

ORDINANCE NO. 2023-41

TEXAS MUNICIPAL RETIREMENT SYSTEM

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, AUTHORIZING AND ALLOWING FOR (1) AN INCREASE TO THE EMPLOYEE CONTRIBUTION RATE; AND (2) ADOPTING: (i) ANNUALLY ACCRUING UPDATED SERVICE CREDITS AND TRANSFER UPDATED SERVICE CREDITS; AND (ii) ANNUALLY ACCRUING ANNUITY INCREASES, ALSO REFERRED TO AS COST-OF-LIVING ADJUSTMENTS (COLAS), FOR RETIREES AND BENEFICIARIES OF DECEASED RETIREES.

WHEREAS, pursuant to Subtitle G of Title 8, Texas Government Code, as amended (which subtitle is referred to as the "TMRS Act"), the City of Bastrop, Texas (the "City"), elected to participate in the Texas Municipal Retirement System (the "System" or "TMRS"); and

WHEREAS, the City Council of the City of Bastrop, Texas finds that it is in the City's interest to: (1) increase the employee TMRS contribution rate, (2) in accordance with TMRS Act §853.404 and §854.203(h), reauthorize annually accruing Updated Service Credits and provide transfer Updated Service Credits, and (3) in accordance with TMRS Act §854.203 and §853.404, reauthorize annually increased annuities, also referred to as cost of living adjustments ("COLAs"), to be paid to retirees and beneficiaries of deceased retirees; and

WHEREAS, the funding for this increase is from the General Fund, the Water/Wastewater Fund, and the Bastrop Power & Light Fund as authorized by Ordinance No. 2023-33, passed and approved on September 26, 2023;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, AS FOLLOWS:

Section 1: INCREASED EMPLOYEE CONTRIBUTION RATE. The rate of member contributions to be made by the City to the System shall be 7% of the compensation of City employees who are members of the System, in accordance with TMRS Act §855.401. The City shall submit a monthly payroll report and deposit the amounts deducted from employees' compensation to the System in accordance with TMRS Act §855.402.

The increased employee contribution rate under this Section shall be effective on the first day of the month of January 2024.

Section 2: AUTHORIZATION OF ANNUALLY ACCRUING UPDATED SERVICE CREDITS AND TRANSFER UPDATED SERVICE CREDITS. As authorized by TMRS Act §854.203(h) and §853.404, and on the terms and conditions set out in TMRS Act §853.401 through §853.404, the City authorizes each member of the System, who on the first day of January of the calendar year immediately preceding the January 1 on which the Updated Service Credits will take effect, (i) has current service credit or prior service credit in the System by reason of service to the City, (ii) has at least 36 months of credited service with the

System, and (iii) the member is a TMRS-contributing employee of the City, to receive "Updated Service Credit," as that term is defined and calculated in accordance with TMRS Act §853.402.

Section 3: AUTHORIZATION OF EMPLOYEES TO BE CREDITED WITH UPDATED SERVICE CREDITS. The City authorizes and provides that each contributing employee of the City who (i) is eligible for Updated Service Credits under Section 2 above, and (ii) who has not forfeited their credit for prior service credit or current service credit with another System-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 with Updated Service Credits pursuant to, calculated in accordance with Sections 853.401 and 853.402, and subject to adjustment as set forth in TMRS Act §853.601 (also known as "Transfer USC"), both as to the initial grant and all future grants under this Ordinance.

Section 4: AUTHORIZATION OF PERCENTAGE OF BASE UPDATED SERVICE CREDITS, REPLACEMENT OF UPDATED SERVICE CREDIT AND EFFECTIVE DATE. The Updated Service Credit authorized and provided under this Ordinance shall be 100% of the "base Updated Service Credit" of the TMRS member calculated as provided in TMRS Act §853.402.

Each Updated Service Credit authorized and provided by this Ordinance shall replace any Updated Service Credit, prior service credit, special prior service credit, or antecedent service credit previously authorized for part of the same service.

The initial Updated Service Credit authorized by this Section shall be effective on January 1 immediately following the year in which this Ordinance is approved, subject to receipt by the System prior to such January 1 and approval by the Board of Trustees ("Board") of the System. Pursuant to TMRS Act §853.404, the authorization and grant of Updated Service Credits in this Section shall be effective on January 1 of each subsequent year, using the same percentage of the "base Updated Service Credit" as provided in TMRS Act §853.404(c) in computing Updated Service Credits for each future year, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in TMRS Act §853.404(d), until this Ordinance ceases to be in effect as provided in TMRS Act §853.404(e).

Section 5: AUTHORIZATION OF ANNUAL INCREASES IN RETIREMENT ANNUITIES, OR COLAS. On the terms and conditions set out in TMRS Act §854.203 and §853.404, the City authorizes and provides for payment of the increases (such increases also called COLAS) described by this Section to the annuities paid to retired City employees and beneficiaries of deceased retirees. An annuity increased under this Section replaces any annuity or increased annuity previously granted to the same person.

The amount of the annuity increase under this Section, is computed as the sum of the prior and current service annuities on the effective date of retirement of the person on whose service the annuities are based, multiplied by 70 percent of the percentage change in Consumer Price Index for All Urban Consumers, from December of the year immediately

preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase under this Section.

An increase in an annuity that was reduced because of an option selection is reducible in the same proportion and in the same manner that the original annuity was reduced.

If a computation under this Section does not result in an increase in the amount of an annuity, the amount of the annuity will not be changed under this Section.

The amount by which an increase under this Section exceeds all previously granted increases to an annuitant is an obligation of the City and of its account in the benefit accumulation fund of the System (the "City's BAF").

The initial increase in annuities authorized by this Section shall be effective on January 1 immediately following the year in which this Ordinance is approved, subject to receipt by the System prior to the January 1 effective date, and approval by the System's Board. Pursuant to TMRS Act §853.404, an increase in retirement annuities shall be made on January 1 of each subsequent year, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in TMRS Act §853.404(d), until this Ordinance ceases to be in effect as provided in TMRS Act §853.404(e).

SECTION 6. REPEALER All ordinances, resolutions, or parts thereof, that are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters regulated, herein.

SECTION 7. SEVERABILITY Should any of the clauses, sentences, paragraphs, sections, or parts of this Ordinance be deemed invalid, unconstitutional, or unenforceable by a court of law or administrative agency with jurisdiction over the matter, such action shall not be construed to affect any other valid portion of this Ordinance.

SECTION 8. EFFECTIVE DATE This Ordinance shall be effective December 12, 2023.

SECTION 9. PROPER NOTICE & MEETING It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551. Notice was also provided as required by Chapter 52 of the Texas Local Government Code.

READ and APPROVED on First Reading on the 7th day of November 2023.

READ and ADOPTED on Second Reading on the 12th day of December 2023.

APPROVED:

Lyle Nelson, Mayor

ATTEST:

Ann Franklin, City Secretary

APPROVED AS TO FORM:

Alan Bojorquez, City Attorney



September 19, 2023

Laura Allen
Accountant
City of Bastrop
1311 Chestnut St
Bastrop, TX 78602-3404

Dear Ms. Allen,

We are pleased to enclose a model ordinance for your city to adopt:

**7% Employee Contribution Rate
&
100% Updated Service Credit with Transfers
70% Cost of Living Adjustment Increase to Annuitants
Both Annually Repeating
All Effective January 1, 2024**

To make these changes to your city's TMRS plan, your City Council must adopt the attached model ordinance.

By statute, when a city changes its employee deposit rate and the city currently offers Updated Service Credit (USC)/Cost of Living Adjustment (COLA) on an annually repeating basis, the city must re-adopt these annually repeating provisions. This re-adoption is necessary because there are new USC/COLA costs associated with the new provisions. Therefore, the enclosed ordinance includes the city's re-adoption of these benefits.

When the ordinance becomes effective, the city must begin deducting the new contribution rate from each employee's gross monthly wage.

As reflected in the Plan Change Study you previously received, when the employee's contribution rate increases to 7%, the city's contribution rate will be **13.59%** for 2024.

Please make sure the ordinance is adopted and signed before the effective date. When the ordinance is adopted, please send a copy to City Services at cityservices@tmrs.com.

If you have any questions about the model ordinance or anything else, please call me at 512-225-3742.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Colin Davidson', is written over a light blue circular stamp.

Colin Davidson
Director of City Services



Comparison of Alternate Benefit Design(s)

FOR CITIES

2024 Rates • Bastrop (00092)

Report Date - September 19, 2023

Plan Provisions	Current	Option 1
Deposit Rate	6.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC *	Yes	Yes
COLA	70% (Repeating)	70% (Repeating)
Retroactive COLA	Yes	Yes
20 Year/Any Age Retirement	No	No
Vesting	5 years	5 years
Supplemental Death Benefit	A & R	A & R
Contribution Rates	2024	2024
Normal Cost Rate	8.42%	10.06%
Prior Service Rate	<u>1.53%</u>	<u>3.26%</u>
Retirement Rate	9.95%	13.32%
Supplemental Death Rate	<u>0.27%</u>	<u>0.27%</u>
Total Contribution Rate	10.22%	13.59%
Unfunded Actuarial Liability	\$2,009,874	\$4,228,052
Amortization Period	20 years	20 years
Funded Ratio	93.2%	86.6%
Stat Max	12.50%	13.50%
Study Exceeds Stat Max	No	No

* As of the December 31, 2022 valuation date, there were 20 employees with service in other TMRS cities eligible for transfer USC.