

CITY OF JOSHUA, TEXAS

ORDINANCE NO.

AN ORDINANCE REGARDING THE CITY OF JOSHUA'S TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFITS AUTHORIZING: (1) ANNUALLY ACCRUING UPDATED SERVICE CREDITS; AND (2) ANNUALLY ACCRUING ANNUITY INCREASES, ALSO REFERRED TO AS COST OF LIVING ADJUSTMENTS (COLAS) FOR RETIREES AND THEIR BENEFICIARIES.

Whereas, the City of Joshua, Texas (the "City"), 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"); and

Whereas, 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 services of 1,000 hours or more per year ("Employee") shall be a member of the System ("Member") as a condition of their employment; and

Whereas, the City Council finds that it is in the public interest to: (1) in accordance with TMRS Act §853.404 and §854.203(h), authorize annually accruing Updated Service Credits; and (2) in accordance with TMRS Act §854.203 and §853.404, authorize annually accruing annuity increases, also referred to as cost of living adjustments ("COLAs") for retirees and their beneficiaries; now:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF JOSHUA, TEXAS:

Section 1. Authorization of Annually Accruing Updated Service Credits.

(a) 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) 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.

(b) The Updated Service Credit authorized and provided under this Ordinance shall be **50%** of the "base Updated Service Credit" of the TMRS Member calculated as provided in TMRS Act §853.402.

(c) If the City previously adopted an ordinance authorizing Updated Service Credit for unforfeited prior service credit and/or current service credit with another System participating municipality (also known as "Transfer USC"), the calculations and adjustments set forth in TMRS Act §853.601 apply to any such prior Transfer USC.

(d) 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.

(e) 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" stated in Subsection (b) 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 2. Authorization of Annual Increases in Retirement Annuities, or COLAs.

(a) 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 described by this Section to the annuities paid to retired City Employees and beneficiaries of deceased City retirees (such increases also called COLAs). An annuity increased under this Section replaces any annuity or increased annuity previously granted to the same person.

(b) The amount of the annuity increase under this Section is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based, multiplied by **70%** 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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 such January 1 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).

Passed and approved _____, 20_____.

ATTEST:

City Secretary

APPROVED:

Mayor

APPROVED AS TO FORM AND LEGALITY:

Terrence S. Welch, City Attorney