

1 AN ACT

2 relating to the State Pension Review Board and public retirement
3 systems; authorizing a fee.

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

5 SECTION 1. Section 801.001, Government Code, is amended by
6 adding Subdivisions (1-a), (3), and (4) to read as follows:

7 (1-a) "Governing body of a public retirement system"
8 has the meaning assigned by Section 802.001.

9 (3) "System administrator" means a person designated
10 by the governing body of a public retirement system to supervise the
11 day-to-day affairs of the public retirement system.

12 (4) "Trustee" means a member of the governing body of a
13 public retirement system.

14 SECTION 2. Subchapter C, Chapter 801, Government Code, is
15 amended by adding Sections 801.209, 801.210, and 801.211 to read as
16 follows:

17 Sec. 801.209. PUBLIC RETIREMENT SYSTEM REPORTS AND
18 INFORMATION. (a) For each public retirement system, the board
19 shall post on the board's Internet website, or on a publicly
20 available website that is linked to the board's website, the most
21 recent data from reports received under Sections 802.101, 802.103,
22 802.104, 802.105, and 802.108.

23 (b) On the 60th day after the date a report or information
24 required by this chapter or Chapter 802 is due to the board, the

1 board shall post on the board's website a list of public retirement
2 systems that have not submitted the required reports or
3 information.

4 (c) For each public retirement system included on the list
5 posted under Subsection (b), the board shall notify:

6 (1) the governor and the Legislative Budget Board
7 regarding the lack of a timely submission by the Employees
8 Retirement System of Texas, the Teacher Retirement System of Texas,
9 the Texas County and District Retirement System, the Texas
10 Municipal Retirement System, the Texas Emergency Services
11 Retirement System, or the Judicial Retirement System of Texas Plan
12 Two; or

13 (2) the governing body of the political subdivision of
14 which members of the public retirement system are employees
15 regarding the lack of a timely submission by a public retirement
16 system other than a system listed in Subdivision (1).

17 Sec. 801.210. MODEL ETHICAL STANDARDS AND
18 CONFLICT-OF-INTEREST POLICIES. (a) The board shall develop and
19 make reasonably accessible on the board's Internet website model
20 ethical standards and model conflict-of-interest policies,
21 including disclosure requirements, for voluntary use by a public
22 retirement system.

23 (b) A public retirement system is not required to adopt a
24 standard or policy based on the model developed under this section.

25 Sec. 801.211. PUBLIC RETIREMENT SYSTEM EDUCATIONAL
26 TRAINING PROGRAM. (a) The board shall develop and administer an
27 educational training program for trustees and system

1 administrators.

2 (b) The curriculum of the educational training program must
3 include minimum training requirements for trustees and system
4 administrators. The board shall develop a system to track
5 compliance with the minimum training requirements by trustees and
6 system administrators and shall report the level of compliance in
7 the biennial report required by Section 801.203.

8 (c) The curriculum of the educational training program
9 under this section may include optional training classes for
10 trustees, system administrators, and other employees of public
11 retirement systems.

12 (d) To the extent practicable, the board shall make training
13 classes reasonably accessible to trustees and system
14 administrators of public retirement systems on an Internet website
15 maintained for that purpose.

16 (e) The board may adopt rules and appropriate fees to
17 administer and provide educational training programs under this
18 section. The fees set by the board must be reasonable to pay the
19 actual costs incurred by the board to conduct the training classes.
20 The fees must be paid from a source considered appropriate by the
21 governing body of the public retirement system. A public retirement
22 system may provide its own educational training to its trustees and
23 system administrators if the board determines that the system's
24 training meets or exceeds the minimum training requirements
25 established by the board. A trustee or system administrator who
26 participates in that approved educational training fulfills the
27 minimum training requirements established by the board.

1 SECTION 3. Section 802.001, Government Code, is amended by
2 adding Subdivision (4) to read as follows:

3 (4) "System administrator" means a person designated
4 by the governing body of a public retirement system to supervise the
5 day-to-day affairs of the public retirement system.

6 SECTION 4. The heading to Section 802.107, Government Code,
7 is amended to read as follows:

8 Sec. 802.107. GENERAL PROVISIONS RELATING TO REPORTS AND
9 CONTACT INFORMATION.

10 SECTION 5. Section 802.107, Government Code, is amended by
11 adding Subsections (c), (d), and (e) to read as follows:

12 (c) A public retirement system shall post on a publicly
13 available Internet website:

14 (1) the name, business address, and business telephone
15 number of a system administrator of the public retirement system;
16 and

17 (2) a copy of the most recent edition of each report
18 and other written information that is required by this chapter or
19 Chapter 801 to be submitted to the board.

20 (d) A public retirement system that maintains a website or
21 for which a website is maintained shall prominently post a link on
22 that website to the information required by Subsection (c). All
23 other public retirement systems shall:

24 (1) prominently post the information required by
25 Subsection (c) on a website that is maintained by the governing body
26 of the political subdivision of which members of the public
27 retirement system are officers or employees; or

1 (2) post the information required by Subsection (c) on
2 a publicly available website that is maintained by a state agency.

3 (e) A report or other information posted under Subsection
4 (c) must remain posted until replaced with a more recently
5 submitted edition of the report or information.

6 SECTION 6. Subchapter B, Chapter 802, Government Code, is
7 amended by adding Section 802.108 to read as follows:

8 Sec. 802.108. REPORT OF INVESTMENT RETURNS AND ASSUMPTIONS.

9 (a) A public retirement system shall, before the 211th day after
10 the last day of its fiscal year, submit to the board an investment
11 returns and actuarial assumptions report that includes:

12 (1) gross investment returns and net investment
13 returns for each of the most recent 10 fiscal years;

14 (2) the rolling gross and rolling net investment
15 returns for the most recent 1-year, 3-year, and 10-year periods;

16 (3) the rolling gross and rolling net investment
17 return for the most recent 30-year period or the gross and net
18 investment return since inception of the system, whichever period
19 is shorter;

20 (4) the assumed rate of return used in the most recent
21 actuarial valuation; and

22 (5) the assumed rate of return used in each of the most
23 recent 10 actuarial valuations.

24 (b) For purposes of this section, "net investment return"
25 means the gross investment return minus investment expenses. The
26 net investment return may be calculated as the money-weighted rate
27 of return as required by generally accepted accounting principles.

1 The period basis for each report of investment returns under this
2 section must be the fiscal year of the public retirement system
3 submitting the report.

4 (c) If any information required to be reported by a public
5 retirement system under Subsection (a) is unavailable, the
6 governing body of the public retirement system shall, before the
7 211th day after the last day of the public retirement system's
8 fiscal year, submit to the board a letter certifying that the
9 information is unavailable, providing a reason for the
10 unavailability of the information, and agreeing to timely submit
11 the information to the board if it becomes available.

12 SECTION 7. (a) In this section:

13 (1) "Governing body of a public retirement system" and
14 "public retirement system" have the meanings assigned by Section
15 802.001, Government Code.

16 (2) "Pension review board" means the State Pension
17 Review Board established under Chapter 801, Government Code.

18 (b) The pension review board shall conduct a study of the
19 financial health of public retirement systems in this state,
20 including each system's ability to meet its long-term obligations
21 taking into account the contributions made to, benefits paid by,
22 and investments made by the public retirement system. The pension
23 review board may adopt rules to define the scope of the study under
24 this subsection.

25 (c) Each public retirement system shall fully cooperate
26 with the pension review board in conducting the study required
27 under Subsection (b) of this section and timely respond to requests

1 for information made by the board for the purpose of performing the
2 study. Confidential information as described by Section
3 552.0038(c), Government Code, that is provided by a public
4 retirement system under this subsection remains confidential and
5 may not be disclosed by the board.

6 (d) Not later than September 1, 2014, the pension review
7 board shall prepare a written report containing the findings of the
8 study conducted under this section, including the board's
9 recommendations regarding how a public retirement system may
10 mitigate its risk of not meeting its long-term obligations.

11 (e) The pension review board shall provide each public
12 retirement system covered in the report prepared under Subsection
13 (d) of this section a reasonable opportunity to review the portion
14 of the report and the recommendations applicable to that retirement
15 system and an opportunity to submit a response to the board. The
16 board may revise its report after considering a response. Not later
17 than December 31, 2014, the board shall submit to the legislature
18 the final written report, including the board's recommendations,
19 and a copy of the responses provided by the public retirement
20 systems under this subsection.

21 SECTION 8. (a) The State Pension Review Board shall develop
22 and publish the model ethical standards and conflict-of-interest
23 policies required by Section 801.210, Government Code, as added by
24 this Act, as soon as practicable after the effective date of this
25 Act, but not later than December 31, 2013.

26 (b) The State Pension Review Board shall adopt rules to
27 implement the educational training program required by Section

1 801.211, Government Code, as added by this Act, as soon as
2 practicable after the effective date of this Act, but not later than
3 necessary to begin providing training classes on or before
4 September 1, 2014.

5 (c) For purposes of reporting the level of compliance with
6 the minimum training requirements of the educational training
7 program as required by Section 801.211(b), Government Code, as
8 added by this Act, the State Pension Review Board may only evaluate
9 compliance with the minimum training requirements by trustees and
10 administrators of public retirement systems on or after January 1,
11 2015.

12 SECTION 9. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2013.

President of the Senate

Speaker of the House

I certify that H.B. No. 13 was passed by the House on April 17, 2013, by the following vote: Yeas 147, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 13 was passed by the Senate on May 9, 2013, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor