S.B. No. 1337

AN ACT

relating to credit in, benefits from, and administration of the Texas Municipal Retirement System.

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

SECTION 1. Section 851.001, Government Code, is amended by adding Subdivision (8-a) and amending Subdivision (15) to read as follows:

(8-a) "Excluded prior service credit" means prior service credit described by Section 853.0015 and:

(A) adopted under Section 853.105(d-1); or

(B) required by Section 853.303(a-1), (a-2), or (a-3).

(15) "Amortization period" means, as to a particular municipality, the expiration of the maximum number of years, not to exceed 30 years, time ending with the later of:

(A) the expiration of 25 years after the effective date of the municipality’s participation in the retirement system;

(B) the expiration of 25 years after the most recent actuarial valuation date for the municipality; or

(C) the period determined under Section 855.407(h).

SECTION 2. Section 851.004, Government Code, is amended to read as follows:
Sec. 851.004. POWERS, PRIVILEGES, AND IMMUNITIES.

(a) The retirement system has the powers, privileges, and immunities of a corporation, as well as the powers, privileges, and immunities conferred by this subtitle.

(b) The board of trustees, director, members of an advisory committee or medical board appointed by the board of trustees, and staff of the retirement system are not liable for any action taken or omission made or suffered by them in good faith in the performance of any duty in connection with any program, system, or benefit administered by the retirement system.

SECTION 3. The heading to Section 853.003, Government Code, is amended to read as follows:

Sec. 853.003. BUY BACK OF CREDITED SERVICE PREVIOUSLY CANCELED.

SECTION 4. Subchapter A, Chapter 853, Government Code, is amended by adding Sections 853.0015 and 853.004 to read as follows:

Sec. 853.0015. EXCLUDED PRIOR SERVICE CREDIT. If a member is entitled to receive excluded prior service credit under this chapter, the excluded prior service credit certified to the member:

(1) may only be used to satisfy length of service requirements for vesting and retirement eligibility; and

(2) may not be used to determine eligibility for or computation of updated service credits.

Sec. 853.004. RULES FOR CREDITABLE SERVICE. The board of trustees may adopt rules necessary or desirable to implement this chapter.

SECTION 5. Section 853.105, Government Code, is amended by
amending Subsections (a), (c), and (d) and adding Subsection (d-1) to read as follows:

(a) After receiving a certification of prior service and average prior service compensation under Section 853.104, the retirement system shall determine the member's prior service credit.

(c) The prior service credit is an amount computed as a percentage determined as provided by Subsection (d) or, if applicable, Subsection (d-1), times a base credit equal to the accumulation at three percent interest of a series of monthly amounts for the number of months of approved prior service, times the sum of:

(1) the rate of contributions required of employees of the municipality for current service; plus

(2) the rate described in Subdivision (1) times the municipal current service matching ratio.

(d) The governing body of a municipality shall determine in the ordinance providing for participation the percentage to be applied against the base credit in computing a prior service credit under Subsection (c). Except as provided by Subsection (d-1), the percentage adopted may be any multiple of 10 percent that does not exceed 100 percent of the base credit, with 10 percent being the minimum percentage a municipality may adopt. A governing body may not adopt a percentage
under this subsection until the actuary first determines, and the retirement system [board of trustees] concurs in the determination, that the municipality is able to fund, before the 30th [25th] anniversary of the effective date of its participation in the retirement system, all prior service obligations that the municipality proposes to assume under this section.

(d-1) The governing body of a municipality shall adopt, by ordinance, a zero percent prior service credit if, before joining the retirement system, the municipality provided retirement benefits to its employees that were funded partly or wholly by the municipality. Prior service credit adopted under this subsection is excluded prior service credit.

SECTION 6. Section 853.106, Government Code, is amended to read as follows:

Sec. 853.106. PRIOR SERVICE CERTIFICATE. (a) After determining a member's prior service credit under Section 853.105, the retirement system [board of trustees] shall issue to the member a prior service certificate stating:

(1) the number of months of prior service credited;

(2) the average prior service compensation; and

(3) the prior service credit.

(b) As long as a person remains a member, the person's prior service certificate is, for purposes of retirement, conclusive evidence of the information it contains, except that a member or participating municipality[, before the first anniversary of its issuance or modification,] may request that the retirement system correct an error in the prior service [board of trustees to modify
THE CERTIFICATE IN ACCORDANCE WITH SECTION 852.110.

SECTION 7. Section 853.303, Government Code, is amended by adding Subsections (a-1), (a-2), and (a-3) and amending Subsections (c) and (d) to read as follows:

(a-1) This subsection applies to a participating municipality that is required to adopt a zero percent prior service credit under Section 853.105(d-1). If the governing body of a participating municipality subject to this subsection authorizes the granting of prior service credit to an employee under Subsection (a), the employee is only entitled to receive excluded prior service credit.

(a-2) This subsection applies to a participating municipality that, before having a department of the municipality begin participating in the retirement system, provided other retirement benefits to its employees in that department funded partly or wholly by the municipality. If, on or after January 1, 2020, the governing body of a participating municipality subject to this subsection authorizes the granting of prior service credit to an employee under Subsection (a), the employee is only entitled to receive excluded prior service credit.

(a-3) This subsection applies to a participating municipality that elected to discontinue the participation in the retirement system of persons employed or reemployed after the date of an election to discontinue under Section 852.006(a), provided other retirement benefits to those persons funded partly or wholly by the municipality, and subsequently elects, by ordinance, to have those persons resume participating in the retirement system as
employees. If, on or after January 1, 2020, the governing body of a participating municipality subject to this subsection authorizes prior service credit under Subsection (a) to an employee described by this subsection, the employee is only entitled to excluded prior service credit.

(c) As soon as practicable after a member has filed a statement of prior service under this section, the municipality shall verify the prior service claimed and certify to the retirement system [board of trustees] the creditable prior service approved and the average monthly compensation paid to the member during the period of the service.

(d) After receiving a certification of prior service and average monthly compensation under this section, the retirement system [board of trustees] shall:

(1) determine the prior service credit allowable to the member in the manner provided by Section 853.105; and

(2) issue to the member a prior service certificate as provided by Section 853.106.

SECTION 8. Section 853.401(a), Government Code, is amended to read as follows:

(a) Except as provided by Subsection (b) and Section 853.0015, the governing body of a participating municipality by ordinance may authorize the crediting in the retirement system of updated service credits for service performed for the municipality by members. Beginning January 1, 2022, a member must be a contributing employee of the municipality on the date prescribed by Section 853.402(e) to be eligible to receive an updated service
credit authorized under this section. An updated service credit authorized under this section replaces any updated service credit or prior service credit previously authorized for part of the same service.

SECTION 9. Section 853.402, Government Code, is amended by adding Subsection (g) to read as follows:

(g) The retirement system may recalculate updated service credit for purposes of determining a member's retirement annuity if:

(1) the member reestablishes credited service in accordance with Section 853.003 and retires in the same calendar year; and

(2) any municipality for which the member performed creditable service adopts an ordinance authorizing updated service credits under Section 853.401, 853.404, or 853.601 with an effective date of January 1 of the same calendar year.

SECTION 10. Section 853.601(a), Government Code, is amended to read as follows:

(a) The governing body of a participating municipality in ordinances authorizing updated service credits under Section 853.401 [on or after January 1, 1984] may provide that those members who are eligible for such credits on the basis of service with the granting municipality, who have unforfeited credit for prior service or current service with another participating municipality or municipalities by reason of previous employment, and who are contributing members on the date prescribed by Section 853.402(e), shall be credited in the retirement system with updated
service credit calculated in the manner prescribed by Sections 853.401 and 853.402, except that in determining the base updated service credit of the member under Section 853.402(c)(1), all unforfeited credited service performed by the member by reason of previous employment in other participating municipalities prior to the date prescribed by Section 853.402(e) shall be treated as if performed in the service of the municipality adopting the ordinance, and that amount shall be reduced by an amount equal to the sum of:

1. 2 times the amount credited to the member's individual account on the date prescribed in Section 853.402(e), which any participating municipality has undertaken to match on a 1 to 1 ratio; plus

2. 2.5 times the amount credited to the member's individual account, subject to a 1.5 to 1 matching ratio by any participating municipality; plus

3. 3 times the amount credited to the member's individual account, subject to a 2 to 1 matching ratio by any participating municipality; and plus

4. the sum of all updated service credits, prior service credits, special prior service credits, and antecedent service credits allowed to the member by any other participating municipality by which the member was previously employed and to which the member is entitled.

SECTION 11. Section 854.006(f), Government Code, is amended to read as follows:

(f) If a divorce decree or a qualified domestic relations
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order, as that term is defined by Section 804.001, so provides, the
benefit payable to a retiree who is receiving payments of an annuity
for the retiree's life with payments to continue after the retiree's
death until the death of another person under Section
854.104(c)(1), (2), or (5), 854.305(c)(1), (2), or (5), or
854.410(c)(1), (2), or (5) may be increased to the amount that
would have been payable if the retiree had selected an annuity
payable only during the retiree's lifetime if:

(1) the proceeding in which the decree or order is
entered terminates the marriage between the retiree and the person
who was designated to receive the continued payment after the
retiree's death;

(2) the decree or order awards the retiree all
benefits resulting from the retiree's participation in the
retirement system; and

(3) the decree or order is signed after December 31,
1999.

SECTION 12. Section 854.301, Government Code, is amended by
adding Subsection (d) to read as follows:

(d) A member may not apply for a disability retirement
annuity under this subchapter after the date the member's
participating municipality begins participation in the
occupational disability benefits program under Subchapter E.

SECTION 13. Sections 854.408(a) and (b), Government Code,
are amended to read as follows:

(a) The standard occupational disability retirement annuity
payable under this subchapter is the sum of the member's prior
service annuity and current service annuity. A prior service
annuity is subject to reduction under Section 855.308(f). A
standard occupational disability retirement annuity[1]

(1) is payable throughout the life of the retiree
except as otherwise provided by this subchapter[2]; and

(2) is reducible as to any month or series of months
as provided by this section].

(b) The occupational disability retirement annuity of a
disability retiree may not be suspended under this subchapter after
the date the disability retiree attains 60 years of age [During any
month in which a retiree who is less than 60 years old receives
earned income subject to taxation under the Federal Insurance
Contributions Act or that would be subject to those taxes if the
employer were not an exempt organization, the standard occupational
disability retirement annuity may not exceed the greater of the
following amounts:

(1) the amount that is required to be added to the
retiree's earned income for the month to equal the highest average
compensation on which the retiree made membership contributions to
the retirement system during any 12 consecutive months during the
three calendar years immediately preceding the year in which the
retiree retired for disability, when the highest average
compensation is multiplied by the percentage increase, if any, in
the Consumer Price Index for All Urban Consumers published by the
Bureau of Labor Statistics of the United States Department of Labor
from December of the year immediately preceding the effective date
of the person's retirement to the December that is 13 months before
a computation is made under this subsection; or

(2) the monthly annuity attributable to the retiree's accumulated contributions at the time of the person's retirement].

SECTION 14. Section 854.409, Government Code, is amended to read as follows:

Sec. 854.409. MEDICAL EXAMINATION [REPORTS REQUIRED] OF RETIREES. (a) The retirement system may require, by written request, a disability retiree under this subchapter who is younger than 60 years of age to undergo a medical examination and provide current medical and other relevant information reaffirming the status of the retiree as meeting the requirements for certification of occupational disability under Section 854.407(b). The retirement system or medical board may designate a physician to perform the examination. The retiree shall pay the cost of the examination, unless the director, at the director's discretion, waives that requirement and has the retirement system pay the cost of the examination [A disability retiree who is less than 60 years old and who accepts employment or during any month receives income that is subject to taxation under the Federal Insurance Contributions Act shall promptly notify the board of trustees in writing if the amount of the earnings, when added to the amount of the standard occupational disability retirement benefit, produces a sum in excess of the average monthly compensation on which the retiree made member contributions during the 12-month period preceding the date of the person's retirement].

(b) [Each retiree who is receiving an occupational disability retirement annuity and is less than 60 years old shall
make annual reports to the board of trustees on such form as the
board may prescribe, concerning receipt by the retiree of income
that is subject to taxation under the Federal Insurance
Contributions Act or that would be subject to those taxes if the
employer were not an exempt organization, along with any supporting
information as may be required by the board of trustees. If a
disability retiree refuses to submit to a medical examination or
fails to provide current medical or other [the] information
requested under Subsection (a) [required under this section], the
retirement system [director] may suspend payments of the disability
annuity as provided by this section [until the retiree provides the
required information].

(c) If a disability retiree refuses to submit to a medical
examination or fails to provide current medical or other
information requested under Subsection (a) by the first anniversary
of the date the retirement system requested the medical examination
or information, the retirement system may suspend payments of the
disability annuity until the earlier of the date the retiree:

(1) attains 60 years of age; or

(2) submits to a medical examination and provides the
requested information.

(d) If a disability retiree submits to a medical examination
and provides the requested information before the fourth
anniversary of the date the retirement system requested the medical
examination or information, the retirement system may pay the
suspended payments of the disability annuity in a lump sum.

(e) If the medical board finds that a disability retiree
under this subchapter has experienced medical improvement to the extent that the disability retiree no longer meets the requirements for certification of occupational disability under Section 854.407(b), the medical board shall certify the medical board's findings and submit the findings to the director. If the director concurs in the medical board's findings under this section, the director may adopt the findings, and the retirement system may suspend payments of the disability annuity and take other action as the retirement system, in the retirement system's discretion, considers equitable and appropriate to address the situation, until the disability retiree attains 60 years of age.

(f) The suspension of a benefit under this section does not suspend payment of a benefit to an alternate payee under a qualified domestic relations order.

SECTION 15. Section 854.410(e), Government Code, is amended to read as follows:

(e) To select an optional occupational disability retirement annuity, a member or retiree must make the selection and designate a beneficiary on a form prescribed by and filed with the retirement system [board of trustees] before the 31st day after the effective date of retirement.

SECTION 16. Subchapter E, Chapter 854, Government Code, is amended by adding Section 854.411 to read as follows:

Sec. 854.411. RULES FOR OPTIONAL DISABILITY RETIREMENT ANNUITIES. The board of trustees may adopt rules necessary or desirable to implement this subchapter.

SECTION 17. Section 855.007, Government Code, is amended by
amending Subsections (a), (b), and (c) and adding Subsections (e), (f), (g), (h), (i), (j), and (k) to read as follows:

(a) The board of trustees shall hold at least four regular meetings in March, June, September, and December of each year and additional special meetings when called by the director.

(b) Before the fifth day preceding the day of a meeting, the director shall give written notice of the special meeting to each trustee unless notice is waived.

(c) Except as otherwise provided by this subtitle, Chapter 551, or other law, all meetings of the board must be open to the public.

(e) Notwithstanding Chapter 551 or any other law, the board of trustees may hold an open or closed meeting by telephone conference call, videoconference, or other similar telecommunication method. The board may use a telephone conference call, videoconference, or other similar telecommunication method for purposes of establishing a quorum or voting or for any other meeting purpose in accordance with Subsection (f) and this subsection. This subsection applies without regard to the subject matter discussed or considered by the board at a meeting.

(f) A meeting of the board of trustees held by telephone conference call, videoconference, or other similar telecommunication method:

(1) is subject to the notice requirements applicable to other board meetings;

(2) may not be held unless notice of the meeting specifies the location of the meeting at which at least one trustee
of the board will be physically present; and

(3) must be open and audible to the public at the
location specified in the notice under Subdivision (2) during the
open portions of the meeting.

(g) Chapter 551 does not require the board of trustees to
confer with one or more employees, consultants, or legal counsel of
the retirement system or with a third party, including
representatives of an issuer of restricted securities or a private
investment fund, in an open meeting if the only purpose of the
conference is to receive information from or question the
employees, consultants, or legal counsel of the retirement system
or the third party relating to an investment or a potential
investment.

(h) The board of trustees or a committee of the board may
conduct a closed meeting in accordance with Subchapter E, Chapter
551, with the retirement system's internal or external auditors to
discuss:

(1) governance, risk management or internal control
weaknesses, known or suspected compliance violations or fraud,
status of regulatory reviews or investigations, or identification
of potential fraud risk areas and audits for the annual internal
audit plan; or

(2) the auditors' ability to perform duties in
accordance with the Internal Audit Charter and relevant auditing
standards.

(i) Notwithstanding Chapter 551 or any other law, the board
of trustees may conduct a closed meeting to consider and discuss:
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(1) evaluations or duties of trustees or board consultants; and

(2) self-evaluations of the board as a whole.

(j) Notwithstanding any other law, Chapter 551 does not apply to an assembly of the board of trustees or one of the board's committees while attending a summit, conference, convention, workshop, or other event held for educational purposes if the assembly or committee does not deliberate, vote, or take action on a specific matter of public business or public policy over which the board of trustees or a committee of the board has supervision or control. This subsection does not apply to a meeting of the board of trustees scheduled or called under the board's bylaws.

(k) The board of trustees may adopt rules necessary or desirable to implement this section.

SECTION 18. Section 855.107, Government Code, is amended to read as follows:

Sec. 855.107. AUDIT. (a) In this section:

(1) "Audit" means an internal or independent external audit authorized or required by this section or initiated or commissioned by the board of trustees or a committee of the board of trustees. The term includes a financial audit, compliance audit, economy and efficiency audit, effectiveness audit, performance audit, security or risk audit, attestation, management-directed engagement, or investigation.

(2) "Audit working paper" includes all information, documentary or otherwise, prepared or maintained in conducting an audit or preparing an audit report, including:
(A) internal or external communications relating to the audit that are made or received in the course of the audit;
(B) drafts of an audit report or portions of those drafts;
(C) drafts of audit plans; and
(D) records of risk assessments.

(b) Annually, or more often, the board of trustees shall have the accounts of the retirement system audited by a certified public accountant.

(c) In addition to the financial audit required by Subsection (b), the board of trustees may initiate or commission an audit or investigation of activities, functions, or operations of the retirement system as the board determines appropriate.

(d) Audit working papers prepared, maintained, or assembled by the retirement system or an agent of the retirement system are not a record of the board of trustees for purposes of Section 855.112, and are confidential and excepted from the disclosure requirements of Chapter 552.

(e) Unless made confidential under other law, an audit report, when received by the board of trustees in its final form, is public information not excepted from the requirements of Section 552.021.

SECTION 19. Section 855.110(c), Government Code, is amended to read as follows:

(c) The board of trustees, after consultation with the actuary, by rule or by funding policy adopted by the board of trustees, may:
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(1) set open or closed amortization periods not to exceed 30 years;

(2) change the period for amortizing a municipality's unfunded actuarial accrued liabilities from an open period to a closed period or from a closed period to an open period;

(3) decrease or increase the amortization period, provided the amortization period may not exceed 30 years; and

(4) set different amortization periods for unfunded actuarial accrued liabilities arising from different types of events giving rise to liabilities and ladder the amortization of the liabilities.

SECTION 20. Section 855.112, Government Code, is amended to read as follows:

Sec. 855.112. RECORDS [OF BOARD OF TRUSTEES]. (a) The retirement system [board of trustees] shall keep, in convenient form, data necessary for required computations and valuations by the actuary.

(b) The board of trustees shall keep a permanent record of all of its proceedings.

(c) Records of the board of trustees are open to the public.

SECTION 21. Section 855.114, Government Code, is amended to read as follows:

Sec. 855.114. OBTAINING INFORMATION. (a) In this section, "participant" means a member, former member, retiree, annuitant, beneficiary, or alternate payee of the retirement system.

(b) The board of trustees shall obtain from participants [members] or participating municipalities information necessary
for the proper operation of the retirement system.

(c) Each participant and participating municipality shall timely provide, in the form and manner specified by the retirement system, information necessary for the proper operation and administration of the retirement system.

SECTION 22. Section 855.115, Government Code, is amended by amending Subsections (a), (c), and (d) and adding Subsections (a-1), (b-1), (e), (f), (g), and (h) to read as follows:

(a) In this section, "participant" has the meaning assigned by Section 855.114.

(a-1) Information contained in records that are in the custody of the retirement system or maintained in the custody of another governmental entity or an administrator or carrier acting in cooperation with or on behalf of the retirement system concerning a participant [an individual member, retiree, annuitant, or beneficiary] is confidential and not subject to public disclosure. Except as otherwise provided by this section, the retirement system is not required to accept or comply with a request for a record or information about a record of a participant, or to seek an opinion from the attorney general because the records of a participant are not public records and are exempt from disclosure and the public information provisions of Chapter 552. Participant information [under Section 552.101, and] may not be disclosed [in a form identifiable with a specific individual] unless:

(1) the information is disclosed to:

(A) the participant [individual] or the
participant's [individual's] attorney, guardian, executor, administrator, conservator, or other person who the director determines is acting in the interest of the participant [individual] or the participant's [individual's] estate;

(B) a spouse or former spouse of a participant [the individual] after the director determines that the information is relevant to the spouse's or former spouse's interest in member accounts, benefits, or other amounts payable by the retirement system;

(C) a governmental official or employee after the director determines that disclosure of the information requested is reasonably necessary to:

(i) the performance of the duties of the official or employee; or

(ii) perform the purposes of the retirement system; or

(D) a person authorized by the participant [individual] in writing to receive the information; or

(2) the information is disclosed pursuant to a subpoena and the director determines that the participant [individual] will have a reasonable opportunity to contest the subpoena.

(b-1) This section does not require the retirement system to compile or disclose a list of participants' names, addresses, social security numbers, or other descriptive or demographic information.

(c) The director may designate other employees of the
retirement system to make the necessary determinations under Subsection (a-1) [(a)].

(d) A determination and disclosure under Subsection (a-1) [(a)] may be made without notice to the participant [individual member, retiree, annuitant, or beneficiary].

(e) A record released or received by the retirement system under this section may be transmitted electronically, including through the use of an electronic signature or certification in a form acceptable to the retirement system. An unintentional disclosure to, or unauthorized access by, a third party related to the transmission or receipt of information under this section is not a violation by the retirement system of any law, including any law or rule relating to the protection of confidential information.

(f) The records of a participant remain confidential after release to a person, including a governmental official or employee, as authorized by this section. The records of the participant may become part of a public record of an administrative or judicial proceeding, and the participant waives the confidentiality of the records, including medical records, unless the records are closed to public access by a protective order issued under applicable law.

(g) The retirement system may require a participant to provide the participant's social security number as the retirement system considers necessary to ensure the proper administration of all services, benefits, plans, and programs under the retirement system's administration or as otherwise required by state or federal law.

(h) The retirement system has sole discretion in
determining if a record is subject to this section. For purposes of this section, a record includes any record of the retirement system containing information about a participant, living or deceased.

SECTION 23. Section 855.116, Government Code, is amended to read as follows:

Sec. 855.116. ELECTRONIC INFORMATION [FILING OF CERTAIN DOCUMENTS]. (a) In this section:

(1) "Electronic filing" means the filing of data by the communication of information by facsimile or in the form of digital electronic signals transformed by computer and stored on microfilm, magnetic tape, magnetic or solid state [optical] disk, or any other electronic storage or other medium.

(2) "Electronic record" means any information that is recorded in a form for computer processing.

(b) The board of trustees may adopt rules and procedures relating to the electronic filing of documents with the retirement system and the delivery of information electronically by the retirement system. A document that is electronically filed in accordance with those rules and procedures is considered to have been properly filed with the retirement system.

(c) The retirement system may provide confidential information electronically to participating municipalities, members, retirees, beneficiaries, annuitants, alternate payees, and other persons authorized to receive the information and may receive information electronically from the individuals or entities, as applicable, including by use of an electronic signature or certification in a form acceptable to the retirement system.

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system. An unintentional disclosure to, or unauthorized access by, a third party related to the transmission or receipt of information under this section is not a violation by the retirement system of any law, including a rule relating to the protection of confidential information.

(d) Subject to Subsection (f), the retirement system may provide to a member, retiree, or annuitant any information that is required to be provided, distributed, or furnished under Section 802.106(a), (b), (d), or (e) by:

(1) sending the information to an e-mail address or other electronic address furnished to the retirement system by the member, retiree, or annuitant; or

(2) directing the member, retiree, or annuitant through a written notice, e-mail, or other electronic notice to an Internet website address to access the information.

(e) Subject to Subsection (f), the retirement system may provide to a member, retiree, or annuitant the information that is required to be provided under Section 802.106(c) by directing the member, retiree, or annuitant through a written notice, e-mail, or other electronic notice to an Internet website address to access the information.

(f) Electronic notice sent under this section by e-mail or other electronic means may only be sent to an e-mail address or other electronic address furnished to the retirement system by the member, retiree, or annuitant.

(g) The retirement system may:

(1) photograph, microphotograph, film, or make an
electronic record of any record in the retirement system's possession; or

(2) preserve the record through electronic document imaging.

(h) If a record is reproduced under Subsection (g), the retirement system may destroy or dispose of the original record if the system first:

(1) places the reproduction or electronic record in a file that is conveniently accessible to retirement system personnel; and

(2) provides for the preservation, examination, and use of the reproduction or stored electronic record.

(i) A photograph, microphotograph, film, electronic record, or electronic document image of a record received by the retirement system or reproduced under Subsection (g) is equivalent to the original record for all purposes, including introduction as evidence in all courts and administrative agency proceedings. A certified or authenticated copy of the photograph, microphotograph, film, electronic record, or electronic document image is admissible as evidence to the same extent as the original record.

(j) The director or an authorized representative may certify the authenticity of a record reproduced under this section and may charge a fee for the certified copy as provided by law.

(k) Certified records shall be furnished to any person who is authorized by law to receive them.

SECTION 24. The heading to Section 855.202, Government
Code, is amended to read as follows:

Sec. 855.202. LEGAL REPRESENTATION [ADVISER].

SECTION 25. Section 855.202, Government Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The attorney shall act as the legal adviser to the board of trustees [and shall represent the system in all litigation].

(c) The board of trustees, the director, or the director's designee may employ or obtain the services of other attorneys or outside legal counsel to represent the retirement system in litigation or advise the retirement system on fiduciary or legal matters.

SECTION 26. Section 855.301, Government Code, is amended by amending Subsection (a) and adding Subsection (d) to read as follows:

(a) The board of trustees shall invest and reinvest the assets of the retirement system without distinction as to their source in accordance with Section 67, Article XVI, Texas Constitution. For purposes of the investment authority of the board of trustees under Section 67, Article XVI, Texas Constitution, "security" or "securities" means any investment instrument within the meaning of the term as defined by Section 4, The Securities Act (Article 581-4, Vernon's Texas Civil Statutes), 15 U.S.C. Section 77b(a)(1), or 15 U.S.C. Section 78c(a)(10). An interest in a limited partnership or investment contract is considered a security without regard to the number of investors or the control, access to information, or rights granted to or
retained by the retirement system. Any instrument or contract intended to manage transaction, currency exchange, or interest rate risk in purchasing, selling, or holding securities, or that derives all or substantially all of its value from the value or performance of one or more securities, including an index or group of securities, is considered to be a security.

(d) The board of trustees may:

(1) delegate discretionary investment authority to and contract with external investment managers to invest and manage the assets held in trust by the retirement system; and

(2) contract with external investment advisors and consultants to assist and advise the board and the staff of the retirement system.

SECTION 27. Section 855.407, Government Code, is amended by amending Subsections (f) and (h) and adding Subsection (i) to read as follows:

(f) The governing body of a municipality that is determined by the actuary to be unable to finance all obligations charged against its account in the benefit accumulation fund within the municipality's current amortization period [25 years after its most recent actuarial valuation date] may elect to have the municipality contribute to its account in the benefit accumulation fund at a rate that does not exceed in any year the sum of two percent and the maximum contribution rate specified by Subsection (a) and by Section 855.501, if applicable, and that the actuary annually may determine as necessary to finance the existing levels of benefits before the expiration of the municipality's current amortization period.
period [25 years after the most recent actuarial valuation date].

(h) Subject to Subsection (i), if [If] the board of trustees adopts any actuarial changes, including changes [change] in actuarial assumptions or in actuarial method, that would result in any municipality having an increase in its combined contribution rate of more than one-half of one percent of the total compensation paid to its employees based on its current amortization period, the board may, after consultation with the actuary, take any or all of the following actions [and if its governing body adopts a resolution requesting a new amortization period, the municipality will be assigned a new amortization period equal to the lesser of]:

(1) phase in the increase in the contribution rate for the municipality over a reasonable period of time;

(2) increase the period for amortizing the municipality's unfunded actuarial accrued liabilities for a period that does not exceed 30 years; or

(3) allow the municipality to request in writing an increase in the municipality's amortization period, provided that the new amortization period the municipality may be assigned equals the lesser of:

(A) the number of years required to limit the increase in the combined rate to one-half of one percent of the total compensation paid to its employees; or

(B) [40] the maximum number of years, not to exceed 30 [40] years, specified by the board of trustees.

(i) A municipality may decline to phase in the increase in the municipality's contribution rate or increase the municipality's
amortization period under Subsection (h).

SECTION 28. Sections 852.005(b), 853.105(b), 854.408(c) and (d), and 854.410(f), Government Code, are repealed.

SECTION 29. The changes in law made to Chapter 854, Government Code, as amended by this Act, apply to a retiree regardless of whether the person retired before, on, or after the effective date of this Act.

SECTION 30. This Act takes effect January 1, 2020.
President of the Senate

I hereby certify that S.B. No. 1337 passed the Senate on April 11, 2019, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 21, 2019, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1337 passed the House, with amendment, on May 3, 2019, by the following vote: Yeas 140, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor