

**FINANCE COUNCIL COMMITTEE**  
**MARCH 5, 2024**  
**DRAFT MINUTES**

Council present:

Dan McClendon  
Larry Scott  
Adam Russell, Chair

Council Absent:

Staff present

Tommy Ludwig City Manager  
Harlan Jefferson, Deputy City Manager  
Eric Oscarson, Deputy City Manager  
Monica Solko, Deputy City Secretary  
Lisandra Leal, Assistant City Secretary

**1. CALL TO ORDER – Time: 9:00 am.**

Chair Adam Russell called the meeting to order. **Time: 9:08 a.m.**

**2. CITIZEN APPEARANCES**

- None.

**3. GENERAL**

**A. Minutes from the November 6, 2024 Finance Committee meeting. (Staff Contact: Monica Solko, Deputy City Secretary)**

Motion made by Dan McClendon and seconded by Larry Scott to approve.

Motion passed 3-0.

**4. REPORTS AND PRESENTATIONS**

**A. Receive a report and provide possible recommendations regarding the BTX-IT strategic plan and vision for 2022-2028. (Staff Contact: James Grommersch, Chief Technology Officer)**

James Grommersch, Chief Technology Officer, gave an update on the BTX IT Strategic Plan and Vision for 2022-2028 to the committee. Discussion included department overview, mission, vision, framework, guiding principles, cybersecurity, staffing, project management, challenges, equipment maintenance and replacement program and future growth.

After brief discussion and questions, the committee was happy with the presentation and requested an item be brought to the full council.

**B. Receive a report and provide possible recommendations regarding the Texas Municipal Retirement System (TMRS) and New Non-Retroactive Cost of Living Adjustment (COLA). (Staff Contact: Cheryl Marthijohni, Director of Human Resources)**

Cheryl Marthijohni, Director of Human Resources, introduced Anthony Mills, TMRS Director of Education Services at TMRS and Kenneth Oliver online to give the presentation on Texas Municipal Retirement System (TMRS) and new non-retroactive cost of living adjustment (COLA) to the committee.

New repeating COLA option available to cities (key provisions):

- To adopt the New COLA Option, a city must pass an ordinance and provide it to TMRS by December 31 for a January 1 effective date.
- Adopting the New COLA Option replaces any previous COLA and remains in effect until the city adopts any ordinance impacting COLAs.
- Because the New COLA Option is calculated based on the CPI-U during the year that ends 12 months before the COLA's effective date, each retiree will receive the same percentage increase to their monthly benefit. For example, if a city adopts a non-retroactive 50% repeating COLA effective January 1, 2024, each eligible retiree's benefit increase will be 3.23% (50% of 6.45% inflation during 2022).
- Cities can only use the New COLA Option to maintain or increase their COLA CPI-U percentage; they cannot decrease it.
- Cities that have a 70% retroactive repeating COLA as of January 1, 2023, can pass a new ordinance to maintain the 70% COLA with the non-retroactive calculation.
- The non-retroactive repeating 70% COLA will be slightly less expensive than the retroactive repeating 70% COLA.
- Future legislation being considered that may make this a "permanent" option for cities to consider.

Impact to Retirees, Employees and City:

Retirees/Employees:

- No plan design changes
- Monthly benefit **does not** reduce
- Continue providing annual increases to monthly benefit (70% CPI-U) - no benefit change
- Calculate COLA differently as a non-retro calculation vs. retro during the year that ends 12 months before the COLA's effective date, resulting in a decrease in the amount of COLA increase received.
- Each retiree will receive the same percentage increase to their monthly benefit regardless of the year retired.
- No plan design changes.

City:

- Continue funding retirement as we do today.

- The non-retro calculation is estimated to have recurring annual savings of \$189,000. This savings is recommended to be returned to the City's Unfunded Actuarial Liability for TMRS.
- No changes to the plan design.

Human Resources will be meeting with retirees, employees, then will come back to the committee before June or July to present the feedback received.

### **RECESS AND BACK TO ORDER**

Chair Adam Russell recessed for a short break at 10:40 a.m. and called the meeting back to order at 10:51 a.m. with all members present.

#### **C. Receive a report and provide possible recommendations regarding the fiscal year 2023-2024 Annual Comprehensive Financial Report (ACFR), Single Audit Report, and the Annual Audit. (Staff Contact: Gloria Platt, Director of Finance)**

Kevin Hennessey, Deputy Director of Finance, introduced Jackie Gonzalez, with Weaver, to present the fiscal year 2023-2024 Annual Comprehensive Financial Report (ACFR), single audit report and the annual audit to the committee.

There were no questions from the committee and requested an item be brought before to the full council.

#### **D. Receive a report and provide possible recommendations regarding the January 2025 monthly financial and investment reports. (Staff Contact: Gloria Platt, Director of Finance)**

Kevin Hennessey, Deputy Director of Finance, presented the January 2025 monthly financial and investment reports to the committee.

After brief discussion and questions, the committee was happy with the presentation.

### **5. REQUESTS FOR FUTURE AGENDA ITEMS OR REPORTS**

- None.

### **6. ADJOURN**

There being no further business Chair Adam Russell adjourned the meeting. **Time: 11:22 a.m.**

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Monica Solko  
Deputy City Secretary