



# STAFF REPORT

**MEETING DATE:** October 22, 2024

**TITLE:**

Consider and act on Ordinance No. 2024-34 of the City Council of the City of Bastrop, Texas, authorizing the City's Texas Municipal Retirement System Benefits: (1) 20-year retirement eligibility; (2) Non-retroactive repeating COLAS, for retirees and their beneficiaries under TMRS Act §8953.404(f) and (f-1); (3) Annually accruing updated service credits and transfer updated service credits; and 4) authorizing actuarially determined City Contribution rate payments; repealing all prior ordinances and actions in conflict herewith; and establishing an effective date

**STAFF REPRESENTATIVE:**

Edi McIlwain, Chief Financial Officer

**BACKGROUND/HISTORY:**

The City of Bastrop, Texas elected to participate in the Texas Municipal Retirement System (the "System" or "TMRS") pursuant to Subtitle G of Title 8, Texas Government Code; as amended which subtitle is referred to as the "TMRS Act). Each person who is or becomes an employee of the City on or after the effective date of the City's participation in the System in a position that normally requires service hours of 1,000 or more per year ("Employee") shall be a member of the System ("Member") as a condition of their employment.

House Bill 2464, 88<sup>th</sup> Texas Legislature, R.S., 2023 ("HB 2464"), added Subsections 853.404(f) and (f-1) to the TMRS and authorized cities participating in the System to provide certain retirees and the beneficiaries with an annually accruing ("repeating") annuity increase (also known as a cost of living adjustment, or "COLA") based on the change in the Consumer Price Index for All Urban Consumers for the one-year period that ends 12 months before the January 1 effective date of the applicable COLA (a "non-retractive repeating COLA").

New TMRS Act §853.404(f) and (f-1) allow participating cities to elect to provide non-retroactive repeating COLAs under certain circumstances, as further described by this Ordinance, by adopting an ordinance to be effective January 1 of 2024, 2025 or 2026, in accordance with TMRS Act §854.203 and §853.404; and

TMRS Act §853.404(f-1) provides the non-retroactive repeating COLA option applies only to a participating city that, as of January 1, 2023, either (1) has not passed an annually repeating COLA ordinance under TMRS Act §853.404(c) or had previously passed a repeating COLA ordinance and then, before January 1, 2023, passed an ordinance rescinding such repeating COLA, or (2) does provide an annually repeating COLA under §853.404(c) and elects to provide a non-retroactive repeating COLA under §853.404(f) for purposes of maintaining or increasing the percentage amount of the COLA.

The City Council of the City of Bastrop, Texas acknowledges that the City meets the above-described criteria under §853.404(f-1) and is eligible to elect a non-retroactive repeating COLA under §853.404(f) and that such election must occur before January 1, 2026, and after that date future benefit changes approved by the City may require reversion to a retroactive repeating COLA; and

**POLICY EXPLANATION:**

The City Council of the City of Bastrop, Texas finds that it is in the public interest to: (1) adopt twenty (20) year retirement eligibility, (2) adopt annually accruing non-retroactive COLAs for retirees and their beneficiaries under TMRS Act §853.404(f) and (f-1); (3) in accordance with TMRS Act §853.404 and §854.203(h), reauthorize annually accruing Updated Service Credits and Transfer Updated Service Credits, and (4) removal of maximum contribution rate limit.

**FUNDING SOURCE:**

FY2024-2025 Budget

**RECOMMENDATION:**

Edi McIlwain, Chief Financial Officer, recommends approval of Ordinance No. 2024-34 authorizing the City's Texas Municipal Retirement System Benefits: (1) 20-year retirement eligibility; (2) Non-retroactive repeating COLAS, for retirees and their beneficiaries under TMRS Act §8953.404(f) and (f-1); (3) Annually accruing updated service credits and transfer updated service credits; and 4) authorizing actuarially determined City Contribution rate payments; repealing all prior ordinances and actions in conflict herewith; and establishing an effective date

**ATTACHMENTS:**

Ordinance No. 2024-34

