



**MINUTES OF THE
TEXAS MUNICIPAL RETIREMENT SYSTEM**

**Meeting of the Advisory Committee on Benefit Design
of the Board of Trustees**

December 1, 2021 – 10:00 a.m.

The Advisory Committee on Benefit Design (Committee) of the Board of Trustees (Board) of the Texas Municipal Retirement System (TMRS) convened for a meeting at 10:00 a.m. at TMRS Headquarters, located at 2717 Perseverance Drive, Suite 300, in Austin, Texas with the following Trustees and Committee members present: Jesús Garza, TMRS Trustee and Advisory Committee Chair, Bill Philibert, TMRS Trustee and Advisory Committee Vice-Chair, Paul Parker, Retiree Member, Mitch Landry, Texas Municipal Police Association (TMPA), Scott Leeton, Combined Law Enforcement Association of Texas (CLEAT), Allison Heyward, Councilmember, City of Schertz, Elected Member, David Riggs, Texas State Association of Fire Fighters (TSAFF), Evelyn Njuguna, Texas Municipal League (TML), Casey Srader, Government Finance Officers Association of Texas (GFOAT), Barry Sullivan, City of Gainesville, Active Member, Robert Hanna, Texas City Management Association (TCMA) Alternate (via Zoom), and Chereé Bontrager, Nominee for the Texas Municipal Human Resource Association (TMHRA) (via Zoom).

Staff present included: David Wescoe, Executive Director, Michelle Kranes, Chief Service Officer, Christine Sweeney, Chief Legal Officer, Sandra Vice, Chief Administrative Officer, Michelle Mellon-Werch, Director of Communications, Leslee Hardy, Director of Actuarial Services, Anthony Mills, Director of City Services, Debbie Muñoz, Director of Member Services, Dan Wattles, Director of Governmental Relations, Kenneth Oliver, Actuarial Analyst, Madison Jechow, Assistant General Counsel, Chris Gillis, Network/Systems Administrator. Consultants present: Joe Newton, GRS.

Welcome

1. Welcome and Introductions.

Mr. Garza called the meeting to order at 10:06 a.m. and asked Committee members to introduce themselves.

Consent Agenda

2. Approve Minutes from the August 19, 2021 Advisory Committee meeting.

Mr. Parker moved for approval of the minutes from the August 19, 2021 Advisory Committee meeting. Ms. Heyward seconded the motion, which was approved unanimously.

Chief Service Officer Report

3. Update on Cost-of-Living Adjustment (COLA) and Retiree Supplemental Death Benefit (SDB) Research.

Ms. Kranes discussed TMRS staff surveys of cities about COLA and SDB topics.

Discussion

4. Discussion of COLA Topics.

Regarding COLAs, Ms. Kranes said the first question for the Committee was whether to make the current retroactive feature optional for cities increasing or decreasing the amount of a COLA benefit. From the cities' survey responses, staff concluded that the retroactive feature did not play a role in most cities' decisions related to COLAs. Ms. Hardy said that, generally, the cost of the retroactive feature is a small part of the cost to add a COLA. After discussion, the Committee concluded that there is not sufficient support among cities to change the retroactive feature.

Ms. Kranes then discussed COLA percentage options, currently 30%, 50% or 70% of the Consumer Price Index (CPI), and whether to add any options. Again, TMRS staff surveyed cities and found that the responses showed little interest in adding more COLA options below 70%, but there was support to add a 90% repeating COLA option. After Committee discussion, Mr. Garza said he would recommend the Board consider pursuing legislation to add a 90% COLA option.

5. Discussion of Retiree Supplemental Death Benefit (SDB).

Next, Ms. Kranes discussed the TMRS SDB for retirees, currently statutorily set at \$7,500, and its history. Under the TMRS Act, to provide the retiree SDB, cities must also provide a SDB for active Members. From surveys of cities, staff concluded that cities not offering a SDB already offer life insurance to retirees outside of TMRS and that some cities support increasing the SDB to \$10,000. Following Committee discussion, the consensus was there was no interest in changing the amount of the retiree SDB.

6. Discussion of Other Potential Benefit Design Improvements.

Mr. Garza invited Committee members to offer other ideas for benefit design improvements. He said that currently COLA is tied to Updated Service Credit (USC) and that if cities want to prioritize retirees and grant a COLA, the cost of the USC can be an obstacle. Mr. Garza asked staff to review to see if any cities might benefit from unlinking USC and COLAs. Mr. Garza said he also found it interesting that the retiree SDB is tied to the active employee SDB. Members of the Committee expressed interest in reviewing the unlinking of the USC and COLA benefits and the employee SDB and retiree SDB.

7. Update on Improvements to Service and Communications with TMRS Members, Participating Cities and Stakeholders.

Ms. Mellon-Werch reviewed improvements to TMRS communications made in 2021, including TMRS' new logo, improvements to its website including the posting of additional Board meeting materials, and the TMRS mobile app. Ms. Muñoz described Member Services improvements, including improved retirement estimates, a redesigned and simplified member account statement and clarified templates for automated letters sent to Members. She said the TMRS call center typically answers 81,000 calls annually with a median wait time less than 30 seconds. Mr. Mills described expanded outreach activities by City Services. This year's virtual TMRS Annual Conference for Cities was the best attended ever, and City Services presented information at other conferences hosted by TCMA, GFOAT and TML. Mr. Mills described improvements to the TMRS City Portal.

8. Next Steps

Mr. Garza said that he and Mr. Philibert will report to the Board at its meeting on December 2, 2021 and will recommend that the Board consider pursuing a legislative proposal to allow cities to adopt a COLA at 90% of CPI and authorize the Committee to study the unlinking of USC from COLA and the retiree SDB from the active employee SDB. He said he intends for the Committee to complete its reviews by April to allow the Board and staff time to work on potential legislation prior to the next legislative session.

Adjournment

Mr. Garza adjourned the meeting at 12:08 p.m.



David B. Wescoe
Executive Director



Jesús A. Garza
Chair, Advisory Committee on Benefit Design