

By: Callegari, Frullo, Cook, King of Parker,
et al.

H.B. No. 13

Substitute the following for H.B. No. 13:

By: Callegari

C.S.H.B. No. 13

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

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

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

(b) On the 60th day after the date a report or information
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, or the Judicial Retirement System of
11 Texas Plan Two; or

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

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

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

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

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

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

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

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

27 SECTION 3. Section 802.001, Government Code, is amended by

1 adding Subdivision (4) to read as follows:

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

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

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

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

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

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

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

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

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

27 (2) post the information required by Subsection (c) on

1 a publicly available website that is maintained by a state agency.

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

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

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

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

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

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

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

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

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

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

1 section must be the fiscal year of the public retirement system
2 submitting the report.

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

11 SECTION 7. (a) In this section:

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

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

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

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

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

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

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

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

25 (b) The State Pension Review Board shall adopt rules to
26 implement the educational training program required by Section
27 801.211, Government Code, as added by this Act, as soon as

1 practicable after the effective date of this Act, but not later than
2 necessary to begin providing training classes on or before
3 September 1, 2014.

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

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