

ORDINANCE 2023-2

AN ORDINANCE PROVIDING FOR THE PARTICIPATION IN THE TEXAS MUNICIPAL RETIREMENT SYSTEM AND THE SUPPLEMENTAL DEATH BENEFITS FUND BY THE CITY OF BEASLEY TEXAS; AND TO MAKE CURRENT SERVICE AND PRIOR SERVICE CONTRIBUTIONS TO THE CITY'S ACCOUNT IN THE BENEFIT ACCUMULATION FUND OF THE TEXAS MUNICIPAL RETIREMENT SYSTEM AT THE ACTUARIALLY DETERMINED RATE OF TOTAL EMPLOYEE COMPENSATION.

WHEREAS, Subtitle G of Title 8 of the Government Code, as amended (herein after referred to as the "TMRS Act"), relating to the Texas Municipal Retirement System (the "System"), authorizes the governing body of each city or town to elect, at its option, to have one or more of the city departments participate in such System; and

WHEREAS, Prior to adopting this ordinance, the governing body of the City has: (1) obtained an actuarial analysis of member retirement annuities at 20 years of service; and (2) held a public hearing pursuant to the notice provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code; and

WHEREAS, the City Council of the City of Beasley, Texas, finds that it will be in the public interest for the City to have its employees participate in the System as hereinafter provided; now, therefore,

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

Section 1. Beasley, Texas, on behalf of said City, hereby exercises its option and elects to have this City and all of the employees of all departments now existing and those hereafter created participate in the System as provided in the TMRS Act.

Section 2. The Mayor is hereby directed to notify the Board of Trustees of the System that this City has elected to participate and have the employees of this City covered in said System.

Section 3. Each person who becomes an employee of this City on or after the effective date of participation of this City whose position shall require more than 1,000 hours per year shall become a member of the System as a condition of their employment.

Section 4. Each employee of this City who is a member of the System is eligible to retire and receive a service retirement annuity if the member has at least 20 years of credited service in the System performed for one or more municipalities that have adopted a like provision under Section 854.202(g) of the TMRS Act.

Section 5. In accordance with the provisions of the TMRS Act, the deposits to be made to the System on account of current service of the employees of the several participating departments are hereby fixed at the rate of Five percent (5%, 6% or 7%) of the full earnings of each employee of said departments.

Section 6. Each employee who qualifies for such credit shall be allowed "prior service credit" (as defined in Section 853.101 of the TMRS Act) at the rate of 100 percent (50% or 100%) of the "base credit" of such member, calculated in the manner prescribed in Section 853.105 of said Act.

Section 7. For each month of current service rendered to this City by each of its employees who are members of the System, the City elects to provide for each such member at the time of his or her retirement, a sum that is 100 percent (100%, 150%, or 200%) of such member's accumulated deposits for such month of employment; and said sum shall be a liability of the City's account in the benefit accumulation fund.

Section 8. The City Secretary is hereby directed to remit to the Board of Trustees of the System, at its office in Austin, Texas, the city contributions to the System and the amounts which shall be deducted from the compensation or payroll of employees, all as required by said Board under the provisions of the TMRS Act, and the said official is hereby authorized and directed to ascertain and certify officially on behalf of this City the prior service rendered to the said municipality by each of the employees of the participating departments, and the average prior service compensation received by each of the employees of the participating departments and make and execute all prior service certifications and all other reports and certifications which may be required of the City under the provisions of the TMRS Act, or in compliance with the rules and regulations of the Board of Trustees of the System.

Section 9. The City hereby elects to participate in the Supplemental Death Benefits Fund of the System for the purpose of providing in-service death benefits for each of this City's employees who are members of said System, and for the purpose of providing post-retirement death benefits for annuitants whose last covered employment was as an employee of this City, in the amounts and on the terms provided for in Sections 852.004, 854.601 through 854.605, 855.314, 855.408, and 855.502 of Title 8 Subtitle G, of the Texas Government Code, as amended.

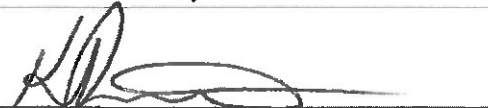
Section 10. The City is hereby authorized and directed to notify the Director of the System of adoption of this ordinance, and of the participation of this City in said Fund.

Section 11. Pursuant to Section 855.407(g) of the TMRS Act, the City hereby elects to make future normal and prior service contributions to its account in the benefit accumulation fund of the System at such combined rate of the total compensation paid by this City to employees who are members of the System, as the System's actuary shall annually determine as the rate necessary to fund, within the amortization period determined as applicable to this City under the TMRS Act, the costs of all benefits which are or may become chargeable to or are to be paid out of this City's account in said accumulation fund, regardless of other provisions of the TMRS Act limiting the combined rate of City contributions.

Section 12. The provisions of this ordinance shall become effective on the 1st day of March, 2023.

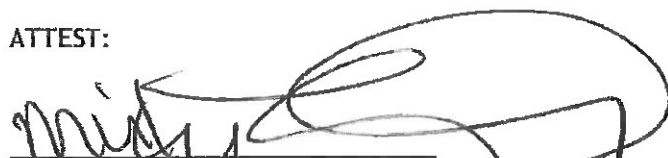
PASSED, APPROVED and ADOPTED on this 14th day of February, 2023.

CITY OF BEASLEY, TEXAS:



Kenneth Reid, Mayor

ATTEST:



Misty Tiemann, City Secretary



January 31, 2023

Misty Tiemann
City Secretary
City of Beasley
PO Box 122
Beasley, TX 77417

Dear Ms. Tiemann,

Continuing our conversation about the city of Beasley joining TMRS, attached is an actuarial study utilizing information you provided to us.

Attached is contribution rate information from our actuaries concerning all of the different plan options available to your city and a model participation ordinance.

Also enclosed are retirement estimates for all your employees based on a 5% deposit rate and a 1:1 city-matching ratio. This is the least expensive TMRS option for the city, and it results in the lowest retirement benefit for your employees. If you choose a higher deposit rate (e.g., 6% or 7%) or higher city matching ratio (e.g., 1.5:1 or 2:1), the city's cost will be greater and the employees' retirement benefit will be higher. If you would like a more detailed estimate for any of these other options, please let me know.

The enclosed participation ordinance also includes your city's participation in the Supplemental Death Benefits program.

The Supplemental Death Benefits program provides death benefits for both active and retired employees. In the event a current employee dies, the plan pays a benefit approximately equal to the member's annual salary. If a retiree dies, the plan pays a death benefit of \$7,500.00.

When the ordinance is adopted, please send me a copy at vescobedo@tmrs.com.

If you have any questions about the model ordinance or anything else, please call Anthony Mills, Director of City Services, at 512-225-3764.

Sincerely,

Veronica X. Escobedo
City Services Analyst



**Actuarial Study for City Participation
City of Beasley
Proposed Participation Date – 03/01/2023**

**5% Employee Deposit Rate Contributions – 100% Prior Service Allocation
2023-2024 Required Contributions**

	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 3</u>
Estimated Payroll - \$111,121			
Employee Contribution Rate	5%	5%	5%
City's Matching Ratio	1 to 1	1.5 to 1	2 to 1
Supplemental Death Benefits Active Employees and Retirees	Yes	Yes	Yes
Prior Service Credit Allocation	100%	100%	100%
City's Contribution Rate			
Normal Cost	1.76%	3.22%	4.69%
Prior Service Cost	1.69%	2.28%	2.87%
Supplemental Death Benefits	<u>0.13%</u>	<u>0.13%</u>	<u>0.13%</u>
Total	3.58%	5.63%	7.69%
City's Estimated Annual Contribution	\$3,978	\$6,256	\$8,545
City's Estimated Unfunded Actuarial Liability	\$11,378	\$15,353	\$19,327

Assumptions:

Number of Current Eligible Employees	2
Average Age	46.17
Average Years of Service	2.38
Average Monthly Employee Salary	\$4,630
Assumed Retirement Eligibility	20 years of service at any age; or Age 60 with 5 years of service, if earlier
Assumed Annual Rate of Payroll Increase	2.75%
Assumed Valuation Interest Rate	6.75%
Amortization Period for Unfunded Actuarial Liability (Years)	7

1/27/2023



**Actuarial Study for City Participation
City of Beasley
Proposed Participation Date – 03/01/2023**

**5% Employee Deposit Rate Contributions – 50% Prior Service Allocation
2023-2024 Required Contributions**

Estimated Payroll - \$111,121	Plan 1	Plan 2	Plan 3
Employee Contribution Rate	5%	5%	5%
City's Matching Ratio	1 to 1	1.5 to 1	2 to 1
Supplemental Death Benefits Active Employees and Retirees	Yes	Yes	Yes
Prior Service Credit Allocation	50%	50%	50%
City's Contribution Rate			
Normal Cost	1.76%	3.22%	4.69%
Prior Service Cost	1.14%	1.59%	2.04%
Supplemental Death Benefits	<u>0.13%</u>	<u>0.13%</u>	<u>0.13%</u>
Total	3.03%	4.94%	6.86%
City's Estimated Annual Contribution	\$3,367	\$5,489	\$7,623
City's Estimated Unfunded Actuarial Liability	\$7,664	\$10,711	\$13,757

Assumptions:

Number of Current Eligible Employees	2
Average Age	46.17
Average Years of Service	2.38
Average Monthly Employee Salary	\$4,630
Assumed Retirement Eligibility	20 years of service at any age; or Age 60 with 5 years of service, if earlier
Assumed Annual Rate of Payroll Increase	2.75%
Assumed Valuation Interest Rate	6.75%
Amortization Period for Unfunded Actuarial Liability (Years)	7

1/27/2023



Actuarial Study for City Participation

City of Beasley

Proposed Participation Date – 03/01/2023

6% Employee Deposit Rate Contributions – 100% Prior Service Allocation

2023-2024 Required Contributions

	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 3</u>
Estimated Payroll - \$111,121			
Employee Contribution Rate	6%	6%	6%
City's Matching Ratio	1 to 1	1.5 to 1	2 to 1
Supplemental Death Benefits Active Employees and Retirees	Yes	Yes	Yes
Prior Service Credit Allocation	100%	100%	100%
City's Contribution Rate			
Normal Cost	2.11%	3.87%	5.63%
Prior Service Cost	2.03%	2.74%	3.44%
Supplemental Death Benefits	<u>0.13%</u>	<u>0.13%</u>	<u>0.13%</u>
Total	4.27%	6.74%	9.20%
City's Estimated Annual Contribution	\$4,745	\$7,490	\$10,223
City's Estimated Unfunded Actuarial Liability	\$13,653	\$18,423	\$23,193

Assumptions:

Number of Current Eligible Employees	2
Average Age	46.17
Average Years of Service	2.38
Average Monthly Employee Salary	\$4,630
Assumed Retirement Eligibility	20 years of service at any age; or Age 60 with 5 years of service, if earlier
Assumed Annual Rate of Payroll Increase	2.75%
Assumed Valuation Interest Rate	6.75%
Amortization Period for Unfunded Actuarial Liability (Years)	7

1/27/2023



Actuarial Study for City Participation

City of Beasley

Proposed Participation Date – 03/01/2023

7% Employee Deposit Rate Contributions – 100% Prior Service Allocation

2023-2024 Required Contributions

	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 3</u>
Estimated Payroll - \$111,121			
Employee Contribution Rate	7%	7%	7%
City's Matching Ratio	1 to 1	1.5 to 1	2 to 1
Supplemental Death Benefits Active Employees and Retirees	Yes	Yes	Yes
Prior Service Credit Allocation	100%	100%	100%
City's Contribution Rate			
Normal Cost	2.46%	4.51%	6.56%
Prior Service Cost	2.37%	3.19%	4.02%
Supplemental Death Benefits	<u>0.13%</u>	<u>0.13%</u>	<u>0.13%</u>
Total	4.96%	7.83%	10.71%
City's Estimated Annual Contribution	\$5,512	\$8,701	\$11,901
City's Estimated Unfunded Actuarial Liability	\$15,929	\$21,494	\$27,058

Assumptions:

Number of Current Eligible Employees	2
Average Age	46.17
Average Years of Service	2.38
Average Monthly Employee Salary	\$4,630
Assumed Retirement Eligibility	20 years of service at any age; or Age 60 with 5 years of service, if earlier
Assumed Annual Rate of Payroll Increase	2.75%
Assumed Valuation Interest Rate	6.75%
Amortization Period for Unfunded Actuarial Liability (Years)	7

1/27/2023



Celebrating 75 Years

Actuarial Study for City Participation

City of Beasley

Proposed Participation Date - 03/01/2023

Preliminary Employee Retirement Estimates

Assumptions used to calculate benefit estimates

2% Annual Salary Increase

5% Annual Interest Crediting Rate

All ages and Calculations performed in whole years

Plan Provisions used to calculate benefit estimates

5% Employee Deposit Rate

1 to 1 City Matching Ratio

100% Prior Service Credit Allocation

Name	Current Age	Retirement Age	Assumed Total Months Eligibility Service	Assumed Total of Prior Service Months with City	Assumed Current Monthly Salary	Assumed Monthly Salary at Retirement	Estimated Total Monthly Retirement Benefit
Misty Tiemann	37	55	35	35	5,313	7,589	1,291
David Ozuna	54	60	22	22	3,699	4,166	226