



July 31, 2020

Ms. Cindy Karch  
Finance Director  
City of Mineola  
P.O. Box 179  
Mineola, TX 75773-0179

Dear Ms. Karch:

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

***7% Employee Deposit Rate,  
&  
100% Updated Service Credits, including Transfers,  
Annually Repeating***

By statute, when a city changes its employee deposit rate and/or its city matching ratio and the city currently offers Updated Service Credits/Annuity Increases on an annually repeating basis, the city must re-adopt these annually repeating provisions. This re-adoption is necessary because there are new USC costs associated with the new provisions. Therefore, the enclosed ordinance includes the city's re-adoption of these benefits.

By adopting this ordinance, your city will not need to adopt an ordinance each year to re-authorize calculations of these benefits. The Updated Service Credit/Annuity Increase will remain in effect for future years until it is discontinued by an ordinance adopted by the City Council.

If your city chooses to adopt these provisions, your 2021 contribution rate will be **10.55%**.

Please note that the effective dates for the City Matching Ratio, Updated Service Credits, and CPI Increase to Annuitant provisions must be January 1 of next year. However, the effective date for the Employee Deposit rate may be the first day of any month following its adoption.

We will appreciate receiving a copy of this ordinance within thirty days of its adoption.

Please feel free to contact me if you need assistance or additional information at 1-800-924-8677.

Sincerely,

Eric W. Davis  
Deputy Executive Director



TMRS-Dep USC T R

## TEXAS MUNICIPAL RETIREMENT SYSTEM

**AN ORDINANCE AUTHORIZING AND ALLOWING, UNDER THE ACT GOVERNING THE TEXAS MUNICIPAL RETIREMENT SYSTEM, "UPDATED SERVICE CREDITS" IN SAID SYSTEM ON AN ANNUAL BASIS FOR SERVICE PERFORMED BY QUALIFYING MEMBERS OF SUCH SYSTEM WHO AT THE EFFECTIVE DATE OF THE ALLOWANCE ARE MEMBERS OF THE CITY OF MINEOLA; INCREASE THE RATE OF DEPOSITS TO THE TEXAS MUNICIPAL RETIREMENT SYSTEM BY THE EMPLOYEES; AND ESTABLISHING AN EFFECTIVE DATE FOR THE ORDINANCE.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MINEOLA, TEXAS:**

### **Authorization of Updated Service Credits.**

(a) On the terms and conditions set out in Sections 853.401 through 853.404 of Subtitle G of Title 8, Government Code, as amended, (hereinafter referred to as the "TMRS Act"), each member of the Texas Municipal Retirement System (hereinafter referred to as the "System") who has current service credit or prior service credit in the System in force and effect on the 1st day of January of the calendar year preceding such allowance, by reason of service in the employment of the City (hereinafter called the "City") and on such date had at least 36 months of credited service with the System, shall be and is hereby allowed "Updated Service Credit" (as that term is defined in subsection (d) of Section 853.402 of the TMRS Act).

(b) On the terms and conditions set out in Section 853.601 of the TMRS Act, any member of the System who is eligible for Updated Service Credits on the basis of service with this City, who has unforfeited credit for prior service and/or current service with another participating municipality or municipalities by reason of previous service, and was a contributing member on the 1st day of January of the calendar year preceding such allowance shall be credited with Updated Service Credits pursuant to, calculated in accordance with, and subject to adjustment as set forth in said Section 853.601, both as to the initial grant thereunder and all future grants under this ordinance.

(c) The Updated Service Credit hereby allowed and provided for shall be **100%** of the "base Updated Service Credit" of the member (calculated as provided in subsection (c) of Section 853.402 of the TMRS Act).

(d) Each Updated Service Credit allowed hereunder 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 allowance of Updated Service Credit hereunder shall be effective on **January 1, 2021**, subject to approval by the Board of Trustees of the System. An allowance shall be made hereunder on January 1 of each subsequent year until this ordinance ceases to be in effect under subsection (e) of Section 853.404 of the TMRS Act, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in subsection (d) of Section 853.404 of the TMRS Act.

(f) In accordance with the provisions of subsection (d) of Section 853.401 of the TMRS Act, the deposits required to be made to the System by employees of the several participating departments on account of current service shall be calculated from and after the effective date of this ordinance on the full amount of such person's compensation as an employee of the City.

**BE IT FURTHER ORDAINED:**

**Increase Deposit Rate:** That all employees of the City, who are members of the Texas Municipal Retirement System, shall make deposits to the System at the rate of **7%** of their individual earnings effective **the first day of** October, **20**20.

**Effective Date:** Subject to approval by the Board of Trustees of the System, this ordinance shall be and become effective on the 1st day of January, **20**21

Passed and approved this the 24th day of August, 2020.

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
City Secretary or Clerk

\_\_\_\_\_  
Mayor



# Plan Change Study

**GRID 2021**

*For Informational Purposes Only*  
 Effective Date - January 1, 2021  
 Report Date - June 30, 2020

**00868 Mineola**

## Proposed Plans

<u>Plan Provisions</u>	<u>Current</u>	<u>2</u>
Deposit Rate	5.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC **	Yes	Yes
Annuity Increase	0%	0%
20 Year/Any Age Ret.	Yes	Yes
Vesting	5 years	5 years
<u>Contribution Rates</u>	<u>2021</u>	<u>2021</u>
Normal Cost Rate	5.42%	7.66%
Prior Service Rate	<u>-0.37%</u>	<u>2.66%</u>
Retirement Rate	<b>5.05%</b>	<b>10.32%</b>
Supplemental Death Rate	<u>0.23%</u> (A & R)	<u>0.23%</u> (A & R)
Total Rate	<b>5.28%</b>	<b>10.55%</b>
Unfunded Actuarial Liability	\$-222,408	\$859,851
Amortization Period	20 years	20 years
Funded Ratio	103.0%	89.8%
Phase-In Total Rate	N/A	N/A
Stat Max	11.50%	13.50%
Study Exceeds Stat Max	No	No

\*\*This is the addition to the Initial Prior Service Rate for USC for transfers. There were 4 eligible transfer employees on the valuation date.