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TEXAS LEGISLATIVE COUNCIL  
Preliminary Draft

By: \_\_\_\_\_

\_\_\_\_.B. No. \_\_\_\_\_

A BILL TO BE ENTITLED

AN ACT

relating to participation and credit in, contributions to, benefits from, and administration of the Texas County and District Retirement System.

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

SECTION 1. Section 842.052, Government Code, is amended by amending Subsection (a) and adding Subsection (g) to read as follows:

(a) With the consent of the board of trustees, a subdivision [~~other than a county~~] may voluntarily terminate its participation in the retirement system if the subdivision agrees to be contractually and legally bound, on terms approved by the board, to fund:

(1) all benefits accrued before the date specified in the termination agreement and payable on or after that date in accordance with Subsection (e); and

(2) all supplemental annuities.

(g) The board of trustees may not unreasonably withhold consent under this section.

SECTION 2. Section 842.053(a), Government Code, is amended to read as follows:

(a) The board of trustees by order may terminate the

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participation of a subdivision [~~other than a county~~] if the board determines that:

(1) the subdivision has failed to perform in accordance with a termination agreement under Section 842.052;

(2) the subdivision has ceased to exist, is in the process of dissolving, or is changing its operational form;

(3) benefits accrued for service with the subdivision may be at risk of forfeiture;

(4) the retirement system no longer serves as an effective program for providing retirement, disability, and death benefits to the employees of the subdivision because of the action or inaction of the subdivision or because of a significant change in covered payroll, number of contributing members, workforce composition, general revenues, or other circumstances of the subdivision; or

(5) the continued participation of the subdivision is not in the best interest of the retirement system, the subdivision, the employees of the subdivision, or the other participating subdivisions.

SECTION 3. Sections 844.1021(b) and (c), Government Code, are amended to read as follows:

(b) [~~A subdivision may not revoke its adoption of an optional service retirement eligibility provision described by this section.~~] A subdivision may adopt an optional service retirement eligibility provision providing less restrictive eligibility

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requirements.

(c) An optional service retirement eligibility provision may provide that a member who has at least 10 years of credited service is eligible to apply for retirement if the member has attained age 60 or an age at which the sum of the member's credited service and attained age equals or exceeds the number 80 [~~75~~].

SECTION 4. Section 844.601(a), Government Code, is amended to read as follows:

(a) This section applies only to a county that began participation in the retirement system before January 1, 1992, and has not adopted the provisions of Subchapter H or I.

SECTION 5. Section 844.701, Government Code, is amended to read as follows:

Sec. 844.701. APPLICABILITY. Except for a county described by Section 844.601 or a county that has adopted the provisions of Subchapter I, this subchapter applies to each subdivision that participates in the retirement system.

SECTION 6. Chapter 844, Government Code, is amended by adding Subchapter I to read as follows:

### SUBCHAPTER I. COUNTY-DETERMINED CONTRIBUTION RATE PLAN

Sec. 844.801. APPLICABILITY. This subchapter applies only to a county whose governing body adopts a resolution as described by Section 844.802.

Sec. 844.802. RESOLUTION. (a) With the consent of the board of trustees, the governing body of a county may adopt a resolution

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to implement the funding policy described by Section 844.805 if the county agrees to be contractually and legally bound, on terms approved by the board, to fund all benefits accrued before the implementation date specified in the resolution and payable on or after that date.

(b) The board of trustees may not unreasonably withhold consent under this section.

Sec. 844.803. HEARING. The governing body of a county may not adopt a resolution under Section 844.802 before the county holds a public hearing on the proposal to adopt the provisions of this subchapter.

Sec. 844.804. SEPARATE SUBDIVISION ACCUMULATION FUND ACCOUNT.

(a) A county that adopts the provisions of this subchapter shall maintain a separate account in the subdivision accumulation fund for the administration of benefits that accrued before the implementation date specified in the resolution under Section 844.802.

(b) For purposes of this subchapter, "account" does not include the separate account required by this section.

Sec. 844.805. PLAN FUNDING BY COUNTY. (a) A county that adopts the provisions of this subchapter in the manner provided by Section 844.802 may implement a county-determined contribution rate plan with respect to benefits that accrue on or after the date on which the county implements the plan.

(b) A county under this section shall contribute to its

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account in the subdivision accumulation fund at a rate of current service compensation adopted by the governing body of the county in its sole discretion.

(c) The retirement system's actuary, with the approval of the board of trustees, shall issue nonbinding recommendations to a county under this section regarding:

(1) a change in the employee contribution rate as needed to finance the county's obligations;

(2) additional employer contributions under a supplemental contribution rate as needed to finance the county's obligations;

(3) a change in the percentage for determining multiple matching credits;

(4) the need for adjustment to the closed or open amortization period as needed to finance the county's obligations or amortize any overfund, as applicable; and

(5) any other actions the actuary considers advisable.

Sec. 844.806. INTEREST RATES. Notwithstanding Section 845.314, for a county that adopts the provisions of this subchapter, the annual rate of interest for periods beginning after December 31, 2011, is the rate adopted by the governing body of the county and applied in accordance with this subtitle.

SECTION 7. Section 845.301, Government Code, is amended by adding Subsection (g) to read as follows:

(g) The board of trustees shall publish and maintain on an

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Internet website:

- (1) a list of the investments of the retirement system;
- (2) the name and credentials of any private professional investment manager the retirement system contracts with under Subsection (c);
- (3) the name of any agent, nominee, depository trust company, or other entity designated by the board of trustees to hold assets of the retirement system under Subsection (e); and
- (4) the written investment objectives established by the board of trustees under Subsection (f).

SECTION 8. As soon as practicable after the effective date of this Act, but not later than January 1, 2012, the Texas County and District Retirement System shall post on an Internet website the information required by Section 845.301(g), Government Code, as added by this Act.

SECTION 9. This Act takes effect September 1, 2011.