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## MEMORANDUM

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**DATE:** 9/18/17  
**TO:** Mayor Keil  
City Council  
**THRU:** Douglas Faseler, City Manager  
**FROM:** Tammy Garcia, Director of Human Resources   
**SUBJECT:** Ordinance adopting 2018 TMRS plan

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In 2014 City Council adopted a resolution directing staff to continue with financial planning to fully fund retirement benefits by no later than fiscal year 2019. This goal of fully funding the plan includes reinstatement of the annually repeating provision for the annuity increase benefit and budgeting for the cost of these benefits as actuarially established by the Texas Municipal Retirement System.

The actuarially established contribution rate for 2018 is 16.08% for the current level of benefits. The contribution rate to fully fund the plan would be 22.91%. The recently adopted FY 2018 budget includes a TMRS contribution rate of 20.88%. The budgeted rate exceeds the mandated rate by 3.68%. Staff is recommending setting the City contribution rate, above the TMRS established rate, in order to place the City in a position to reach full funding by next fiscal year.

Staff recommends approval of the attached ordinance adopting the existing benefits for calendar year 2018. Staff also recommends that the City adopt a contribution rate of 20.88% effective January 1, 2018 as provided for in the FY 2018 budget.

I would be happy to respond to any questions you have regarding this item.