



# Pension Press

The Newsletter of the Houston Municipal Employees Pension System

Special Edition, Summer 2003



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Vice Chairman



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Executive Director



## *Special Legislative Issue*

### *In This Issue:*

Letters From the Chairman and  
Mayor Lee Brown



Thank You To Legislative Sponsors  
Representative Senfronia Thompson and  
Senator Mario Gallegos, Jr.



HB 601 and What It Means For HMEPS



SB 1696 – Pension Obligation Bonds



Constitutional Amendment (HJR 54)

Needs Your Support!





# Letter from the Chairman To Houston Municipal Employees Pension System Participants



Chairman Fred Holmes

Dear Plan Participants,  
The Board of Trustees and HMEPS staff are pleased to announce the enactment of the new pension law, HB 601 of the 78th Legislature, which was signed into law by Governor Perry on May 15, 2003. Many people worked diligently towards the passage of the legis-

lation and all should be commended. Pages 7-8 provide an overview of the changes HB 601 made to pension law, as well as two other important pieces of legislation, SB 1696, the pension obligation bond bill, and HJR 54, the proposed constitutional amendment to protect public pensions.

I would like to briefly go over the changes HB 601 made to pension law. HB 601 changed the composition of the HMEPS Board of Trustees by changing the three City Council-appointed positions to a single position appointed by the elected employee and retiree trustees. This change provides greater member representation on the Board, and allows the Board to handle matters under its authority more effectively and efficiently.

The legislation also authorizes HMEPS and the City of Houston to enter into agreements regarding pension issues and benefits. Greater member representation



on the Board will better ensure the promotion of participants' interests in the negotiation and agreement process.

Third, the legislation allows benefits to be increased if certain conditions are met.

The new pension law would not have been possible without the dedication and commitment of Representative Senfronia Thompson and Senator Mario Gallegos, Jr., who sponsored the legislation and worked to make the law effec-



tive as soon as possible. Special thanks also goes out to Mayor Lee P. Brown and his staff for supporting the bill.

Please read this Special Edition of the *Pension Press* for information on this and other pension laws that can help you in your overall long-term financial planning.

As always, the Board will continue to work toward providing meaningful benefits that help meet the needs of all participants.

Sincerely,

*Fred Holmes*

Fred Holmes  
Chairmen



# Letter from the Mayor Lee P. Brown



Dear Plan Participants,

I am pleased about the enactment of the new pension law, which provides changes that benefit both HMEPS and the City.

Over the past several years, my administration has supported the efforts of the HMEPS Board of Trustees in developing improved pension

benefits for City employees. We know that there is stiff competition for the “best” people, and that the City must keep up its efforts to attract and retain capable and dedicated

employees like those it currently enjoys. We will continue to work with the HMEPS

Board of Trustees to provide meaningful benefits for City employees. I would like to extend my sincere thanks to all of the City and HMEPS officials and employees who supported the passage of this legislation.

Sincerely,

Mayor Lee P. Brown

**HMEPS thanks the  
Members of the Harris  
County Delegation  
who supported  
HB 601**



# Thank You To State Representative Senfronia Thompson

**Representative Thompson sponsored HB 601, which passed and became effective May 15, 2003**

Texas native Senfronia Thompson was born in Booth, Texas, and raised in Houston. She represents Northeast Houston and Humble.



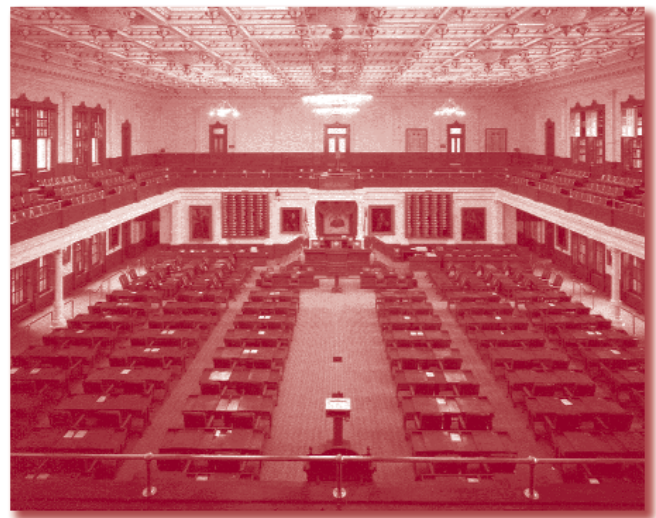
**Representative Senfronia Thompson**

A Houston attorney, Ms. Thompson is currently serving her 16th term in the Texas House of Representatives. Dean of women legislators, Rep. Thompson has served longer in the Legislature than any other woman or African-American in Texas history. In 1987, she chaired the first standing committee in the Legislature to have a female majority.

Rep. Thompson authored and passed Texas' first alimony law, the James Byrd, Jr. Hate Crimes Act, laws prohibiting racial profiling, the state minimum wage, the Durable Power of Attorney Act, the Uniform Interstate Family Support Act,

the Sexual Assault Program Fund, the Model School Records Flagging Act, the Uniform Child Custody & Jurisdiction Enforcement Act, contraceptive parity, and scores of other reforms benefitting women, children and the elderly.

Rep. Thompson has been in the forefront of every campaign against discrimination in the last three decades. Ms. Thompson has among the highest ranks of any legislator for her voting record on issues of concern to women, minorities, labor, consumers, reform advocates, domestic violence victims, the elderly, teachers and civil libertarians. Among many other honors, in 2001, she was one of *Texas Monthly's* "Top 10 Legislators"; AP named her one of 6 lawmakers "Who Rocked the Legislature." In 2003, she was selected for Top 5 House members by *Gallery Watch*; *Nation* magazine named her one of 8 legislators in the country "who could teach Congressional Democrats."



**Texas House of Representatives' Chambers, Austin, Texas.**



# Thank You To State Senator Mario Gallegos, Jr.

**Senator Gallegos was the Senate sponsor of HB 601**

A lifelong Houstonian, Mario V. Gallegos, Jr., has dedicated his career to helping others. After serving 22 years in the



**Senator Mario Gallegos, Jr.**

Houston Fire Department where he retired as Senior Captain, Gallegos continued his public service in the Texas Legislature. Elected to the Texas State Senate in 1994, he is the first Hispanic Senator elected to represent Harris County. Prior to his election to the Senate, he served two terms in the Texas House of Representatives.

Senator Mario Gallegos has been a champion of continued growth and prosperity for the people of Senate District 6. During his decade of service both in the House and Senate, he has sponsored and passed legislation creating economic opportunities for communities that have long been passed over for development.

Known as one of fire safety and law enforcement's "best friend's," he has received numerous awards for passage of legislation benefitting members of our firefighting and polic-

ing communities. Most recently he was recognized by the Texas State Association of Fire Fighters and the Combined Law Enforcement Association of Texas for his work during the 77th Legislative Session.

He has received numerous awards in appreciation for his work during his legislative tenure including: Texas Municipal League's "Distinguished Legislative Service Award," Sierra Club's Legislative Service Award, Texas Women's Political Caucus Good Guy Award, Legislator of the Year by the Mexican American Bar Association of Texas and the Fiestas Patrias Distinguished Hispanic of the Year Award. Senator Gallegos continues to be active in many local, state and national organizations and is constantly working with them to help further their goals.



**Texas Senate Chambers, Austin, Texas.**



# Summary of 2003 Pension Law Changes Affecting Participants

## HB 601 - Changes to Pension Law

On May 15, 2003, Governor Perry signed House Bill 601 (HB 601) into law. The bill became effective immediately and made the following changes to the pension law governing HMEPS:

- Pension Board Composition – The pension board was reduced from eleven to nine members. The three Council-appointed trustees have been replaced by a single trustee appointed by a majority of the elected members of the board.
- Agreements – Notwithstanding any other law, the Board can enter into a written agreement with the City of Houston regarding pension issues and benefits. An agreement has to be approved by the Board and the City Council, and signed by the Mayor and the Board or its designee.
- Increase In Benefits – A pension benefit or allowance may be increased if approved by a qualified actuary and agreed to in writing by the Board and the City, provided that the increase would not deprive a member or retiree of the immediate or deferred retirement benefit that the person was eligible to receive prior to the increase unless the member or retiree gave written consent.

## SB 1696 - Pension Obligation Bonds

Senate Bill 1696 (SB 1696) will authorize municipalities to issue obligations – including bonds, certificates, notes, or book-entry obligations – to pay for all or any part of an unfunded liability of a municipal pension fund. The law would allow the City of Houston to issue bonds to pay all or part of any unfunded liability of HMEPS.

## Thanks to Representative Phil King and Senator Jeff Wentworth



The primary author of HJR 54 (see overview on the following page), **Representative Phil King** has worked tirelessly in his efforts to get it passed. HMEPS would like to commend Rep. King for his hard work and dedication.

Rep. King was elected to represent the 61st District of the Texas House in 1998. In 1999, his colleagues named him “Freshman Legislator of the Year.” He now serves on the Juvenile Justice and Family Issues Committee, and the Public Safety Committee.

HMEPS would also like to extend its gratitude to **Senator Jeff Wentworth** for his work on behalf of SB 1696 (see overview above). Sen. Wentworth, the primary author of the bill, worked diligently to ensure its passage.

Sen. Wentworth, a third-generation Texan, was first elected to the Texas Senate in 1992 after serving nearly five years in the Texas House of Representatives. He represents more than 700,000 Texans in six counties located in the heart of the state.





# Constitutional Amendment HJR 54 Needs Your Support

The State of Texas and local governments, by statute and by ordinance, have created pension plans for local government public servants. Although the pension rights of private sector employees are protected under ERISA (Federal Employee Retirement Income Security Act), currently there is no Texas law guaranteeing that retiring public servants will receive the benefits they earned under their pension plans. In 1937, the Texas Supreme Court ruled in *Dallas vs. Trammel*, 101 S.W.2d 1009 (Tex. 1937), that a retired police officer did not have a vested right to future pension benefits from the City of Dallas, and the state therefore was permitted to enact legislation reducing those anticipated benefits.

## What Does This Mean?


This means that even if a public employee has fulfilled all obligations required to collect full benefits at the time of his or her retirement, the legislature may later enact a law reducing the anticipated benefits. Constitutional amendment House Joint Resolution 54 (HJR 54) would provide that vested service retirement benefits in certain public retirement systems, including HMEPS, may not be reduced or impaired.

## What Can You Do?

**Vote.** On September 13, 2003 there will be an election and your vote – in favor of Proposition 15 – is urgently needed. The ballot will be clearly labeled with the following words: “*The constitutional amendment providing that certain benefits under certain local public retirement systems may not be reduced or impaired.*” If you cannot vote on September 13, you can vote early in person or by mail from August 27th through September 9th, 2003 – visit the Texas Secretary of State’s website (see box to right for address) for more information.

The last day to register to vote for the September 13, 2003 election is August 14, 2003. If you are not registered, you can visit [www.sos.state.tx.us/elections/voter/whatisontheballot.shtml](http://www.sos.state.tx.us/elections/voter/whatisontheballot.shtml) for complete registration information. If you do not have Internet access, you should call (in Harris County) Tax Assessor-Collector Paul Bettencourt at (713) 368-2200.

HMEPS urges you to vote and thanks you ahead of time for your support of this important legislation. However, if the amendment passes, affected municipalities can have a local election in May 2004 to exempt themselves from the law. Please stay updated on this issue by referring to the HMEPS website or the TEXPERS website at [www.texpers.org](http://www.texpers.org).



**On September 13, 2003  
Vote “Yes” To  
Proposition 15**

For voter information, visit the Texas Secretary of State’s “*Proposed Constitutional Amendments Sept. 13, 2003*” website page at the following address for more information:  
<http://www.sos.state.tx.us/elections/voter/whatisontheballot.shtml>

**Make a Donation.** If you are interested in making a non-tax-deductible contribution to the effort, you can make your check payable to “The Committee for Secure Retirement” and send it to the following address:

**The Committee for Secure Retirement  
P.O. Box 24  
Rowlett, Texas 75030**

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## **Pension Press**

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## **BOARD OF TRUSTEES**

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Ray Kennedy, *Vice Chairman*  
Roderick J. Newman, *Secretary*  
Sherry Mose, *Trustee*  
Lee Pipes, *Trustee*

### **TRUSTEES BY DESIGNATION OR APPOINTMENT**

Barbara Chelette, *Appointed Trustee*  
Dr. Philip Scheps, *City Treasurer*  
Lonnie G. Vara, *Mayor's Representative*

### **PENSION PRESS**

David L. Long, *Executive Director*  
Peter Koops, *Director of Communications*  
Naomi "Amy" Rowley, *Executive Assistant*

Thanks to the HMEPS staff for their contributions  
to the ongoing success of the *Pension Press*

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## **NEWSLETTER CONTENT**

The material contained in this newsletter is intended to provide you with important information about your pension participation. The content cannot be taken as the basis of any contractual rights between HMEPS and its participants. If there is a question of interpretation, retirement laws are the final authority.



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