

By: McClendon, Miller of Comal

H.B. No. 3747

Substitute the following for H.B. No. 3747:

By: Orr

C.S.H.B. No. 3747

A BILL TO BE ENTITLED

AN ACT

relating to the selection of and requirements for serving as a member 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. 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), and (e), 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 this section, three [~~seven~~] members of the board of trustees.

(c) Members of the retirement system whose most recent credited service was performed for a public school district [~~The governor~~] shall elect under rules adopted by the board [~~appoint~~] two members of the board, who must be [~~from a slate of three~~] members of the retirement system and be [~~who are~~] currently employed by a public school district [~~and who have been nominated in~~]

1 ~~accordance with Subsection (f) by the members of the retirement~~  
2 ~~system whose most recent credited service was performed for a~~  
3 ~~public school district].~~ The two members hold office for staggered  
4 terms.

5 (d) Persons who have retired and are receiving benefits from  
6 the retirement system ~~[The governor]~~ shall elect under rules  
7 adopted by the board ~~[appoint]~~ one member of the board, who must be  
8 a ~~[from a slate of three]~~ former member ~~[members]~~ of the retirement  
9 system who is ~~[have]~~ retired and ~~[are]~~ receiving benefits from the  
10 retirement system ~~[and who have been nominated in accordance with~~  
11 ~~Subsections (f) and (g) by the persons who have retired and are~~  
12 ~~receiving benefits from the retirement system]~~.

13 (e) Members of the retirement system whose most recent  
14 credited service was performed for an institution of higher  
15 education ~~[The governor]~~ shall elect under rules adopted by the  
16 board ~~[appoint]~~ one member, who must be a member ~~[from a slate of~~  
17 ~~three members]~~ of the retirement system and be ~~[who are]~~ currently  
18 employed by an institution of higher education ~~[and who have been~~  
19 ~~nominated in accordance with Subsection (f) by the members of the~~  
20 ~~retirement system whose most recent credited service was performed~~  
21 ~~for an institution of higher education]~~.

22 SECTION 4. Sections 825.0032(a) and (b), Government Code,  
23 are amended to read as follows:

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

27 (1) is employed by or participates in the management

1 of a business entity or other organization receiving funds from the  
2 retirement system;

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

6 (3) uses or receives a substantial amount of tangible  
7 goods, services, or funds from the retirement system, other than  
8 compensation or reimbursement authorized by law for board  
9 membership, attendance, or expenses.

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

16 SECTION 5. Section 825.0041, Government Code, is amended to  
17 read as follows:

18 Sec. 825.0041. BOARD MEMBER TRAINING. (a) A person who is  
19 appointed or elected to and qualifies for office as a member of the  
20 board of trustees may not vote, deliberate, or be counted as a  
21 member in attendance at a meeting of the board until the person  
22 completes a training program that complies with this section.

23 (b) A training program must provide the person with  
24 information regarding:

25 (1) the legislation that created the retirement system  
26 and the board of trustees;

27 (2) the policy-making functions of the board;

1           (3) the [~~system's~~] programs operated by the retirement  
2 system;

3           (4) the role and[~~7~~] functions of the retirement  
4 system;

5           (5) the[~~7~~] rules of the retirement system, with an  
6 emphasis on the rules that relate to disciplinary and investigatory  
7 authority;

8           (6) the current[~~7~~ and] budget for the retirement  
9 system;

10           (7) [~~2~~] the results of the most recent formal audit  
11 of the retirement system;

12           (8) [~~3~~] the requirements of the:

13               (A) [~~laws relating to~~] open meetings law,  
14 Chapter 551;

15               (B) public information law, Chapter 552; and

16               (C) [~~public information,~~] administrative  
17 procedure law, Chapter 2001;

18           (9) the requirements of the conflict[~~7~~ and conflicts]  
19 of interest laws and other laws relating to public officials; and

20           (10) [~~4~~] any applicable ethics policies adopted by  
21 the retirement system or the Texas Ethics Commission.

22           (c) A person appointed or elected to the board of trustees  
23 is entitled to reimbursement under Section 825.007 for the travel  
24 expenses incurred in attending the training program regardless of  
25 whether the attendance at the program occurs before or after the  
26 person qualifies for office.

27           SECTION 6. Section 825.009(a), Government Code, is amended

to read as follows:

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

SECTION 7. 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

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

6 SECTION 8. Sections 825.002(f) and (g), Government Code,  
7 are repealed.

8 SECTION 9. (a) Section 825.002, Government Code, as  
9 amended by this Act, applies only to the appointment or election of  
10 a member of the board of trustees of the Teacher Retirement System  
11 of Texas that occurs on or after the effective date of this Act.

12 (b) The change in the manner of appointing or electing  
13 members of the board does not affect the appointment of members  
14 serving on the board before the effective date of this Act.

15 SECTION 10. This Act takes effect immediately if it  
16 receives a vote of two-thirds of all the members elected to each  
17 house, as provided by Section 39, Article III, Texas Constitution.  
18 If this Act does not receive the vote necessary for immediate  
19 effect, this Act takes effect September 1, 2011.