

BILL ANALYSIS

C.S.H.B. 2434
By: Flynn
Pensions
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties assert that many public retirement systems in Texas are not actuarially sound and are concerned with the risks this poses to the future of the retirement systems and benefits provided under the systems. The parties contend that bond ratings at the local and state level are dependent on actuarially sound, solvent, and sustainable retirement solutions, which are imperative for the economy and for the future of these retirement systems. C.S.H.B. 2434 seeks to ensure that certain retirement systems in Texas achieve actuarial soundness by requiring applicable retirement system governing bodies and local governmental entities to implement necessary changes to achieve an adequate amortization period.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the State Pension Review Board in SECTION 5 of this bill.

ANALYSIS

C.S.H.B. 2434 amends the Government Code to require, except as otherwise provided by the bill or the Texas or United States Constitution, the governing body of an applicable public retirement system that receives an actuarial valuation showing that the retirement system's actual contributions are not sufficient to amortize the system's unfunded actuarial accrued liability within 30 years to immediately suspend the provision of any prospective benefit increases under the retirement system and to notify the retirement system's associated governmental entity in writing of the system's receipt of that actuarial valuation and of the governmental entity's duty to take certain action required by the bill. The bill requires the associated governmental entity on receipt of such notice to immediately pay to the retirement system any employer contributions previously deferred by the governmental entity and prohibits the governmental entity on receipt of the notice from deferring the payment of any future employer contributions to the retirement system.

C.S.H.B. 2434 exempts the governing body of a public retirement system and its associated governmental entity from compliance with those requirements until June 1, 2024, if the retirement system has an amortization period that exceeds 30 years and, not later than June 1, 2018, submits to the State Pension Review Board a copy of a written plan that is designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the retirement system within 30 years not later than June 1, 2024, as determined by the board. The bill requires the plan to comply with certain requirements provided by the bill and requires the retirement system to adhere to the plan. The bill requires the governing body of a public

retirement system and its associated governmental entity, if, on June 1, 2018, the retirement system's most recent actuarial valuation conducted before that date shows that the retirement system's amortization period exceeds 30 years and the retirement system or governmental entity, as applicable, fails to submit or adhere to the written plan, to immediately comply with the bill's requirements for a public retirement system and its associated governmental entity that receive an actuarial valuation or notice of an actuarial valuation, respectively, showing that the retirement system's actuarial contributions are not sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years. These provisions take effect September 1, 2017, and expire June 1, 2024.

C.S.H.B. 2434 requires a public retirement system subject to the bill's requirements as a result of receiving an actuarial valuation showing that the retirement system's actuarial contributions are not sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years that later receives an actuarial valuation showing that the retirement system's actual contributions are so sufficient to immediately notify its associated governmental entity in writing that the retirement system has received that actuarial valuation. The bill sets out requirements and deadlines regarding the development and submission to the board of a written plan and, if applicable, amended or alternative plans, designed to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability of certain public retirement systems within 30 years not later than the sixth anniversary of the date on which the final version of the plan is submitted to the board. The bill sets out board requirements and deadlines for reviewing such a written plan, making a determination regarding whether the plan is designed to achieve such a sufficient contribution rate not later than the sixth anniversary of that date, and providing notice of a determination that a plan is not so designed. The bill authorizes the board to require that the retirement system or governmental entity, as applicable, provide the board with an actuarial analysis of the plan for purposes of making the sufficiency determination and establishes that such a determination is final and not subject to judicial review. The bill requires the retirement system and its associated governmental entity, if the board determines that the plan is designed to achieve such a contribution rate not later than the sixth anniversary of that date, to implement and adhere to the plan and exempts the retirement system and the governmental entity on such a determination from certain bill requirements until a specified date. The bill provides for biennial reporting to the board regarding progress updates made by the public retirement system and associated governmental entity, as applicable, toward improved actuarial soundness. The bill expressly does not impose a fiduciary duty on the board. The bill authorizes the board to adopt rules necessary to implement the bill's provisions regarding actions and plans designed to achieve actuarial soundness and establishes that a municipal ordinance or charter that conflicts with such provisions is void to the extent of the conflict.

C.S.H.B. 2434 exempts from the bill's provisions regarding actions and plans designed to achieve actuarial soundness the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, the Judicial Retirement System of Texas Plan Two, a defined contribution plan, and a public retirement system and its associated governmental entity that are adhering to, as determined by the board, a funding soundness restoration plan formulated under applicable statutory provisions before June 1, 2018. The bill specifies that certain of its provisions regarding actions and plans designed to achieve actuarial soundness apply to a public retirement system that is governed by statutory provisions relating to a unitary retirement system for certain municipalities. The bill clarifies that certain of the bill's applicability provisions do not prevent the application of the bill's provisions to a public retirement system and its associated governmental entity after the retirement system and governmental entity have completed a funding soundness restoration plan formulated under applicable statutory provisions.

C.S.H.B. 2434 removes certain requirements regarding the formulation of a revised funding soundness restoration plan under certain circumstances and instead establishes that, if the board determines that the funding soundness restoration plan previously formulated by the governing body of a public retirement system or an associated governmental entity has not been adhered to,

the governing body and an associated governmental entity, as applicable, are no longer subject to applicable statutory provisions relating to a funding soundness restoration plan and the governing body and associated governmental entity, as applicable, are subject to applicable bill provisions regarding actions and plans designed to achieve actuarial soundness.

C.S.H.B. 2434 requires the board, for each applicable public retirement system, to post on the board's website or on a publicly available website that is linked to the board's website the most recent data from reports received under the bill's provisions regarding actions and plans designed to achieve actuarial soundness.

EFFECTIVE DATE

Except as otherwise provided, June 1, 2018.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2434 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 801.209(a), Government Code, is amended to read as follows:

(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, 802.108, 802.2015, ~~[and]~~ 802.2016, and 802.2017.

SECTION 2. Sections 802.002(a) and (c), Government Code, are amended to read as follows:

(a) Except as provided by Subsection (b), the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, and the Judicial Retirement System of Texas Plan Two are exempt from Sections 802.101(a), 802.101(b), 802.101(d), 802.102, 802.103(a), 802.103(b), 802.2015, 802.2016, 802.2017, 802.202, 802.203, 802.204, 802.205, 802.206, and 802.207. The Judicial Retirement System of Texas Plan One is exempt from all of Subchapters B and C except Sections 802.104 and 802.105. The optional retirement program governed by Chapter 830 is exempt from all of Subchapters B and C except Section

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 801.209(a), Government Code, is amended to read as follows:

(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, 802.108, 802.2015, ~~[and]~~ 802.2016, 802.2017, and 802.2018.

SECTION 2. Sections 802.002(a) and (c), Government Code, are amended to read as follows:

(a) Except as provided by Subsection (b), the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, and the Judicial Retirement System of Texas Plan Two are exempt from Sections 802.101(a), 802.101(b), 802.101(d), 802.102, 802.103(a), 802.103(b), 802.2015, 802.2016, 802.2017, 802.2018, 802.202, 802.203, 802.204, 802.205, 802.206, and 802.207. The Judicial Retirement System of Texas Plan One is exempt from all of Subchapters B and C except Sections 802.104 and 802.105. The optional retirement program governed by Chapter 830 is exempt from all of Subchapters B and C except Section

802.106.

(c) Notwithstanding any other law, a defined contribution plan is exempt from Sections 802.101, 802.1012, 802.1014, 802.103, 802.104, 802.2017, and 802.202(d). This subsection may not be construed to exempt any plan from Section 802.105 or 802.106(h).

No equivalent provision.

No equivalent provision.

SECTION 3. Subchapter C, Chapter 802, Government Code, is amended by adding Section 802.2017 to read as follows:
Sec. 802.2017. PLANS TO RESTORE FUNDING FOR CERTAIN RETIREMENT

802.106.

(c) Notwithstanding any other law, a defined contribution plan is exempt from Sections 802.101, 802.1012, 802.1014, 802.103, 802.104, 802.2017, 802.2018, and 802.202(d). This subsection may not be construed to exempt any plan from Section 802.105 or 802.106(h).

SECTION 3. Section 802.2015(d), Government Code, is amended to read as follows:

(d) The governing body of a public retirement system and the associated governmental entity that have formulated a funding soundness restoration plan under Subsection (e) are no longer subject to this section and are subject to Section 802.2017 [~~shall formulate a revised funding soundness restoration plan under that subsection, in accordance with the system's governing statute,~~] if [~~the system conducts an actuarial valuation showing that:~~]
[~~(1) the system's amortization period exceeds 40 years; and~~
[~~(2) the board determines, in accordance with Section 802.2017(b), that the previously formulated funding soundness restoration plan has not been adhered to.~~

SECTION 4. Section 802.2016(d), Government Code, is amended to read as follows:

(d) An associated governmental entity that has formulated a funding soundness restoration plan under Subsection (e) is no longer subject to this section and is subject to Section 802.2018 [~~shall formulate a revised funding soundness restoration plan under that subsection, in accordance with the public retirement system's governing statute,~~] if [~~the system conducts an actuarial valuation showing that:~~]
[~~(1) the system's amortization period exceeds 40 years; and~~
[~~(2) the board determines, in accordance with Section 802.2018(b), that the previously formulated funding soundness restoration plan has not been adhered to.~~

No equivalent provision. (*But see SECTION 5 below.*)

SYSTEMS. (a) In this section, "governmental entity" has the meaning assigned by Section 802.1012.

(b) This section does not apply to a public retirement system and its associated governmental entity if the retirement system and governmental entity have already developed and are adhering to, as determined by the board, a funding soundness restoration plan under Section 802.2015 or 802.2016.

(c) If, on March 1, 2018, the most recent actuarial study or separate report filed with the board by the governing body of a public retirement system under Section 802.101 or other law under this title or under Title 109, Revised Statutes, indicates that the retirement system's funding level is not sufficient to achieve and maintain an amortization period that does not exceed 30 years, on receipt of a notice to that effect from the board, the governing body of the public retirement system and the associated governmental entity shall immediately:

(1) notwithstanding any other law and to the extent necessary to achieve the funding level described by this subsection, as appropriate:

(A) suspend any increases in the pay or salaries of the governmental entity's officers or employees who are active members of the retirement system;

(B) seek to issue a bond or other obligation under Chapter 107, Local Government Code;

(C) increase the contribution rates of the governmental entity and the active members of the retirement system; and

(D) discontinue the provision of cost-of-living adjustments; and

(2) jointly develop a written plan that identifies specific measures that the retirement system and its associated governmental entity shall implement to restore funding to a level adequate to achieve and maintain an amortization period that does not exceed 30 years and prescribes a schedule for implementation of those measures.

(d) The public retirement system shall submit a copy of the plan to restore funding developed under Subsection (c) to the board.

(e) If the board determines that implementation of the plan will restore funding to a level adequate to achieve and maintain an amortization period that does

not exceed 30 years, the board shall approve the plan. The board may require that the retirement system provide the board with an actuarial analysis of a plan for purposes of making a determination under this section.

(f) Not later than the 30th day after the date on which the board receives a plan under Subsection (d) or (h), the board shall inform the public retirement system and the retirement system's associated governmental entity whether the plan is approved.

(g) If a plan to restore funding is approved under this section, the public retirement system and its associated governmental entity shall implement the plan and are released from taking the actions required by Subsection (c)(1) to the extent that an action is not included in the plan.

(h) If the board does not approve a plan to restore funding under Subsection (e):

(1) the board shall provide recommendations to the public retirement system and its associated governmental entity regarding changes to the plan that would result in the board's approval; and

(2) the public retirement system and its associated governmental entity may submit amended or alternative plans in a manner prescribed by the board until the entities receive the board's approval of a plan.

(i) To the extent of a conflict between a provision of a plan to restore funding that has been approved by the board under this section and any other law, including Title 109, Revised Statutes, the plan prevails.

(j) A public retirement system and its associated governmental entity that implement a plan to restore funding under this section shall annually report to the board regarding any progress made by the system and entity toward improved actuarial soundness under the plan.

(k) The board may adopt rules necessary to implement this section, including rules that allow a public retirement system and its associated governmental entity to amend an approved plan to restore funding.

No equivalent provision. *(But see SECTION 3 above.)*

SECTION 5. Subchapter C, Chapter 802, Government Code, is amended by adding Sections 802.2017 and 802.2018 to read as follows:

Sec. 802.2017. ACTIONS AND PLANS DESIGNED TO ACHIEVE ACTUARIAL SOUNDNESS. (a) In this section,

"governmental entity" has the meaning assigned by Section 802.1012.

(b) This section does not apply to:

(1) a public retirement system and its associated governmental entity subject to Section 802.2018; or

(2) a public retirement system and its associated governmental entity if the retirement system and governmental entity are adhering to, as determined by the board, a funding soundness restoration plan formulated under Section 802.2015 before June 1, 2018, including a revised funding soundness restoration plan that was formulated before June 1, 2018.

(c) Subsection (b)(2) does not prevent application of this section to a public retirement system and its associated governmental entity after the retirement system and governmental entity have completed a funding soundness restoration plan formulated under Section 802.2015.

(d) Except as otherwise provided by this section or the Texas or United States Constitution and notwithstanding any other law, if a public retirement system receives an actuarial valuation showing that the retirement system's actual contributions are not sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years:

(1) the governing body of the retirement system shall immediately:

(A) suspend the provision of any prospective benefit increases provided under the retirement system, including any cost-of-living adjustments; and

(B) notify the retirement system's associated governmental entity in writing of the fact that:

(i) the retirement system has received an actuarial valuation showing that the retirement system's actual contributions are not sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years; and

(ii) the associated governmental entity is required to take the action required by Subdivision (2); and

(2) on receipt of a notice from the retirement system under Subdivision (1)(B), the associated governmental entity:

(A) shall immediately pay to the retirement system any employer contributions previously deferred by the governmental

entity; and

(B) may not defer the payment of any future employer contributions to the retirement system.

(d-1) The governing body of a public retirement system and its associated governmental entity subject to this section, as effective June 1, 2018, are not required to comply with Subsection (d) until June 1, 2024, if the retirement system has an amortization period that exceeds 30 years and, not later than June 1, 2018, the retirement system submits to the board a copy of a written plan that is designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the retirement system within 30 years not later than June 1, 2024, as determined by the board. The plan must comply with Subsection (g), as effective June 1, 2018, and the retirement system must adhere to the plan. If, on June 1, 2018, a public retirement system's most recent actuarial valuation conducted before that date shows that the system's amortization period exceeds 30 years, and the retirement system fails to submit or adhere to a written plan as provided by this subsection, the governing body of the retirement system and its associated governmental entity shall immediately comply with the requirements of Subsection (d). This subsection expires June 1, 2024.

(e) If a public retirement system subject to Subsection (d) later receives an actuarial valuation showing that the retirement system's actual contributions are sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years, the retirement system shall immediately notify its associated governmental entity in writing that the retirement system has received an actuarial valuation showing that the retirement system's actual contributions are sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years.

(f) Except as otherwise provided by the Texas or United States Constitution and notwithstanding any other law, if the period required to amortize the unfunded actuarial liability of a public retirement system has exceeded 30 years for the three most recent consecutive annual actuarial valuations, or

the two most recent consecutive actuarial valuations in the case of a retirement system that conducts the valuations every two or three years, the retirement system and its associated governmental entity shall jointly develop a written plan designed to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability of the retirement system within 30 years not later than the sixth anniversary of the date on which the final version of the plan is submitted to the board under this section.

(g) A written plan under Subsection (f) must be based on:

(1) an increase in the contribution rates of the governmental entity and the active members of the retirement system;

(2) a reduction of benefits; or

(3) a combination of the actions described by Subdivisions (1) and (2).

(h) A public retirement system shall submit to the board a copy of the written plan developed under Subsection (f) or (k) and any change to the plan not later than the 31st day after the date on which the plan or change to the plan is agreed to with the system's associated governmental entity. The system must submit the copy of the plan not later than six months after the date on which the retirement system:

(1) receives the actuarial valuation that subjects the retirement system and governmental entity to the requirements of Subsection (f); or

(2) is informed under Subsection (k) that the plan does not comply with Subsection (f).

(i) A public retirement system and its associated governmental entity may jointly develop and submit to the board a written plan described by Subsection (f) at any time before the retirement system receives an actuarial valuation that subjects the retirement system and governmental entity to the requirements of that subsection.

(j) Not later than the 90th day after the date the board receives a copy of a plan under Subsection (h), the board shall review the plan and make a determination regarding whether the plan is designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the public retirement system within 30 years not later than the sixth

anniversary of the date on which a copy of the plan is submitted to the board in accordance with Subsection (h). The board may require that the retirement system provide the board with an actuarial analysis of the plan for purposes of making a determination under this subsection.

(k) If, after reviewing the copy of a plan under Subsection (j), the board determines that the plan is not designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the public retirement system within 30 years not later than the sixth anniversary of the date on which a copy of the plan is submitted to the board in accordance with Subsection (h), the board shall inform the retirement system of that determination, and the retirement system and its associated governmental entity shall jointly develop and submit to the board, in a manner prescribed by the board, amended or alternative plans until the board informs the retirement system that, based on the board's review, the plan complies with Subsection (f).

(l) If, after reviewing a plan submitted to the board under Subsection (h) or (k), the board determines the plan is designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the retirement system within 30 years not later than the sixth anniversary of the date on which a copy of the plan is submitted to the board in accordance with Subsection (h), the public retirement system and its associated governmental entity shall implement and adhere to the plan and are not subject to Subsection (d) or the requirement to develop a new written plan under Subsection (f) until the sixth anniversary of the date the final version of the plan being implemented under this subsection was submitted to the board.

(m) A public retirement system and its associated governmental entity that develop and implement a plan under this section shall report any updates of progress made by the public retirement system and associated governmental entity toward improved actuarial soundness to the board every two years.

(n) A determination of the board under this section is final and not subject to judicial review.

(o) This section does not impose a fiduciary duty on the board.

(p) The board may adopt rules necessary to implement this section, including rules that allow a public retirement system and its associated governmental entity to amend a plan implemented under this section.

(q) A municipal ordinance or charter that conflicts with this section is void to the extent of the conflict.

Sec. 802.2018. ACTIONS AND PLANS DESIGNED TO ACHIEVE ACTUARIAL SOUNDNESS FOR CERTAIN RETIREMENT SYSTEMS. (a) In this section, "governmental entity" has the meaning assigned by Section 802.1012.

(b) This section applies only to a public retirement system that is governed by Article 6243i, Revised Statutes. This section does not apply to a public retirement system and its associated governmental entity if the retirement system and governmental entity are adhering to, as determined by the board, a funding soundness restoration plan formulated under Section 802.2016 before June 1, 2018, including a revised funding soundness restoration plan that was formulated before June 1, 2018.

(c) Subsection (b) does not prevent application of this section to a public retirement system and its associated governmental entity after the governmental entity has completed a funding soundness restoration plan formulated under Section 802.2016.

(d) Except as otherwise provided by this section or the Texas or United States Constitution and notwithstanding any other law, if a public retirement system receives an actuarial valuation showing that the retirement system's actual contributions are not sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years:

(1) the governing body of the retirement system shall immediately:

(A) suspend the provision of any prospective benefit increases provided under the retirement system, including any cost-of-living adjustments; and

(B) notify the retirement system's associated governmental entity in writing of the fact that:

(i) the retirement system has received an

actuarial valuation showing that the retirement system's actual contributions are not sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years; and

(ii) the associated governmental entity is required to take the action required by Subdivision (2); and

(2) on receipt of a notice from the retirement system under Subdivision (1)(B), the associated governmental entity:

(A) shall immediately pay to the retirement system any employer contributions previously deferred by the governmental entity; and

(B) may not defer the payment of any future employer contributions to the retirement system.

(d-1) The governing body of a public retirement system and its associated governmental entity subject to this section, as effective June 1, 2018, are not required to comply with Subsection (d) until June 1, 2024, if the retirement system has an amortization period that exceeds 30 years and, not later than June 1, 2018, the governmental entity submits to the board a copy of a written plan that is designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the retirement system within 30 years not later than June 1, 2024, as determined by the board. The plan must comply with Subsection (g), as effective June 1, 2018, and the retirement system must adhere to the plan. If, on June 1, 2018, a public retirement system's most recent actuarial valuation conducted before that date shows that the system's amortization period exceeds 30 years, and the governmental entity fails to submit or adhere to a written plan as provided by this subsection, the governing body of the retirement system and its associated governmental entity shall immediately comply with Subsection (d). This subsection expires June 1, 2024.

(e) If a public retirement system subject to Subsection (d) later receives an actuarial valuation showing that the retirement system's actual contributions are sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years, the retirement system shall immediately notify its associated

governmental entity in writing that the retirement system has received an actuarial valuation showing that the retirement system's actual contributions are sufficient to amortize the retirement system's unfunded actuarial accrued liability within 30 years.

(f) Except as otherwise provided by the Texas or United States Constitution and notwithstanding any other law, if the period required to amortize the unfunded actuarial liability of a public retirement system has exceeded 30 years for the three most recent consecutive annual actuarial valuations, or the two most recent consecutive actuarial valuations in the case of a retirement system that conducts the valuations every two or three years, the associated governmental entity of the retirement system shall develop a written plan designed to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability of the retirement system within 30 years not later than the sixth anniversary of the date on which the final version of the plan is submitted to the board under this section.

(g) A written plan under Subsection (f) must be based on:

(1) an increase in the contribution rates of the governmental entity and the active members of the retirement system;

(2) a reduction of benefits; or

(3) a combination of the actions described by Subdivisions (1) and (2).

(h) An associated governmental entity of a public retirement system shall submit a copy of the written plan developed under Subsection (f) or (k) to the board and any change to the plan not later than the 31st day after the date on which the plan or change to the plan is developed. The entity must submit the copy of the plan not later than six months after the date on which the retirement system:

(1) receives the actuarial valuation that subjects the associated governmental entity to the requirements of Subsection (f); or

(2) is informed under Subsection (k) that the plan does not comply with Subsection (f).

(i) An associated governmental entity of a public retirement system may develop and submit to the board a written plan described by Subsection (k) at any time before the

retirement system receives an actuarial valuation that subjects the governmental entity to the requirements of that subsection.

(j) Not later than the 90th day after the date the board receives a copy of a plan under Subsection (h), the board shall review the plan and make a determination regarding whether the plan is designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the public retirement system within 30 years not later than the sixth anniversary of the date on which a copy of the plan is submitted to the board in accordance with Subsection (h). The board may require that the governmental entity provide the board with an actuarial analysis of the plan for purposes of making a determination under this subsection.

(k) If, after reviewing the copy of a plan under Subsection (j), the board determines that the plan is not designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the public retirement system within 30 years not later than the sixth anniversary of the date on which a copy of the plan is submitted to the board in accordance with Subsection (h), the board shall inform the associated governmental entity of that determination and the governmental entity shall develop and submit to the board, in a manner prescribed by the board, amended or alternative plans until the board informs the governmental entity that, based on the board's review, the plan complies with Subsection (f).

(l) If, after reviewing a plan submitted to the board under Subsection (h) or (k), the board determines the plan is designed to achieve a contribution rate that is sufficient to amortize the unfunded actuarial accrued liability of the retirement system within 30 years not later than the sixth anniversary of the date on which a copy of the plan is submitted to the board in accordance with Subsection (h), the public retirement system and its associated governmental entity shall implement and adhere to the plan and are not subject to Subsection (d) or the requirement to develop a new written plan under Subsection (f) until the sixth anniversary of the date the final version of the plan being implemented under this

subsection was submitted to the board.

(m) An associated governmental entity that develops a plan under this section shall report any updates of progress made by the public retirement system and associated governmental entity toward improved actuarial soundness to the board every two years.

(n) A determination of the board under this section is final and not subject to judicial review.

(o) This section does not impose a fiduciary duty on the board.

(p) The board may adopt rules necessary to implement this section, including rules that allow the associated governmental entity of a public retirement system to amend a plan implemented under this section.

(q) A municipal ordinance or charter that conflicts with this section is void to the extent of the conflict.

No equivalent provision.

SECTION 6. Sections 802.2017(f) and 802.2018(f), Government Code, as added by this Act, apply only to an actuarial valuation conducted on or after June 1, 2018.

SECTION 4. This Act takes effect September 1, 2017.

SECTION 7. (a) Except as provided by Subsection (b) of this section, this Act takes effect June 1, 2018.

(b) Sections 802.2017(d-1) and 802.2018(d-1), Government Code, as added by this Act, take effect September 1, 2017.