as follows:

15 Sec. 801.101. PENSION AND INVESTMENT REVIEW BOARD. The  
16 State Pension and Investment Review Board is an agency of the state.

17 SECTION 4. Section 801.102(a), Government Code, is amended  
18 to read as follows:

19 (a) The board is composed of five [~~nine~~] members.

20 SECTION 5. Section 801.103, Government Code, is amended to  
21 read as follows:

22 Sec. 801.103. MEMBERS APPOINTED BY GOVERNOR. [~~(a)~~] The  
23 governor shall appoint, with the advice and consent of the senate,  
24 three [~~seven~~] members to the board.

1       ~~[(b) The governor shall appoint to the board:~~

2               ~~[(1) three persons who have experience in the fields~~  
3 ~~of securities investment, pension administration, or pension law~~  
4 ~~but who are not members or retirees of a public retirement system;~~

5               ~~[(2) one person who is a fellow of the Society of~~  
6 ~~Actuaries, a member of the American Academy of Actuaries, or an~~  
7 ~~enrolled actuary under the federal Employee Retirement Income~~  
8 ~~Security Act of 1974 (29 U.S.C. Sec. 1001 et seq.);~~

9               ~~[(3) one person who has experience in the field of~~  
10 ~~governmental finance;~~

11               ~~[(4) one person who is a contributing member of a~~  
12 ~~public retirement system; and~~

13               ~~[(5) one person who is receiving retirement benefits~~  
14 ~~from a public retirement system.]~~

15       SECTION 6. Section 801.104, Government Code, is amended to  
16 read as follows:

17       Sec. 801.104. MEMBERS APPOINTED BY OTHERS. (a) The  
18 lieutenant governor shall appoint one member to the board [~~one~~  
19 ~~member of the senate~~].

20       (b) The speaker of the house of representatives shall  
21 appoint one member to the board [~~one member of the house~~].

22       SECTION 7. Subchapter B, Chapter 801, Government Code, is  
23 amended by adding Section 801.105 to read as follows:

24       Sec. 801.105. QUALIFICATIONS OF MEMBERS. Each person  
25 appointed to the board must have experience in the field of  
26 securities investment, pension administration, or pension law.

27       SECTION 8. Section 801.106, Government Code, is amended to

1 read as follows:

2           Sec. 801.106. TERMS OF OFFICE. Members of the board hold  
3 office for staggered terms of six years, with the terms of one or  
4 two [~~three~~] members expiring on January 31 of each odd-numbered  
5 year.

6           SECTION 9. Section 801.107, Government Code, is amended to  
7 read as follows:

8           Sec. 801.107. SUNSET PROVISION. The State Pension and  
9 Investment Review Board is subject to Chapter 325 (Texas Sunset  
10 Act). Unless continued in existence as provided by that chapter,  
11 the board is abolished and this chapter expires September 1, 2013.

12           SECTION 10. Sections 801.113(a), (c), (d), (e), and (f),  
13 Government Code, are amended to read as follows:

14           (a) The State Pension and Investment Review Board fund is  
15 created in the state treasury. Money in the fund may be  
16 appropriated only to assist in paying staff salaries, operating and  
17 actuarial expenses of the board, and for such activities as defined  
18 by Subsection (e) of this section.

19           (c) The governing board of any public retirement system may  
20 vote to make an annual contribution to the State Pension and  
21 Investment Review Board not to exceed 50 cents for each active  
22 member and annuitant of the retirement system as of September 1 of  
23 the year for which the contribution is made. The contribution is  
24 payable in a lump sum.

25           (d) Each public retirement system shall certify to the board  
26 and to the comptroller of public accounts the amount of the annual  
27 contribution to be made under Subsection (c) of this section. The

1 comptroller by rule may prescribe the form and content of  
2 certifications. The comptroller shall deposit remittances  
3 received under this subsection in the State Pension and Investment  
4 Review Board fund.

5 (e) The board is authorized to conduct training sessions,  
6 schools, or other educational activities for trustees and  
7 administrators of public retirement systems. The board may also  
8 furnish other appropriate services such as actuarial studies or  
9 other requirements of systems and may establish appropriate fees  
10 for these activities and services. The fees may be based on whether  
11 or not the trustees, administrators, or systems contribute to the  
12 State Pension and Investment Review Board fund under Subsection (c)  
13 [~~of this section~~]. The net proceeds of these fees shall be  
14 deposited in the fund.

15 (f) Under the provisions of Sections 403.094 and 403.095,  
16 the dedication of the State Pension and Investment Review Board  
17 fund is reenacted, and the fund is established as a special account  
18 within the state treasury dedicated for the purposes defined by  
19 Subsections (a) and (e).

20 SECTION 11. Sections 801.201(b) and (c), Government Code,  
21 are amended to read as follows:

22 (b) For the purpose of performing its duties under Section  
23 801.202(1) or (2), the board by rule may require clarification of  
24 information provided by a public retirement system or other entity  
25 subject to Subchapter D in a report that is required by law and is  
26 required to be filed with the board. [~~A rule adopted under this~~  
27 ~~subsection may not be enforced against a public retirement system~~

1 ~~if compliance with the rule would cause the system to incur a major~~  
2 ~~expense.]~~

3 (c) The board by rule shall:

4 (1) adopt actuarial standards that may be used by  
5 public retirement systems;

6 (2) adopt a brief standard form that will assist the  
7 board in efficiently determining the actuarial soundness, if  
8 applicable, and current financial condition of a public retirement  
9 system or other entity subject to Subchapter D; and

10 (3) ~~(2)~~ require that a retirement system or other  
11 entity subject to Subchapter D submitting information required for  
12 the review or study described under Section 801.202(1) or (2)  
13 include the form with the submission.

14 SECTION 12. Section 801.202, Government Code, is amended to  
15 read as follows:

16 Sec. 801.202. GENERAL DUTIES. The board shall:

17 (1) conduct a continuing review of:

18 (A) public retirement systems, compiling and  
19 comparing information about benefits, creditable service,  
20 financing, and administration of systems; and

21 (B) the investment practices of public  
22 retirement systems and other entities subject to Subchapter D;

23 (2) conduct intensive studies of potential or existing  
24 problems that threaten ~~[the actuarial soundness of]~~ or inhibit:

25 (A) the financial condition or actuarial  
26 soundness of public funds managed or invested by an entity subject  
27 to Subchapter D; or

1           (B) an equitable distribution of benefits in one  
2 or more public retirement systems;

3           (3) provide information and technical assistance on  
4 pension planning to public retirement systems on request; ~~and~~

5           (4) determine whether an entity subject to Subchapter  
6 D is investing funds in compliance with:

7                   (A) the entity's investment strategy; and

8                   (B) applicable law governing the entity's  
9 investments; and

10           (5) recommend policies, practices, and legislation to  
11 public retirement systems and other entities subject to Subchapter  
12 D and appropriate governmental entities.

13           SECTION 13. Section 801.203(a), Government Code, is amended  
14 to read as follows:

15           (a) The board shall present to the legislature and the  
16 governor, in November of each even-numbered year, a public report  
17 explaining the work and findings of the board during the preceding  
18 two-year period and including drafts or recommendations of any  
19 legislation relating to public retirement systems or other entities  
20 subject to Subchapter D that the board finds advisable.

21           SECTION 14. Section 801.204, Government Code, is amended to  
22 read as follows:

23           Sec. 801.204. INSPECTION OF RECORDS. In performing its  
24 functions, the board may inspect the books, records, or accounts of  
25 a public retirement system or another entity subject to Subchapter  
26 D during business hours of the system.

27           SECTION 15. Chapter 801, Government Code, is amended by

1 adding Subchapter D to read as follows:

2 SUBCHAPTER D. BOARD INVESTMENT OVERSIGHT

3 Sec. 801.301. APPLICABILITY. This subchapter applies only  
4 to the investment of:

5 (1) public funds by:

6 (A) a public retirement system; and

7 (B) the comptroller;

8 (2) the permanent university fund by the board of  
9 regents of The University of Texas System or any entity acting on  
10 behalf of the board of regents, including a nonprofit corporation  
11 acting under Section 66.08, Education Code; and

12 (3) the permanent school fund by the State Board of  
13 Education or any entity acting on behalf of the State Board of  
14 Education, including a nonprofit corporation acting under Section  
15 43.006, Education Code.

16 Sec. 801.302. ANNUAL REPORT TO BOARD. An entity subject to  
17 this subchapter shall, not later than six months after the last day  
18 of the fiscal year under which the entity operates, or, if a public  
19 retirement system, the plan year under which the entity operates,  
20 file with the board and post on the entity's Internet website  
21 information that the board determines is necessary to perform the  
22 board's duties under Section 801.202.

23 Sec. 801.303. REPORT ON INVESTMENT STRATEGY. (a) An entity  
24 subject to this subchapter shall:

25 (1) develop and adopt a written investment strategy;

26 (2) file a copy of the strategy with the board not  
27 later than the 90th day after the date the strategy is adopted; and

1           (3) file a copy of each change to the strategy with the  
2 board not later than the 90th day after the change is adopted.

3           (b) A report under this section may be combined with any  
4 other report required by this chapter.

5           Sec. 801.304. TIMELY SUBMISSION OF CERTAIN REPORTS AND  
6 RESPONSES REQUIRED. (a) The presiding officer of a governing body  
7 of a public retirement system is responsible for ensuring that a  
8 report or a response to a request for information made by the board  
9 for the purpose of performing the board's duties under Section  
10 801.202 is filed timely with the board.

11           (b) The presiding officer of a governing body of a public  
12 retirement system that consistently, as determined by the board,  
13 fails to timely submit a report or respond to a request for  
14 information under Subsection (a) is subject to removal from the  
15 governing body.

16           (c) If the board determines that a presiding officer should  
17 be removed under Subsection (b), the board shall notify the  
18 appropriate appointing officer, if any, that a ground for removal  
19 exists.

20           Sec. 801.305. PROCUREMENT OF INVESTMENT MANAGERS AND  
21 CERTAIN OTHERS. (a) The board shall by rule adopt guidelines and  
22 procedures for the procurement of investment managers and other  
23 persons, including an investment consultant or advisor, who provide  
24 an entity subject to this subchapter with services relating to the  
25 management and investment of public funds for or on behalf of the  
26 entity.

27           (b) The board may require an entity subject to this



1 subchapter to provide the board with a statement, not later than the  
2 30th day after the date of the procurement, detailing the entity's  
3 method of selecting any person described by Subsection (a).

4 Sec. 801.306. CONTRACTS WITH INVESTMENT MANAGERS AND  
5 CERTAIN OTHERS. (a) A contract with an investment manager or other  
6 person to provide services to an entity subject to this subchapter  
7 relating to the management and investment of public funds for or on  
8 behalf of the entity is subject to review by the board regarding the  
9 fees charged and paid by the subject entity and the services  
10 rendered to the entity in consideration for the fees.

11 (b) If, in performing a review under this section, the board  
12 requests information from an investment manager or other person,  
13 the investment manager or other person, as appropriate, shall  
14 immediately submit a written response to the board's request.

15 (c) Any provision in a contract described by Subsection (a)  
16 relating to providing a bonus or other performance incentive is  
17 void unless approved by the governor and the Legislative Budget  
18 Board before the contract is entered into.

19 Sec. 801.307. DISCLOSURE OF CERTAIN POTENTIAL CONFLICTS OF  
20 INTEREST; ANNUAL FILING. (a) This section applies to:

21 (1) a member of the governing body of a public  
22 retirement system;

23 (2) an investment manager for a public retirement  
24 system appointed by contract;

25 (3) a member of the board of regents of The University  
26 of Texas System;

27 (4) the officers and directors of a nonprofit

1 corporation under contract with the board of regents of The  
2 University of Texas System under Section 66.08, Education Code, to  
3 invest the funds of the permanent university fund on behalf of the  
4 board of regents;

5 (5) a member of the State Board of Education;

6 (6) the officers and directors of a nonprofit  
7 corporation acting under contract with the State Board of Education  
8 to invest the funds of the permanent school fund under Section  
9 43.006, Education Code;

10 (7) any private professional investment manager who  
11 has entered into a contract with the comptroller under Section  
12 404.024(k) to assist the comptroller in investing public funds; and

13 (8) any other person, including an investment manager,  
14 consultant, or advisor, providing services under contract to an  
15 entity subject to this subchapter relating to the management and  
16 investment of the entity's assets.

17 (b) A person to whom this section applies and who has a  
18 business, commercial, or other relationship that a reasonable  
19 person would find likely to diminish the person's independence of  
20 judgment in the performance of the person's responsibilities with  
21 respect to the management or investment of public funds for or on  
22 behalf of an entity subject to this subchapter shall immediately  
23 disclose the relationship in writing to the entity.

24 (c) If a person described by Subsection (a)(1) or (3) fails  
25 to disclose a relationship under Subsection (b), it is a ground for  
26 removal from the governing body of the entity on which the person  
27 serves.

1       (d) If a person described by Subsection (a)(2), (4), (6),  
2 (7), or (8) fails to disclose a relationship under Subsection (b):

3               (1) the contract is voidable by the entity; and

4               (2) the governing body of the entity may enter an order  
5 declaring the person ineligible to contract for business relating  
6 to the management or investment of public funds for or on behalf of  
7 the entity.

8       (e) At least annually and not later than a date specified by  
9 the entity, a person to whom this section applies shall file a  
10 statement with the entity stating that the person is aware that the  
11 person is required to disclose material conflicts of interest under  
12 this section and that the person is in compliance with this section.

13       Sec. 801.308. PROHIBITION AGAINST ACCEPTANCE OF GIFTS AND  
14 OTHER THINGS OF VALUE. The comptroller or a person who is a member  
15 of the governing body of a public retirement system, the board of  
16 regents of The University of Texas System, or the State Board of  
17 Education or an employee of an entity subject to this subchapter  
18 employed in a "bona fide executive, administrative, or professional  
19 capacity," as that phrase is used for purposes of establishing an  
20 exemption to the overtime provisions of the federal Fair Labor  
21 Standards Act of 1938 (29 U.S.C. Section 201 et seq.), may not  
22 accept a gift or other thing of value, including food,  
23 entertainment, and a promised future benefit, from another person  
24 doing business with or seeking to do business with the entity.

25       Sec. 801.309. PROHIBITED EMPLOYMENT AND CONTRACTS. An  
26 entity subject to this subchapter may not directly or indirectly  
27 employ or contract with a former member of the entity or the

1 governing body of the entity, as applicable, before the second  
2 anniversary of the date the individual ceased to be a member of the  
3 entity or the entity's governing body as applicable.

4 Sec. 801.310. CIVIL PENALTY. (a) A person who commits a  
5 breach of the person's fiduciary duty, fraud, theft, embezzlement,  
6 fraudulent conversion, unlawful appropriation, or misapplication  
7 of property in relation to a service provided by the person to an  
8 entity subject to this subchapter is liable to this state for a  
9 civil penalty in an amount not to exceed \$250,000 for each offense.

10 (b) The attorney general may bring an action to recover the  
11 civil penalty imposed under this section.

12 (c) The penalty under this section is in addition to any  
13 other remedy provided by law.

14 Sec. 801.311. INVESTIGATION OF CERTAIN COMPLAINTS;  
15 ASSISTANCE OF ATTORNEY GENERAL. (a) The board shall adopt rules  
16 and procedures for receiving and investigating a complaint against  
17 a person who provides management or investment services to an  
18 entity subject to this subchapter alleging that the person:

19 (1) violated or may have violated Section 801.307 or  
20 another applicable conflict of interest provision; or

21 (2) has been or may have been involved in criminal  
22 conduct relating to the services provided by the person to the  
23 entity.

24 (b) The board or the attorney general may, without receiving  
25 a complaint, initiate an investigation under this section if the  
26 board or the attorney general, as applicable, determines an  
27 investigation is appropriate.

1        (c) The board may enter into a memorandum of understanding  
2 with the attorney general to assist in an investigation under this  
3 section. The memorandum must specify the type, scope, and format of  
4 the investigative assistance provided by the attorney general.

5        (d) If, as a result of an investigation, the board or the  
6 attorney general determines that a criminal offense may have been  
7 committed, the board or the attorney general, as applicable, shall  
8 refer the case to the appropriate law enforcement agency for  
9 prosecution.

10        SECTION 16. Section 802.001(1), Government Code, is amended  
11 to read as follows:

12                (1) "Board" means the State Pension and Investment  
13 Review Board.

14        SECTION 17. Section 802.003(d), Government Code, is amended  
15 to read as follows:

16                (d) The State Pension and Investment Review Board may file  
17 an appropriate pleading, in the manner provided by this section for  
18 filing by an individual, for the purpose of enforcing a requirement  
19 of Subchapter B or C, other than a requirement of Section  
20 802.101(a), 802.101(d), 802.102, 802.103(a), or 802.104.

21        SECTION 18. Section 802.101(c), Government Code, is amended  
22 to read as follows:

23                (c) The governing body of a public retirement system shall  
24 file with the State Pension and Investment Review Board a copy of  
25 each actuarial study and each separate report made as required by  
26 law.

27        SECTION 19. Section 802.1012(j), Government Code, is

1 amended to read as follows:

2 (j) The governmental entity shall:

3 (1) maintain a copy of the final audit report at its  
4 main office for public inspection;

5 (2) submit a copy of the final audit report to the  
6 public retirement system and the State Pension and Investment  
7 Review Board not later than the 30th day after the date the final  
8 audit report is received by the governmental entity; and

9 (3) pay all costs associated with conducting the audit  
10 and preparing and distributing the report under this section.

11 SECTION 20. Sections 802.103(b) and (c), Government Code,  
12 are amended to read as follows:

13 (b) The governing body of a public retirement system shall,  
14 before the 211th day after the last day of the fiscal year under  
15 which the system operates, file with the State Pension and  
16 Investment Review Board a copy of each annual financial report it  
17 makes as required by law.

18 (c) A public retirement system that is subject to Chapter  
19 125, Acts of the 45th Legislature, Regular Session, 1937 (Article  
20 6243e, Vernon's Texas Civil Statutes), and that has total assets  
21 with a book value, as of the last day of the fiscal year, of less  
22 than \$50,000, may submit to the State Pension and Investment Review  
23 Board for that year, instead of the financial report otherwise  
24 required by this section to be published and submitted, a copy of  
25 the financial report it submits to the firemen's pension  
26 commissioner.

27 SECTION 21. Section 802.105(a), Government Code, is amended

1 to read as follows:

2 (a) Each public retirement system shall, before the 91st day  
3 after the date of its creation, register with the State Pension and  
4 Investment Review Board.

5 SECTION 22. Section 802.106(h), Government Code, is amended  
6 to read as follows:

7 (h) A public retirement system shall submit to the State  
8 Pension and Investment Review Board copies of the summarized  
9 information required by Subsections (a) and (b). A system shall  
10 submit a copy of the information required by Subsection (a) before  
11 the 31st day after the date of publication and a copy of the  
12 information required by Subsection (b) before the 271st day after  
13 the date a change is adopted.

14 SECTION 23. Section 802.107, Government Code, is amended to  
15 read as follows:

16 Sec. 802.107. GENERAL PROVISIONS RELATING TO REPORTS.

17 (a) A public retirement system shall maintain for public review at  
18 its main office and at such other locations as the retirement system  
19 considers appropriate copies of the most recent edition of each  
20 type of report or other information required by this chapter to be  
21 submitted to the State Pension and Investment Review Board. Any  
22 information required to be reported annually to the board may be  
23 posted on the retirement system's Internet website or on the  
24 website of the board.

25 (b) Information required by this chapter to be submitted to  
26 the State Pension and Investment Review Board may be contained in  
27 one or more documents but must be submitted within the period

1 provided by the provision requiring the information.

2 SECTION 24. Section 802.202(d), Government Code, is amended  
3 to read as follows:

4 (d) The governing body of a public retirement system shall:

5 (1) develop and adopt a written investment policy;

6 (2) maintain for public review at its main office a  
7 copy of the policy;

8 (3) file a copy of the policy with the State Pension  
9 and Investment Review Board not later than the 90th day after the  
10 date the policy is adopted; and

11 (4) file a copy of each change to the policy with the  
12 State Pension and Investment Review Board not later than the 90th  
13 day after the change is adopted.

14 SECTION 25. The heading to Section 802.3021, Government  
15 Code, is amended to read as follows:

16 Sec. 802.3021. STATE PENSION AND INVESTMENT REVIEW BOARD  
17 ACTUARY.

18 SECTION 26. Section 810.001(f), Government Code, is amended  
19 to read as follows:

20 (f) Every political entity which establishes or maintains a  
21 public retirement system covered under this Act shall file all  
22 reports with the State Pension and Investment Review Board required  
23 by Chapter 802. If a political subdivision establishes a  
24 retirement program that would be a "public retirement system"  
25 within the meaning ascribed to that term by Section 801.001, but for  
26 the fact that the program is administered by a life insurance  
27 company, the subdivision shall notify the State Pension and



1 Investment Review Board of the establishment of the program and the  
2 name of the administering company.

3 SECTION 27. Section 815.110(d), Government Code, is amended  
4 to read as follows:

5 (d) No later than 30 days after the legislative audit  
6 committee receives an audit report, the committee shall file a copy  
7 of the report with the retirement system, the governor, the  
8 lieutenant governor, the speaker of the house of representatives,  
9 the State Pension and Investment Review Board, the state auditor,  
10 and the secretary of state for publication in the Texas Register.

11 SECTION 28. Section 815.510(a), Government Code, is amended  
12 to read as follows:

13 (a) The Employees Retirement System of Texas shall submit a  
14 report not later than the 25th day of the month following the end of  
15 each fiscal year to the governor, the lieutenant governor, the  
16 speaker of the house of representatives, the executive director of  
17 the State Pension and Investment Review Board, the appropriate  
18 oversight committees of the house and senate, and the Legislative  
19 Budget Board. The report shall include the following:

20 (1) the current end-of-fiscal-year market value of the  
21 trust fund;

22 (2) the asset allocations of the trust fund expressed  
23 in percentages of stocks, fixed income, cash, or other financial  
24 investments; and

25 (3) the investment performance of the trust fund  
26 utilizing accepted industry measurement standards.

27 SECTION 29. Sections 825.108(c) and (d), Government Code,

1 are amended to read as follows:

2 (c) A copy of the report required by Subsection (a) must be  
3 filed with the governor, the lieutenant governor, the speaker of  
4 the house of representatives, the State Pension and Investment  
5 Review Board, the legislative audit committee, and the state  
6 auditor no later than December 15 of each year.

7 (d) A copy of the report required by Subsection (b) must be  
8 filed with the governor, the lieutenant governor, the speaker of  
9 the house of representatives, the State Pension and Investment  
10 Review Board, the legislative audit committee, and the state  
11 auditor no later than March 1 of each year.

12 SECTION 30. Section 825.111(d), Government Code, is amended  
13 to read as follows:

14 (d) No later than 30 days after the legislative audit  
15 committee receives an audit report, the committee shall file a copy  
16 of the report with the retirement system, the governor, the  
17 lieutenant governor, the speaker of the house of representatives,  
18 the State Pension and Investment Review Board, the state auditor,  
19 and the secretary of state for publication in the Texas Register.

20 SECTION 31. Section 825.512(e), Government Code, is amended  
21 to read as follows:

22 (e) The retirement system shall submit an annual investment  
23 performance report not later than the 45th day after the end of each  
24 fiscal year to the governor, the lieutenant governor, the speaker  
25 of the house of representatives, the executive director of the  
26 State Pension and Investment Review Board, the legislative audit  
27 committee, the committees of the senate and the house of

1 representatives having jurisdiction over appropriations, the  
2 committees of the senate and the house of representatives having  
3 principal jurisdiction over legislation governing the retirement  
4 system, and the Legislative Budget Board. The report shall include  
5 a listing of all commissions and fees paid by the system during the  
6 reporting period for the sale, purchase, or management of system  
7 assets.

8 SECTION 32. Section 825.513, Government Code, is amended to  
9 read as follows:

10 Sec. 825.513. INFORMATION FOR PUBLICATION. The retirement  
11 system shall verify with the State Pension and Investment Review  
12 Board the accuracy of information about the effects of proposed  
13 legislation on benefits and the trust fund before including the  
14 information in an official publication of the retirement system.

15 SECTION 33. Section 825.518, Government Code, is amended to  
16 read as follows:

17 Sec. 825.518. ANNUAL REPORT. The Teacher Retirement System  
18 of Texas shall submit a statistical analysis based on information  
19 compiled under Section 822.005(d) not later than the 25th day of the  
20 month following the end of each fiscal year to the governor, the  
21 lieutenant governor, the speaker of the house of representatives,  
22 the executive director of the State Pension and Investment Review  
23 Board, the appropriate oversight committees of the house and  
24 senate, and the Legislative Budget Board.

25 SECTION 34. Section 2, Chapter 817 (S.B. 127), Acts of the  
26 73rd Legislature, Regular Session, 1993 (Article 4413(34e),  
27 Vernon's Texas Civil Statutes), is amended to read as follows:

1           Sec. 2. The manager of each state trust fund shall submit to  
2 the governor, the lieutenant governor, the speaker of the house of  
3 representatives, and the executive director of the State Pension  
4 and Investment Review Board:

5           (1) not later than January 25 of each year, a report  
6 with the information required by Section 3 of this Act covering the  
7 last six months of the previous calendar year; and

8           (2) not later than June 25 of each year, a report with  
9 the information required by Section 3 of this Act covering the first  
10 six months of that calendar year.

11           SECTION 35. Section 12.03(d), Chapter 183 (S.B. 598), Acts  
12 of the 64th Legislature, Regular Session, 1975 (Article 6243e.1,  
13 Vernon's Texas Civil Statutes), is amended to read as follows:

14           (d) The board of trustees shall file with the State Pension  
15 and Investment Review Board a copy of each actuarial study and each  
16 separate report made as required by law.

17           SECTION 36. Section 10, Article 6243e.2(1), Revised  
18 Statutes, is amended to read as follows:

19           Sec. 10. NONSTATUTORY BENEFIT INCREASES. The benefits  
20 provided by this article may be increased if:

21           (1) an actuary selected by the board who, if an  
22 individual, is a Fellow of the Society of Actuaries, a Fellow of the  
23 Conference of Actuaries in Public Practice, or a member of the  
24 American Academy of Actuaries determines that the increase cannot  
25 reasonably be viewed as posing a material risk of jeopardizing the  
26 fund's ability to pay any existing benefit;

27           (2) a majority of the participating members of the

1 fund vote for the increase by a secret ballot;

2 (3) the increase does not deprive a member, without  
3 the member's written consent, of a right to receive benefits that  
4 have already become fully vested and matured in a member; and

5 (4) the State Pension and Investment Review Board  
6 approves the determination by the actuary selected by the board  
7 that the increase cannot reasonably be viewed as posing a material  
8 risk of jeopardizing the fund's ability to pay any existing  
9 benefit.

10 SECTION 37. (a) The name of the State Pension Review Board  
11 is changed to the State Pension and Investment Review Board, and the  
12 name of the State Pension Review Board fund is changed to the State  
13 Pension and Investment Review Board fund. A reference in law to the  
14 State Pension Review Board means the State Pension and Investment  
15 Review Board. A reference in law to the State Pension Review Board  
16 fund means the State Pension and Investment Review Board fund.

17 (b) An appropriation for the use and benefit of the State  
18 Pension Review Board is available for the use and benefit of the  
19 State Pension and Investment Review Board.

20 SECTION 38. (a) As soon as practicable on or after the  
21 effective date of this Act:

22 (1) the governor shall appoint three persons to the  
23 State Pension and Investment Review Board as provided by Section  
24 801.103, Government Code, as amended by this Act, as follows:

25 (A) one person for a term expiring January 31,  
26 2011;

27 (B) one person for a term expiring January 31,

1 2013; and

2 (C) one person for a term expiring January 31,  
3 2015;

4 (2) the lieutenant governor shall appoint one person  
5 to the State Pension and Investment Review Board as provided by  
6 Section 801.104(a), Government Code, as amended by this Act, for a  
7 term expiring January 31, 2013; and

8 (3) the speaker of the house of representatives shall  
9 appoint one person to the State Pension and Investment Review Board  
10 as provided by Section 801.104(b), Government Code, as amended by  
11 this Act, for a term expiring January 31, 2015.

12 (b) The term of a member of the State Pension Review Board  
13 serving immediately before the effective date of this Act expires  
14 at the time three or more of the members appointed to the State  
15 Pension and Investment Review Board under Subsection (a) of this  
16 section qualify for office. Until the expiration of a member's term  
17 occurs under this subsection, the member has the same powers and  
18 duties that the member had immediately before that date.

19 SECTION 39. (a) Except as provided by Subsection (b) of  
20 this section, Subchapter D, Chapter 801, Government Code, as added  
21 by this Act, applies to the oversight of funds by the State Pension  
22 and Investment Review Board, regardless of whether the investment  
23 of those funds was made before, on, or after the effective date of  
24 this Act.

25 (b) The change in law made by Section 801.306(c), Government  
26 Code, as added by this Act, applies only to a contract entered into  
27 or renewed on or after the effective date of this Act. A contract

1 entered into or renewed before the effective date of this Act is  
2 governed by the law in effect on the date the agreement was entered  
3 into or renewed, and the former law is continued in effect for that  
4 purpose.

5 SECTION 40. This Act takes effect September 1, 2009.