

SENATE AMENDMENTS

2nd Printing

By: Miller of Comal, Herrero, Hunter, et al.

H.B. No. 2656

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. The heading to Section 825.002, Government Code, is amended to read as follows:

Sec. 825.002. APPOINTMENT AND ELECTION OF TRUSTEES ~~[APPOINTED BY GOVERNOR]~~.

SECTION 3. Sections 825.002(a), (c), (d), (e), (f), and (g), Government Code, are amended to read as follows:

(a) The governor shall appoint, with the advice and consent of the senate and as provided by Subsection (b) ~~[this section]~~, three ~~[seven]~~ members of the board of trustees.

(c) Two trustees who are ~~[The governor shall appoint two members of the board from a slate of three]~~ members of the retirement system and who are currently employed by a public school district shall be elected ~~[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

1 public school district. The two trustees ~~[members]~~ hold office for
2 staggered terms.

3 (d) Two trustees who are ~~[The governor shall appoint one~~
4 ~~member of the board from a slate of three]~~ former members of the
5 retirement system who have retired and are receiving benefits from
6 the retirement system shall be elected ~~[and who have been nominated~~
7 ~~in accordance with Subsections (f) and (g)]~~ by ~~[the]~~ persons who
8 have retired and are receiving benefits from the retirement system.
9 The two members elected under this subsection hold office for
10 staggered terms.

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

18 (f) The board of trustees shall adopt rules for the election
19 of trustees ~~[Persons considered for nomination]~~ under Subsections
20 ~~[Subsection]~~ (c), (d), and ~~[or]~~ (e) ~~[must have been nominated by~~
21 ~~written ballot at an election conducted under rules adopted by the~~
22 ~~board of trustees]~~.

23 (g) To provide for the election ~~[nomination of persons for~~
24 ~~appointment]~~ under Subsection (d), the board shall send to each
25 retiree of the retirement system:

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

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

(3) a written ballot.

SECTION 4. Section 825.003, Government Code, is amended to read as follows:

Sec. 825.003. TRUSTEES APPOINTED BY GOVERNOR FROM NOMINEES OF BOARD OF EDUCATION. The governor shall appoint one member [~~two members~~] of the board of trustees, subject to confirmation by two-thirds of the senate, from lists of nominees submitted by the State Board of Education. The member appointed under this subsection [~~These members~~] must be a person [~~persons~~] who has [~~have~~] demonstrated financial expertise, has [~~have~~] worked in private business or industry, and has [~~have~~] broad investment experience, preferably in investment of pension funds.

SECTION 5. Sections 825.0032(a) and (b), Government Code, are amended to read as follows:

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

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

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

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

1 compensation or reimbursement authorized by law for board of
2 trustees 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).

9 SECTION 6. 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 7. 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 8. Sections 825.010(a) and (c), Government Code, are amended to read as follows:

(a) It is a ground for removal from the board of trustees 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 applicable to the trustee;

(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 trustees of the ground. The presiding officer shall then notify the governor [~~appropriate appointing officer~~] 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 governor [~~appropriate appointing officer~~] and the attorney general that a potential ground for removal exists.

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

5 (b) A person who is serving as a trustee immediately before
6 the effective date of this Act may complete the trustee's term of
7 office, and the trustee's qualifications for serving as a trustee
8 are governed by the law in effect immediately before the effective
9 date of this Act until the date that trustee's term expires.

10 SECTION 10. This Act takes effect September 1, 2009.

ADOPTED

MAY 26 2009

Atty Gen
Secretary of the Senate

By: Duncan

H.B. No. 2656

Substitute the following for H.B. No. 2656:

By: Robert Duncan

C.S.H.B. No. 2656

A BILL TO BE ENTITLED

1 AN ACT

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

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

5 SECTION 1. Sections 825.002(a) and (d), Government Code,
6 are amended to read as follows:

7 (a) The governor shall appoint, with the advice and consent
8 of the senate and as provided by this section, eight [~~seven~~] members
9 of the board of trustees.

10 (d) The governor shall appoint two members [~~one member~~] of
11 the board from a slate of three former members of the retirement
12 system who have retired and are receiving benefits from the
13 retirement system and who have been nominated in accordance with
14 Subsections (f) and (g) by the persons who have retired and are
15 receiving benefits from the retirement system. The two members
16 hold office for staggered terms.

17 SECTION 2. Section 825.003, Government Code, is amended to
18 read as follows:

19 Sec. 825.003. TRUSTEES APPOINTED BY GOVERNOR FROM NOMINEES
20 OF BOARD OF EDUCATION. The governor shall appoint one member [~~two~~
21 ~~members~~] of the board of trustees, subject to confirmation by
22 two-thirds of the senate, from lists of nominees submitted by the
23 State Board of Education. The member appointed under this
24 subsection [~~These members~~] must be a person [~~persons~~] who has

1 ~~[have]~~ demonstrated financial expertise, has ~~[have]~~ worked in
2 private business or industry, and has ~~[have]~~ broad investment
3 experience, preferably in investment of pension funds.

4 SECTION 3. Sections 825.010(a) and (c), Government Code,
5 are amended to read as follows:

6 (a) It is a ground for removal from the board of trustees
7 that a trustee:

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

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

12 (3) violates a prohibition established by Section
13 825.002(b) or 825.0032 applicable to the trustee;

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

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

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

1 the next highest officer of the board, who shall notify the governor
2 [~~appropriate appointing officer~~] and the attorney general that a
3 potential ground for removal exists.

4 SECTION 4. (a) This Act applies only to the appointment of
5 a trustee of the board of trustees of the Teacher Retirement System
6 of Texas that occurs on or after the effective date of this Act.

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

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

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 28, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2656 by Miller, Doug (Relating to the composition of the board of trustees of the Teacher Retirement System of Texas.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would change the selection process for certain members of the Teacher Retirement System (TRS) Board of Trustees. TRS assumes that any costs to implement the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, SZ, KJG, JRO, JGM, JW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 23, 2009

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2656 by Miller, Doug (Relating to the composition of the board of trustees of the Teacher Retirement System of Texas.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would change the selection process for certain members of the Teacher Retirement System (TRS) Board of Trustees. TRS assumes that any costs to implement the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, KJG, JRO, JGM, JW

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 15, 2009

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2656 by Miller, Doug (Relating to the composition of the board of trustees of the Teacher Retirement System of Texas.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would change the selection process for certain members of the Teacher Retirement System (TRS) Board of Trustees. TRS assumes that any costs to implement the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, KJG, JRO, JGM, JW

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2656 by Miller, Doug (Relating to the composition of the board of trustees of the Teacher Retirement System of Texas.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would change the selection process for certain members of the Teacher Retirement System (TRS) Board of Trustees. TRS assumes that any costs to implement the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, JRO, JGM, JW