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HOUSE OF REPRESENTATIVES

E. Salinger

FLOOR AMENDMENT NO. _____

BY: _____

1 Amend C.S.H.B. No. 4368 (house committee printing) by
2 striking all below the enacting clause and substituting the
3 following:

4 SECTION 1. Section 1.02, Chapter 452 (S.B. 738), Acts of the
5 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
6 Texas Civil Statutes), is amended by amending Subdivisions (2) and
7 (4) and adding Subdivisions (1-a), (2-a), (3-a), (3-b), (6-a),
8 (6-b), (6-c), (6-d), (6-e), (10-a), (11-a), (13-a), (13-b), (13-c),
9 (15-a), (15-b), (15-c), (15-d), (15-e), (17-a), (18-a), (18-b),
10 (19-a), (19-b), (23-a), (29-a), and (29-b) to read as follows:

11 (1-a) "Actuarial accrued liability" means the portion
12 of the actuarial present value of projected benefits of the police
13 retirement system attributed to past periods of member service
14 based on the cost method used in the risk sharing valuation study
15 prepared under Section 8.03 or 8.04 of this Act, as applicable.

16 (2) "Actuarial equivalent" means any benefit of equal
17 present value to a standard benefit when computed as specified by
18 this Act, based on the actuarial assumptions adopted by the police
19 retirement board for that purpose.

20 (2-a) "Actuarial value of assets" means the value of
21 the police retirement system's investments as calculated using the
22 asset smoothing method used in the risk sharing valuation study
23 prepared under Section 8.03 or 8.04 of this Act, as applicable.

24 (3-a) "Amortization period" means:

25 (A) the period necessary to fully pay a liability
26 layer; or

27 (B) if referring to the amortization period of
28 the police retirement system as a whole, the number of years
29 incorporated in a weighted average amortization factor for the sum

1 of the legacy liability and all liability layers as determined in
2 each annual actuarial valuation of assets and liabilities of the
3 system.

4 (3-b) "Amortization rate" means, for a given calendar
5 year, the percentage rate determined by:

6 (A) adding the scheduled amortization payments
7 required to pay off the then-existing liability layers;

8 (B) subtracting the city legacy contribution
9 amount for the same calendar year, as determined in the risk sharing
10 valuation study prepared under Section 8.03 or 8.04 of this Act, as
11 applicable, from the sum under Paragraph (A); and

12 (C) dividing the sum under Paragraph (B) by the
13 projected pensionable payroll for the same calendar year.

14 (4) "Average final compensation" means the monthly
15 average of basic hourly earnings of a member during, as applicable:

16 (A) if the member has 120 months or more of
17 service during which the member made contributions to the system or
18 the predecessor system, the 36 months for a group A member or 60
19 months for a group B member which yielded the highest average during
20 the last 120 months of membership service during which the member
21 contributed to the system or the predecessor system;

22 (B) if the member has less than 120 months of
23 membership service during which the member contributed to the
24 system or the predecessor system, but has at least 36 months of
25 membership service for a group A member or 60 months of membership
26 service for a group B member during which the member made
27 contributions to the system or the predecessor system, the average
28 of the 36 months or 60 months, as applicable, which yielded the
29 highest average; or

30 (C) if the member does not have 36 months of
31 membership service for a group A member or 60 months of membership

1 service for a group B member during which the member contributed to
2 the system or the predecessor system, the average of the member's
3 months of membership service during which the member made
4 contributions to the system or the predecessor system.

5 (6-a) "City contribution rate" means, for a given
6 calendar year, a percentage rate equal to the sum of the employer
7 normal cost rate and the amortization rate, as adjusted under
8 Section 8.05 or 8.06 of this Act, if applicable.

9 (6-b) "City legacy contribution amount" means, for
10 each calendar year, a predetermined payment amount expressed in
11 dollars in accordance with a payment schedule amortizing the legacy
12 liability for the calendar year ending December 31, 2020, that is
13 included in the initial risk sharing valuation study under Section
14 8.03 of this Act.

15 (6-c) "Corridor" means the range of city contribution
16 rates that are:

17 (A) equal to or greater than the minimum city
18 contribution rate; and

19 (B) equal to or less than the maximum city
20 contribution rate.

21 (6-d) "Corridor margin" means five percentage points.

22 (6-e) "Corridor midpoint" means the projected city
23 contribution rate specified for each calendar year for 30 years as
24 provided by the initial risk sharing valuation study under Section
25 8.03 of this Act, rounded to the nearest hundredths decimal place.

26 (10-a) "Employer normal cost rate" means, for a given
27 calendar year, the normal cost rate minus the applicable member
28 contribution rate determined under Section 8.01 of this Act.

29 (11-a) "Estimated city contribution rate" means, for a
30 given calendar year, the city contribution rate that would be
31 required to maintain an amortization period for the retirement

1 system as a whole of no more than 30 years as determined by the
2 system's actuary in a risk sharing valuation study under Section
3 8.03 or 8.04 of this Act, as applicable, and before any adjustment
4 to the rate under Section 8.05 or 8.06 of this Act, as applicable.

5 (13-a) "Funded ratio" means the ratio of the actuarial
6 value of assets divided by the actuarial accrued liability.

7 (13-b) "Group A member" means a member included in
8 group A membership under Section 4.01(e-1) of this Act.

9 (13-c) "Group B member" means a member included in
10 group B membership under Section 4.01(e-1) of this Act.

11 (15-a) "Legacy liability" means the unfunded
12 actuarial accrued liability determined as of December 31, 2020, and
13 for each subsequent calendar year, adjusted as follows:

14 (A) reduced by the city legacy contribution
15 amount for the calendar year allocated to the amortization of the
16 legacy liability; and

17 (B) adjusted by the assumed rate of return
18 adopted by the police retirement board for the calendar year.

19 (15-b) "Level percent of payroll method" means the
20 amortization method that defines the amount of the liability layer
21 recognized each calendar year as a level percent of pensionable
22 payroll until the amount of the liability layer remaining is
23 reduced to zero.

24 (15-c) "Liability gain layer" means a liability layer
25 that decreases the unfunded actuarial accrued liability.

26 (15-d) "Liability layer" means:

27 (A) the legacy liability established in the
28 initial risk sharing valuation study under Section 8.03 of this
29 Act; or

30 (B) for calendar years after December 31, 2020,
31 the amount that the police retirement system's unfunded actuarial

1 accrued liability increases or decreases, as applicable, due to the
2 unanticipated change for the calendar year as determined in each
3 subsequent risk sharing valuation study prepared under Section 8.04
4 of this Act.

5 (15-e) "Liability loss layer" means a liability layer
6 that increases the unfunded actuarial accrued liability. For
7 purposes of this Act, the legacy liability is a liability loss
8 layer.

9 (17-a) "Maximum city contribution rate" means, for a
10 given calendar year, the rate equal to the corridor midpoint plus
11 the corridor margin.

12 (18-a) "Minimum city contribution rate" means, for a
13 given calendar year, the rate equal to the corridor midpoint minus
14 the corridor margin.

15 (18-b) "Normal cost rate" means, for a given calendar
16 year, the salary weighted average of the individual normal cost
17 rates determined for the current active member population, plus the
18 assumed administrative expenses determined in the most recent
19 actuarial experience study.

20 (19-a) "Payoff year" means the year a liability layer
21 is fully amortized under the amortization period. A payoff year may
22 not be extended or accelerated for a period that is less than one
23 month.

24 (19-b) "Pensionable payroll" means the aggregate
25 basic hourly earnings of all members in active service for a
26 calendar year or pay period, as applicable.

27 (23-a) "Projected pensionable payroll" means the
28 estimated pensionable payroll for the calendar year beginning 12
29 months after the date of the risk sharing valuation study prepared
30 under Section 8.03 or 8.04 of this Act, at the time of calculation
31 by:

1 (A) projecting the prior calendar year's
2 pensionable payroll forward two years using the current payroll
3 growth rate assumption adopted by the police retirement board; and

4 (B) adjusting, if necessary, for changes in
5 population or other known factors, provided those factors would
6 have a material impact on the calculation, as determined by the
7 board.

8 (29-a) "Unanticipated change" means, with respect to
9 the unfunded actuarial accrued liability in each subsequent risk
10 sharing valuation study prepared under Section 8.04 of this Act,
11 the difference between:

12 (A) the remaining balance of all then-existing
13 liability layers as of the date of the risk sharing valuation study;
14 and

15 (B) the actual unfunded actuarial accrued
16 liability as of the date of the risk sharing valuation study.

17 (29-b) "Unfunded actuarial accrued liability" means
18 the difference between the actuarial accrued liability and the
19 actuarial value of assets.

20 SECTION 2. Section 3.02, Chapter 452 (S.B. 738), Acts of the
21 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
22 Texas Civil Statutes), is amended to read as follows:

23 Sec. 3.02. COMPOSITION OF BOARD; TRUSTEE QUALIFICATIONS.

24 (a) The police retirement board shall be composed of 11 members as
25 follows:

- 26 (1) one council member designated by the city council;
27 (2) the city manager or the city manager's designee;
28 (3) the director of finance or the director's
29 designee;
30 (4) four [~~five~~] police officer members elected by the
31 police officer members of the system, each of whom serves for a term

1 of four years;

2 (5) one legally qualified voter of the city, who is a
3 resident and has been a resident for the preceding five years, is
4 not an employee of the city or a member of the system, and has
5 demonstrated experience in the field of finance or investments, to
6 be appointed by the police retirement board to serve for a term of
7 four years and until the member's successor is duly selected and
8 qualified; [~~and~~]

9 (6) one legally qualified voter of the city, who is a
10 resident and has been a resident for the preceding five years, is
11 not an employee of the city or a member of the system, and has
12 demonstrated experience in the field of finance or investments, to
13 be appointed by the city council to serve for a term of four years
14 and until the member's successor is duly selected and qualified;
15 and

16 (7) two retired members to be elected by the retired
17 members to serve for a term of four years, with the term of one
18 member expiring each odd-numbered year.

19 (b) The terms of two members elected as described by
20 Subsection (a)(4) of this section expire in 2023 [~~2001~~] and every
21 fourth subsequent year, and the terms of two [~~three~~] members
22 elected as described by Subsection (a)(4) of this section expire in
23 2025 [~~2003~~] and every fourth subsequent year.

24 (b-1) A member of the police retirement board appointed
25 under Subsection (a)(5) or (a)(6) of this section must:

26 (1) have, at the time of taking office, the
27 qualifications required for the trustee's position; and

28 (2) maintain during service on the board the
29 qualifications required for the trustee's position.

30 (c) A vacancy occurring by the death, resignation, or
31 removal of the member appointed under:

1 (1) Subsection (a)(5) of this section shall be filled
2 by appointment by the remaining members of the police retirement
3 board; and

4 (2) Subsection (a)(6) of this section shall be filled
5 by appointment by the city council.

6 SECTION 3. Section 3.09(b), Chapter 452 (S.B. 738), Acts of
7 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
8 Vernon's Texas Civil Statutes), is amended to read as follows:

9 (b) From time to time on the advice of the actuary and at the
10 direction of the board and as provided by Section 3.091 of this Act,
11 the actuary shall make an actuarial investigation of the mortality,
12 service, and compensation experience of members, retired members,
13 and beneficiaries of the system and shall recommend for adoption by
14 the board the tables and rates required by the system. The board
15 shall adopt the tables and rates to be used by the system.

16 SECTION 4. Article III, Chapter 452 (S.B. 738), Acts of the
17 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
18 Texas Civil Statutes), is amended by adding Section 3.091 to read as
19 follows:

20 Sec. 3.091. PROCESS FOR EXPERIENCE STUDIES AND CHANGES TO
21 ACTUARIAL ASSUMPTIONS. (a) At least once every five years, the
22 police retirement board shall have the system's actuary designated
23 under Section 3.09 of this Act conduct an experience study to review
24 the actuarial assumptions and methods adopted by the board for the
25 purposes of determining the actuarial liabilities and actuarially
26 determined contribution rates of the system. The system shall
27 notify the city at the beginning of an upcoming experience study by
28 the system's actuary.

29 (b) In connection with the system's experience study, the
30 city will inform the system if it will:

31 (1) conduct the city's own experience study using the

1 city's own actuary;

2 (2) have the city's actuary review the experience
3 study of the system's actuary; or

4 (3) accept the experience study of the system's
5 actuary.

6 (c) If the city chooses to:

7 (1) have the city's own experience study performed
8 under Subsection (b)(1) of this section, the city must complete the
9 study not later than three months after the date the system notified
10 the city of the system's intent to conduct an experience study; or

11 (2) have the city's actuary review the system's
12 experience study under Subsection (b)(2) of this section, the city
13 must complete the review not later than one month after the date the
14 preliminary results of the experience study are presented to the
15 board.

16 (d) If the city chooses to have the city's own experience
17 study performed under Subsection (b)(1) of this section, or to have
18 the city's actuary review the system's experience study under
19 Subsection (b)(2) of this section, the system's actuary and the
20 city's actuary shall determine what the hypothetical city
21 contribution rate would be using the proposed actuarial assumptions
22 from the experience studies and data from the most recent actuarial
23 valuation.

24 (e) If the difference between the hypothetical city
25 contribution rates determined by the system's actuary and the
26 city's actuary under Subsection (d) of this section:

27 (1) is less than or equal to two percent of pensionable
28 payroll, then no further action is needed and the board shall use
29 the experience study performed by the system's actuary in
30 determining assumptions; or

31 (2) is greater than two percent of pensionable

1 payroll, then the system's actuary and the city's actuary shall have
2 20 business days to reconcile the difference in actuarial
3 assumptions or methods causing the different hypothetical city
4 contribution rates, and:

5 (A) if, as a result of the reconciliation efforts
6 under this subdivision, the difference between the city
7 contribution rates determined by the system's actuary and the
8 city's actuary is reduced to less than or equal to two percentage
9 points, then no further action is needed and the board shall use the
10 experience study performed by the system's actuary in determining
11 actuarial assumptions; or

12 (B) if, after 20 business days, the system's
13 actuary and the city's actuary are not able to reach a
14 reconciliation that reduces the difference in the hypothetical city
15 contribution rates to an amount less than or equal to two percentage
16 points, a third-party actuary shall be retained to opine on the
17 differences in the assumptions made and actuarial methods used by
18 the system's actuary and the city's actuary.

19 (f) The independent third-party actuary retained in
20 accordance with Subsection (e)(2)(B) of this section shall be
21 chosen by the city from a list of three actuarial firms provided by
22 the system.

23 (g) If a third-party actuary is retained under Subsection
24 (e)(2)(B) of this section, the third-party actuary's findings will
25 be presented to the board along with the experience study conducted
26 by the system's actuary and, if applicable, the city's actuary. If
27 the board adopts actuarial assumptions or methods contrary to the
28 third-party actuary's findings:

29 (1) the system shall provide a formal letter
30 describing the rationale for the board's action to the city council
31 and State Pension Review Board; and

1 (2) the system's actuary and executive director shall
2 be made available at the request of the city council or the State
3 Pension Review Board to present in person the rationale for the
4 board's action.

5 (h) If the board proposes a change to actuarial assumptions
6 or methods that is not in connection with an experience study
7 described in Subsection (a) of this section, the system and the city
8 shall follow the same process prescribed by this section with
9 respect to an experience study in connection with the proposed
10 change.

11 SECTION 5. Section 3.10, Chapter 452 (S.B. 738), Acts of the
12 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
13 Texas Civil Statutes), is amended to read as follows:

14 Sec. 3.10. INVESTMENT MANAGERS. The police retirement
15 board may hire an investment manager or investment managers who
16 shall have full authority to invest the assets and manage any
17 portion of the portfolio of the system, as specified by the
18 manager's [~~employment~~] contract.

19 SECTION 6. Section 4.01, Chapter 452 (S.B. 738), Acts of the
20 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
21 Texas Civil Statutes), is amended by amending Subsections (c) and
22 (e) and adding Subsections (e-1) and (e-2) to read as follows:

23 (c) Any person who becomes an employee of the city or the
24 system, if eligible for membership, shall become a member as a
25 condition of employment and shall make the required deposits
26 commencing with the first pay period following a probationary
27 period of six continuous months from date of employment, if
28 applicable, or eligibility, if later.

29 (e) [~~1~~] Membership in the police retirement system shall
30 consist of the following groups:

31 (1) [~~A~~] Active--Contributory: the member who is in a

1 status which allows payroll contributions to the police retirement
2 system (working a normal work week, holding a full-time position,
3 and, if applicable, having completed a continuous period of six
4 months of service initially, to attain membership).

5 (2) [~~(B)~~] Active--Noncontributory: the member whose
6 current employment status does not allow contributions to the
7 system (working less than a normal work week or on a leave of
8 absence under Subsection (f)(6)(A) of this section) and on return
9 to working a normal work week, the member will again be given
10 creditable service, with contributions resumed at time of status
11 change.

12 (3) [~~(C)~~] Inactive--Contributory: the member who is
13 on a uniformed service leave of absence under Subsection (f)(6)(B)
14 of this section, who is allowed to make deposits to the system
15 during the member's absence.

16 (4) [~~(D)~~] Vested--Noncontributory: the terminated
17 member who, being vested, leaves the member's accumulated deposits
18 in the system.

19 (5) [~~(E)~~] Retired: the member who is receiving a
20 service or disability retirement annuity.

21 (e-1) Each member is either a group A member or a group B
22 member, as follows:

23 (1) a member is a group A member if the member was:

24 (A) retired from or employed by the city or the
25 system on December 31, 2021;

26 (B) a vested--noncontributory member as of
27 December 31, 2021, who has not withdrawn the member's accumulated
28 deposits; or

29 (C) formerly employed by the city or the system
30 before December 31, 2021, returned to employment with the city or
31 system on or after January 1, 2022, and:

1 cadet class, notwithstanding Sections 1.02(7), (18), and (21) of
2 this Act.

3 SECTION 9. Section 6.01, Chapter 452 (S.B. 738), Acts of the
4 72nd Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
5 Texas Civil Statutes), is amended by amending Subsections (a) and
6 (f) to read as follows:

7 (a) On retirement after having reached the member's normal
8 retirement date, members entitled thereto shall receive a service
9 retirement benefit in the form of a life annuity (modified cash
10 refund). Each monthly payment of the life annuity (modified cash
11 refund) shall be equal to one-twelfth of:

12 (1) for a group A member, the product of 3.2 [2.88]
13 percent of a member's average final compensation multiplied by the
14 number of months of creditable service; or

15 (2) for a group B member, the product of 2.5 percent of
16 a member's average final compensation multiplied by the number of
17 months of creditable service. [~~The retirement benefit percent~~
18 ~~specified by this section to calculate the amount of the monthly~~
19 ~~payment of the life annuity (modified cash refund) may be changed~~
20 ~~after 1997 if:~~

21 [~~(1) the change is approved by the board's actuary,~~

22 [~~(2) the change is adopted by the board as a board~~
23 ~~rule,~~

24 [~~(3) the change applies to all present members, all~~
25 ~~retired members, and all who become members after the effective~~
26 ~~date of the change in the retirement benefit percent;~~

27 [~~(4) a member's vested interest as of the last day of~~
28 ~~the month immediately preceding the effective date of the change in~~
29 ~~the retirement benefit percent is not reduced; and~~

30 [~~(5) a retirement annuity being paid by the police~~
31 ~~retirement system to members or to the surviving spouses or~~

1 ~~beneficiaries of members who retired before the effective date of~~
2 ~~the change in the retirement benefit percent is changed as~~
3 ~~prescribed by Subsection (d)(6) of this section, except that a~~
4 ~~reduction in annuities may not cause the member's, surviving~~
5 ~~spouse's, or beneficiary's annuity payment to be reduced below the~~
6 ~~base retirement amount calculated under this Act.]~~

7 (f) For purposes of this section, compensation of each
8 noneligible member taken into account under this Act may not exceed
9 the maximum amount allowed under [~~\$200,000 per calendar year,~~
10 ~~indexed pursuant to~~] Section 401(a)(17) of the Internal Revenue
11 Code of 1986 (26 U.S.C. Section 401). The [~~\$200,000~~] limit
12 prescribed by this subsection does not apply to an eligible member.
13 For purposes of this subsection, an eligible member is any
14 individual who first became a member before January 1, 1996. For
15 purposes of this subsection, a noneligible member is any other
16 member.

17 SECTION 10. Section 6.02, Chapter 452 (S.B. 738), Acts of
18 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
19 Vernon's Texas Civil Statutes), is amended by amending Subsection
20 (a) and adding Subsection (a-1) to read as follows:

21 (a) A group A [~~Any~~] member shall be eligible for service
22 retirement if the member has attained the age of 55 years and
23 completed at least 20 years of creditable service with the city, or
24 has completed 23 years of creditable service, excluding any
25 military service established under Section 5.02 of this Act.

26 (a-1) A group B member shall be eligible for service
27 retirement if the member has attained the age of 50 years and
28 completed at least 25 years of creditable service with the city,
29 excluding any military service established under Section 5.02 of
30 this Act.

31 SECTION 11. Section 6.04(b), Chapter 452 (S.B. 738), Acts

1 (i) did not withdraw the member's
2 accumulated deposits from the system; or

3 (ii) withdrew the member's accumulated
4 deposits from the system, but reinstated all of the previously
5 forfeited creditable service; and

6 (2) a member is a group B member if the member:

7 (A) first became employed by the city or the
8 system on or after January 1, 2022; or

9 (B) was formerly employed by the city or the
10 system before December 31, 2021, returned to employment with the
11 city or system on or after January 1, 2022, and:

12 (i) while the member was separated from
13 service, withdrew the member's accumulated deposits from the
14 system; and

15 (ii) has not reinstated all of the member's
16 previously forfeited creditable service.

17 (e-2) [~~2~~] It shall be the duty of the police retirement
18 board to determine the membership group to which each police
19 officer or employee of the system who becomes a member of the police
20 retirement system properly belongs under Subsections (e) and (e-1)
21 of this section.

22 SECTION 7. Section 5.03(a), Chapter 452 (S.B. 738), Acts of
23 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
24 Vernon's Texas Civil Statutes), is amended to read as follows:

25 (a) An eligible member or eligible surviving spouse may
26 establish creditable service for probationary service performed as
27 provided under this section according to the following conditions,
28 limitations, and restrictions:

29 (1) Probationary service creditable in the system is
30 any probationary service following the member's commission date or
31 the member's first date of employment with the system for which the

1 member does not have creditable service.

2 (2) An eligible member or eligible surviving spouse
3 may establish creditable service under this section by contributing
4 to the system a single payment equal to the contribution the member
5 would have made to the system for that service at the time the
6 service was performed and an interest charge based on the
7 contribution amount to be repaid times an interest factor. The
8 interest factor is eight percent per year for the period that begins
9 with the beginning of the month and year at the end of the
10 probationary period for which creditable service is being
11 established to the beginning of the month and year payment is made
12 to the system for the purpose of establishing said service.

13 (3) After the eligible member or eligible surviving
14 spouse makes the deposit required by Subdivision (2) of this
15 subsection, the system shall grant the member one month of
16 creditable service for each month of probationary service
17 established under this section.

18 SECTION 8. Section 5.04(a), Chapter 452 (S.B. 738), Acts of
19 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
20 Vernon's Texas Civil Statutes), is amended to read as follows:

21 (a) Under irrevocable action taken by the city council on
22 February 12, 1998, police [~~This section does not take effect unless~~
23 ~~the city council authorizes the city to begin making contributions~~
24 ~~to the police retirement system in accordance with Section 8.01(a)~~
25 ~~of this Act for police cadets during their employment as cadets~~
26 ~~while members of a cadet class. Police~~] cadets whose cadet class
27 begins after April 1, 1998, [~~the city council makes the~~
28 ~~authorization~~] shall make deposits to the police retirement system
29 in accordance with Section 8.01(a) of this Act, and those cadets
30 shall be members of the police retirement system and shall receive
31 creditable service for employment as cadets while members of a

1 of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
2 Vernon's Texas Civil Statutes), is amended to read as follows:

3 (b) If a member who has attained the applicable age for the
4 minimum distribution required under Section 401(a)(9) of the
5 Internal Revenue Code of 1986 (26 U.S.C. Section 401(a)(9)) [~~age~~
6 ~~70-1/2~~] separates or has separated from service without applying
7 for retirement or a refund of accumulated deposits, the police
8 retirement system shall attempt to send to that member a written
9 notice as soon as practicable after the later of the date the member
10 attains the applicable age [~~70-1/2~~] or the date the member
11 separates from service. The written notice must advise the member
12 of the requirement under Section 401(a)(9) of the Internal Revenue
13 Code of 1986 (26 U.S.C. Section 401(a)(9)) to retire and begin
14 receiving a monthly retirement benefit. If, before the 91st day
15 after the date the police retirement system sends the notice, the
16 member has not filed an application for retirement or a refund, the
17 member is considered to have retired on the last day of the third
18 month following the later of the two dates specified by this
19 subsection. If applicable, the retirement option shall be
20 determined in accordance with the member's written selection of
21 optional benefit and designation of beneficiary under Section
22 6.06(a)(1) of this Act. Otherwise, the member shall receive the
23 life annuity under Section 6.01 of this Act.

24 SECTION 12. Section 6.07(e), Chapter 452 (S.B. 738), Acts
25 of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
26 Vernon's Texas Civil Statutes), is amended to read as follows:

27 (e) The first monthly annuity amount that would have been
28 paid during the RETRO DROP benefit accumulation period is the
29 amount defined by Subsection (c) of this section. [~~Subsequent~~
30 ~~monthly annuity amounts that would have been paid during the RETRO~~
31 ~~DROP benefit accumulation period must include any cost-of-living~~

1 ~~increases or special ad hoc increases in annuity amounts granted in~~
2 ~~accordance with Sections 6.01(c) and (d) of this Act.]~~

3 SECTION 13. Section 7.02, Chapter 452 (S.B. 738), Acts of
4 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
5 Vernon's Texas Civil Statutes), is amended by amending Subsection
6 (a) and adding Subsection (a-1) to read as follows:

7 (a) On award of disability retirement benefits, the member
8 shall receive a disability retirement benefit computed in the same
9 manner that a service retirement benefit would be computed at the
10 member's normal retirement date, based on average final
11 compensation and creditable service at date of disability
12 retirement without reduction for early retirement. If the
13 disability is a direct or proximate result of the performance of the
14 member's employment duties with the system or the city, then the
15 disability retirement benefit will be subject to a minimum benefit
16 determined in accordance with Section 6.01(a)(1) or (2) of this
17 Act, as applicable, based on:

18 (1) average final compensation at date of disability
19 retirement; and

20 (2) for:

21 (A) a group A member, 20 years of creditable
22 service; or

23 (B) a group B member, 25 years of creditable
24 service.

25 (a-1) The options allowed under this section are life
26 annuity or its actuarial equivalent payable in the form described
27 as Option I, Option II, Option III, Option IV, or Option V in
28 Section 6.03 of this Act. The disability benefits paid to the
29 member will be paid from Fund No. 1 until the amount received equals
30 the member's accumulated deposits; thereafter the benefits will be
31 paid from Fund No. 2.

1 SECTION 14. Article VIII, Chapter 452 (S.B. 738), Acts of
2 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
3 Vernon's Texas Civil Statutes), is amended by amending Section 8.01
4 and adding Sections 8.02 through 8.13 to read as follows:

5 Sec. 8.01. MEMBER CONTRIBUTIONS [~~METHOD OF FINANCING~~]. (a)
6 [~~(1)~~] Deposits by the members to the police retirement system shall
7 be made at a rate of at least:

8 (1) 13 percent of the basic hourly earnings of the
9 [each] member, for each pay period beginning before January 1,
10 2022; and

11 (2) 15 percent of the basic hourly earnings of the
12 member, for each pay period beginning on or after January 1, 2022,
13 unless a different member contribution rate is required in
14 accordance with Section 8.04(b)(4) of this Act, as adjusted, if
15 applicable, under Section 8.065 of this Act, except that the rate
16 may not exceed 17 percent.

17 (a-1) Deposits required to be made by members under
18 Subsection (a) of this section shall be deducted from payroll each
19 pay period.

20 (a-2) On recommendation of the board, the
21 Active--Contributory members may by a majority of those voting
22 increase the rate of member deposits above the minimum rate of
23 deposit established by Subsection (a) of this section [~~13 percent~~]
24 to whatever amount the board has recommended. If the deposit rate
25 for members has been increased to a rate above the rate established
26 by Subsection (a) of this section in accordance with this
27 subsection [~~13 percent~~], the rate may be decreased to a rate lower
28 than the rate prescribed by Subsection (a)(2) of this section if the
29 board recommends the decrease, the board's actuary approves the
30 decrease, and a majority of the Active--Contributory members voting
31 on the matter approve the decrease. If an increase in the member

1 contribution rate is made solely as the result of an adjustment
2 under Section 8.065 of this Act, that increase may not be decreased
3 under this subsection.

4 Sec. 8.02. CITY CONTRIBUTIONS. (a) [(2)] The city shall
5 contribute amounts equal to [~~18 percent of the basic hourly~~
6 ~~earnings of each member employed by the city for all periods on or~~
7 ~~before September 30, 2010, subject to additional amounts as~~
8 ~~provided by Subdivision (3) of this subsection. The city shall~~
9 ~~contribute amounts equal to 19 percent of the basic hourly earnings~~
10 ~~of each member employed by the city for all periods after September~~
11 ~~30, 2010, and before October 1, 2011, subject to additional amounts~~
12 ~~as provided by Subdivision (3) of this subsection. The city shall~~
13 ~~contribute amounts equal to 20 percent of the basic hourly earnings~~
14 ~~of each member employed by the city for all periods after September~~
15 ~~30, 2011, and before October 1, 2012, subject to additional amounts~~
16 ~~as provided by Subdivision (3) of this subsection. The city shall~~
17 ~~contribute amounts equal to] 21 percent of the basic hourly~~
18 earnings of each member employed by the city for all pay periods
19 beginning after September 30, 2012, and before January 1, 2022,
20 subject to additional amounts as provided by Section 8.07 of this
21 Act [Subdivision (3) of this subsection]. For all pay periods
22 beginning on or after January 1, 2022, the city shall make
23 contributions to the police retirement system in accordance with
24 Subsections (b) and (c) of this section and Sections 8.03, 8.04,
25 8.05, and 8.06 of this Act, as applicable, and subject to additional
26 amounts as provided by Section 8.07 of this Act. The city council
27 may also authorize the city to make additional contributions to the
28 police retirement system in whatever amount the city council may
29 determine. Contributions by the city shall be made each pay period.
30 (b) For each pay period that begins on or after January 1,
31 2022, and before January 1, 2023, the city shall contribute an

1 amount equal to the sum of:

2 (1) the city contribution rate, as determined in the
3 initial risk sharing valuation study conducted under Section 8.03
4 of this Act, multiplied by the pensionable payroll for the
5 applicable pay period; and

6 (2) 1/26 of the city legacy contribution amount for
7 the 2022 calendar year, as determined and adjusted in the initial
8 risk sharing valuation study conducted under Section 8.03 of this
9 Act.

10 (c) For each pay period that begins on or after January 1,
11 2023, the city shall contribute an amount equal to the sum of:

12 (1) the city contribution rate for the applicable
13 calendar year, as determined in a subsequent risk sharing valuation
14 study conducted under Section 8.04 of this Act and adjusted under
15 Section 8.05 or 8.06 of this Act, as applicable, multiplied by the
16 pensionable payroll for the applicable pay period; and

17 (2) 1/26 of the city legacy contribution amount for
18 the applicable calendar year, as determined and adjusted in the
19 initial risk sharing valuation study conducted under Section 8.03
20 of this Act.

21 Sec. 8.03. INITIAL RISK SHARING VALUATION STUDY. (a) The
22 police retirement system shall cause the system's actuary to
23 prepare an initial risk sharing valuation study that is dated as of
24 December 31, 2020, in accordance with this section.

25 (b) The initial risk sharing valuation study must:

26 (1) except as otherwise provided by this section, be
27 prepared in accordance with the requirements of Section 8.04 of
28 this Act;

29 (2) be based on the actuarial assumptions that were
30 used by the system's actuary in the valuation completed for the year
31 ended December 31, 2020;

1 (3) project the corridor midpoint for the next 30
2 calendar years beginning with the calendar year that begins on
3 January 1, 2022; and

4 (4) include a schedule of city legacy contribution
5 amounts for 30 calendar years beginning with the calendar year that
6 begins on January 1, 2022.

7 (c) For purposes of Subsection (b)(4) of this section, the
8 schedule of city legacy contribution amounts must be determined in
9 such a manner that the total annual city legacy contribution amount
10 for the first three calendar years will result in a phase-in of the
11 anticipated increase in the city's contribution rate from the
12 calendar year that begins on January 1, 2021, in accordance with
13 Subsection (a) of this section, to the rate equal to the sum of the
14 estimated contribution rate for the calendar year that begins on
15 January 1, 2022, and the rate of pensionable payroll equal to the
16 city legacy contribution amount for January 1, 2022, determined as
17 if there was no phase-in of the increase to the city legacy
18 contribution amount. The phase-in must reflect approximately
19 one-third of the increase each year over the three-year phase-in
20 period. The city's contribution under Section 8.02 of this Act for:

21 (1) the calendar years that begin on January 1, 2022,
22 January 1, 2023, and January 1, 2024, must be adjusted to reflect
23 the impact of the phase-in prescribed by this section; and

24 (2) each calendar year that begins on January 1, 2025,
25 through January 1, 2051, must reflect a city legacy contribution
26 amount that is three percent greater than the city legacy
27 contribution amount for the preceding calendar year.

28 (d) The estimated city contribution rate for the calendar
29 year that begins on January 1, 2022, must be based on the projected
30 pensionable payroll, as determined under the initial risk sharing
31 valuation study required by this section, assuming a payroll growth

1 rate of three percent.

2 Sec. 8.04. SUBSEQUENT RISK SHARING VALUATION STUDIES. (a)

3 For each calendar year beginning after December 31, 2020, the
4 police retirement system shall cause the system's actuary to
5 prepare a risk sharing valuation study in accordance with this
6 section and actuarial standards of practice.

7 (b) Each risk sharing valuation study must:

8 (1) be dated as of the last day of the calendar year
9 for which the study is required to be prepared;

10 (2) calculate the unfunded actuarial accrued
11 liability of the system as of the last day of the applicable
12 calendar year, including the liability layer, if any, associated
13 with the most recently completed calendar year;

14 (3) calculate the estimated city contribution rate for
15 the following calendar year;

16 (4) determine the city contribution rate and the
17 member contribution rate for the following calendar year, taking
18 into account any adjustments required under Section 8.05, 8.06, or
19 8.065 of this Act, as applicable; and

20 (5) except as provided by Subsection (d) of this
21 section, be based on the assumptions and methods adopted by the
22 board in accordance with Section 3.091 of this Act, if applicable,
23 and that are consistent with actuarial standards of practice and
24 the following principles:

25 (A) closed layered amortization of liability
26 layers to ensure that the amortization period for each liability
27 layer begins 12 months after the date of the risk sharing valuation
28 study in which the liability layer is first recognized;

29 (B) each liability layer is assigned an
30 amortization period;

31 (C) each liability loss layer will be amortized

1 over a period of 30 years from the first day of the calendar year
2 beginning 12 months after the date of the risk sharing valuation
3 study in which the liability loss layer is first recognized, except
4 that the legacy liability must be amortized over a 30-year period
5 beginning January 1, 2022;

6 (D) each liability gain layer will be amortized
7 over:

8 (i) a period equal to the remaining
9 amortization period on the largest remaining liability loss layer,
10 and the two layers must be treated as one layer such that if the
11 payoff year of the liability loss layer is accelerated or extended,
12 the payoff year of the liability gain layer is also accelerated or
13 extended; or

14 (ii) if there is no liability loss layer, a
15 period of 30 years from the first day of the calendar year beginning
16 12 months after the date of the risk sharing valuation study in
17 which the liability gain layer is first recognized;

18 (E) liability layers will be funded according to
19 the level percent of payroll method;

20 (F) payroll for purposes of determining the
21 corridor midpoint, city contribution rate, and city legacy
22 contribution amount must be projected using the annual payroll
23 growth rate assumption adopted by the board; and

24 (G) the city contribution rate will be calculated
25 each calendar year without inclusion of the legacy liability.

26 (c) The city and the board may agree on a written transition
27 plan for resetting the corridor midpoint:

28 (1) if at any time the funded ratio of the system is
29 equal to or greater than 100 percent; or

30 (2) for any calendar year after the payoff year of the
31 legacy liability.

1 (d) Subject to Section 3.091 of this Act, the board may by
2 rule adopt actuarial principles other than those required under
3 Subsection (b)(5) of this section, provided the actuarial
4 principles:

5 (1) are consistent with actuarial standards of
6 practice;

7 (2) are approved by the system's actuary; and

8 (3) do not operate to change the city legacy
9 contribution amount.

10 Sec. 8.05. ADJUSTMENT TO CITY CONTRIBUTION RATE IF LOWER
11 THAN CORRIDOR MIDPOINT. (a) This section governs the
12 determination of the city contribution rate applicable in a
13 calendar year under Section 8.04(b)(4) of this Act if the estimated
14 city contribution rate determined under Section 8.04(b)(3) of this
15 Act is lower than the corridor midpoint.

16 (b) If the estimated city contribution rate is lower than
17 the corridor midpoint and the funded ratio is:

18 (1) less than 90 percent, the city contribution rate
19 for the applicable year equals the corridor midpoint; or

20 (2) equal to or greater than 90 percent and the city
21 contribution rate is:

22 (A) equal to or greater than the minimum city
23 contribution rate, the estimated city contribution rate is the city
24 contribution rate for the calendar year; or

25 (B) less than the minimum city contribution rate
26 for the corresponding calendar year, the city contribution rate for
27 the calendar year equals the minimum city contribution rate.

28 (c) If the funded ratio is equal to or greater than 100
29 percent:

30 (1) all existing liability layers, including the
31 legacy liability, are considered fully amortized and paid; and

1 (2) the city legacy contribution amount may no longer
2 be included in the city contribution under Section 8.02 of this Act.

3 Sec. 8.06. ADJUSTMENT TO CITY CONTRIBUTION RATE IF EQUAL TO
4 OR GREATER THAN CORRIDOR MIDPOINT. (a) This section governs the
5 determination of the city contribution rate applicable in a
6 calendar year under Section 8.04(b)(4) of this Act if the estimated
7 city contribution rate determined under Section 8.04(b)(3) of this
8 Act is equal to or greater than the corridor midpoint.

9 (b) If the estimated city contribution rate is equal to or
10 greater than the corridor midpoint and:

11 (1) less than or equal to the maximum city
12 contribution rate for the corresponding calendar year, the
13 estimated city contribution rate is the city contribution rate; or

14 (2) greater than the maximum city contribution rate
15 for the corresponding calendar year, the city contribution rate is
16 the maximum city contribution rate.

17 Sec. 8.065. INCREASED MEMBER CONTRIBUTION RATE IF ESTIMATED
18 CITY CONTRIBUTION RATE GREATER THAN MAXIMUM CITY CONTRIBUTION RATE.

19 (a) This section governs the determination of the member
20 contribution rate applicable in a calendar year under Section
21 8.04(b)(4) of this Act if the estimated city contribution rate
22 determined under Section 8.04(b)(3) of this Act is greater than the
23 maximum city contribution rate.

24 (b) Except as provided by Subsection (c) of this section, if
25 the estimated city contribution rate is greater than the corridor
26 maximum, the member contribution rate will increase by an amount
27 equal to the difference between the following:

28 (1) the estimated city contribution rate; and

29 (2) the maximum city contribution rate.

30 (c) The member contribution rate may not be increased by
31 more than two percentage points under this section.

1 (d) If the estimated city contribution rate is more than two
2 percent of pensionable payroll greater than the maximum city
3 contribution rate, the city and the board shall enter into
4 discussions to determine additional funding solutions.

5 Sec. 8.07. ADDITIONAL CITY CONTRIBUTIONS FOR PROPORTIONATE
6 RETIREMENT PROGRAM PARTICIPATION. (a) [~~3~~] The city shall
7 contribute amounts in addition to the amounts described by Section
8 8.02 of this Act [~~Subdivision (2) of this subsection]~~ as required by
9 Section 803.101(h), Government Code, to fund the additional
10 liabilities incurred by the police retirement system as a result of
11 participating in the proportionate retirement program. The rate at
12 which the city shall contribute additional amounts under this
13 section [~~subdivision]~~ is equal to 0.737 [~~0.25]~~ percent of the basic
14 hourly earnings of each member employed by the city for all pay
15 periods commencing on or after October 1, 2020, subject to
16 adjustment under Subsection (b) of this section [~~from January 4,~~
17 2009, through September 30, 2009. The rate at which the city shall
18 contribute additional amounts under this subdivision is equal to
19 0.63 percent of the basic hourly earnings of each member employed by
20 the city for all periods after September 30, 2009, subject to
21 adjustment under Subdivision (4) of this subsection].

22 (b) [~~4~~] The additional contribution rate under Subsection
23 (a) of this section [~~Subdivision (3) of this subsection]~~ shall
24 increase or decrease as considered necessary by the actuary for the
25 police retirement system after each five-year period of
26 participation by the system in the proportionate retirement program
27 in order to update the amount necessary to fund the additional
28 liabilities incurred by the system as a result of participating in
29 the proportionate retirement program and of the consolidation of
30 the city's public safety and emergency management department with
31 the police department on January 4, 2009. The system's actuary

1 shall perform an experience study that shall be the basis for a
2 contribution rate adjustment under this subsection [~~subdivision~~].
3 The effective date of the initial contribution rate adjustment
4 under this subsection [~~subdivision~~] is October 1, 2015. Each later
5 contribution rate adjustment under this subsection [~~subdivision~~]
6 takes effect October 1 of every fifth year after the effective date
7 of the initial contribution rate adjustment. The system's actuary
8 shall present to the police retirement board the experience study
9 on which any contribution rate adjustment under this subsection
10 [~~subdivision~~] is based not later than 45 days before the effective
11 date of the adjustment, and the city's actuary shall have the
12 opportunity to review and comment on the study. An adjustment in
13 the additional contribution rate under this subsection
14 [~~subdivision~~] may not cause the additional contribution rate under
15 Subsection (a) of this section [~~Subdivision (3) of this subsection~~]
16 to be less than zero.

17 Sec. 8.08. PUBLICATION OF CHANGES TO CONTRIBUTION RATES.

18 [~~(b)~~] Any change of the rates of deposit and the rates of
19 contribution shall be published when approved by the board.

20 Sec. 8.09. EXPENSES. (a) [~~(c) Contributions by the city~~

21 ~~shall be paid to the system after appropriation by the city council.~~

22 [~~(d)~~] Expenses involved in administration and operation of
23 the police retirement system shall be paid from the assets of the
24 police retirement system subject to approval by the board. Such
25 expenses shall include actuarial valuations of the system no less
26 frequently than on a biennial basis, annual audits and/or actuarial
27 studies, preparation of annual reports, and staff assistance.
28 Additional consulting may be authorized by the board and paid for
29 from the assets of the police retirement system as deemed necessary
30 from time to time by the board.

31 (b) [~~(e)~~] Expenses incurred from investment advice,

1 counsel, and management shall be paid from the assets of the police
2 retirement system.

3 Sec. 8.10. PAYMENT OF CONTRIBUTIONS. (a) Contributions by
4 the city shall be paid to the system after appropriation by the city
5 council.

6 (b) [~~f~~] The city shall make the police officer
7 contributions to the system required by Section 8.02 of this Act
8 [~~Subsection (a) of this section~~].

9 (c) The system shall make the administrative staff's
10 contributions to the system.

11 (d) Member contributions will be made by a reduction in
12 their monetary compensation. Contributions made shall be treated
13 as employer contributions in accordance with Section 414(h)(2),
14 Internal Revenue Code (26 U.S.C. Section 414(h)(2)), for the
15 purpose of determining tax treatment of the amounts under the
16 federal Internal Revenue Code. These contributions are not
17 includible in the gross income of the member until such time as they
18 are distributed or made available to the member.

19 (e) Member contributions made as provided by Subsection (d)
20 of this section [~~subsection~~] shall be deposited to the individual
21 account of each affected member and shall be treated as
22 compensation of members for all other purposes of this Act and for
23 the purpose of determining contributions to the federal Old-Age,
24 Survivors, and Disability Insurance System (Social Security). The
25 provisions of this subsection shall remain in effect as long as the
26 plan covering members is a qualified retirement plan under Section
27 401(a), Internal Revenue Code (26 U.S.C. Section 401(a)), and its
28 related trust is tax exempt under Section 501(a), Internal Revenue
29 Code (26 U.S.C. Section 501(a)).

30 Sec. 8.11. EFFECT OF SYSTEM TERMINATION ON CONTRIBUTIONS.
31 [~~g~~] If the police retirement system is terminated, further

1 contributions may not be made by the city or the system, and further
2 deposits may not be made by the members for service after the date
3 of termination. Members do not accrue any additional benefits
4 after the date of termination. The benefit accrued by each member
5 on the termination of the plan or the complete discontinuance of
6 contributions under the plan and the benefit of any affected member
7 on the partial termination of the plan, to the extent funded, become
8 nonforfeitable notwithstanding the length of a member's service.
9 The benefit accrued by a member also becomes nonforfeitable, if not
10 already nonforfeitable, at the normal retirement date.

11 Sec. 8.12. EFFECT OF FORFEITURE. [~~(h)~~] A forfeiture from a
12 member terminating employment and withdrawing the member's
13 accumulated deposits may not be applied to increase the benefit
14 that any other member would receive from the system. The actuary
15 shall anticipate the effect of forfeitures in determining the costs
16 under the system.

17 Sec. 8.13. SYSTEM ASSETS. [~~(i)~~] The assets of the police
18 retirement system shall be held in trust for the exclusive benefit
19 of the members and their beneficiaries. The corpus or income may
20 not be used for or diverted to a purpose other than the exclusive
21 benefit of members or their beneficiaries, whether by operation or
22 natural termination of the system, by power of revocation or
23 amendment, by the happening of a contingency, by collateral
24 arrangement, or by other means.

25 SECTION 15. Section 13.02, Chapter 452 (S.B. 738), Acts of
26 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
27 Vernon's Texas Civil Statutes), is amended to read as follows:

28 Sec. 13.02. MANDATORY DISTRIBUTIONS PROHIBITED. A member
29 or former member who has separated from service may not be required
30 to receive an eligible rollover distribution, as defined in Section
31 13.01(b)(1) of this Act, without the member's consent unless the

1 member or former member has attained the applicable age for minimum
2 distributions required under Section 401(a)(9) of the Internal
3 Revenue Code of 1986 (26 U.S.C. Section 401(a)(9)) [~~is at least~~
4 ~~70-1/2 years of age~~].

5 SECTION 16. The following provisions of Chapter 452 (S.B.
6 738), Acts of the 72nd Legislature, Regular Session, 1991 (Article
7 6243n-1, Vernon's Texas Civil Statutes), are repealed:

- 8 (1) Section 5.04(b);
- 9 (2) Sections 6.01(c), (d), and (e);
- 10 (3) Section 6.02(b); and
- 11 (4) Section 7.02(b).

12 SECTION 17. (a) In this section, "police retirement board"
13 has the meaning assigned by Section 1.02, Chapter 452 (S.B. 738),
14 Acts of the 72nd Legislature, Regular Session, 1991 (Article
15 6243n-1, Vernon's Texas Civil Statutes).

16 (b) Section 3.02, Chapter 452 (S.B. 738), Acts of the 72nd
17 Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
18 Texas Civil Statutes), does not affect the term of a member of the
19 police retirement board appointed or elected under that section, as
20 that section existed immediately before the effective date of this
21 Act, and serving on the board on the effective date of this Act.

22 (c) When the terms of:

23 (1) the two members of the police retirement board
24 elected under Section 3.02(a)(4), Chapter 452 (S.B. 738), Acts of
25 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
26 Vernon's Texas Civil Statutes), as that section existed immediately
27 before the effective date of this Act, who have terms that expire in
28 December 2021, expire:

29 (A) one of the resulting vacancies on the board
30 shall be filled by appointment by the city council in accordance
31 with Section 3.02(a)(6), Chapter 452 (S.B. 738), Acts of the 72nd

1 Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
2 Texas Civil Statutes), as amended by this Act; and

3 (B) the other resulting vacancy shall be filled
4 by election of the members in accordance with Sections 3.02(a)(4)
5 and 3.03, Chapter 452 (S.B. 738), Acts of the 72nd Legislature,
6 Regular Session, 1991 (Article 6243n-1, Vernon's Texas Civil
7 Statutes), as applicable; and

8 (2) the three members of the police retirement board
9 elected under Section 3.02(a)(4), Chapter 452 (S.B. 738), Acts of
10 the 72nd Legislature, Regular Session, 1991 (Article 6243n-1,
11 Vernon's Texas Civil Statutes), as that section existed immediately
12 before the effective date of this Act, who have terms that expire in
13 December 2023, expire, the resulting vacancies on the board shall
14 be filled by an election of the members in accordance with that
15 section and Section 3.03, Chapter 452 (S.B. 738), Acts of the 72nd
16 Legislature, Regular Session, 1991 (Article 6243n-1, Vernon's
17 Texas Civil Statutes), as applicable, except that the member
18 receiving the third highest number of votes in that election shall
19 serve for a term of only two years with the member's term expiring
20 in December 2025.

21 SECTION 18. This Act takes effect September 1, 2021.