

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in work session at 4:00 p.m. at the Old Bedford School, 2400 School Lane, on the 23rd day of June 2009 with the following members present:

Jim Story	Mayor
Roy Savage	Mayor Pro Tem
Chris Brown	Council Members
Ray Champney	
Roger Fisher	
Roy Turner	

Constituting a quorum.

Lori Nail was absent at today's work session.

Staff present included:

Beverly Queen	City Manager
Steve Johnson	Deputy City Manager
Stan Lowry	City Attorney
David Flory	Police Chief
Shanae Jennings	City Secretary
Jill McAdams	Director of Human Resources
Tom Ross	Director of Administrative Services
James Tindell	Fire Chief
Mirenda McQuagge-Walden	Communications/Special Projects Manager

### **CALL TO ORDER/GENERAL COMMENTS**

Mayor Story called the work session to order at 4:06 p.m.

### **WORK SESSION 4:00 p.m.**

#### **1) Overview and comparison of retirement plans. \*\*\*Item requested by Councilman Brown**

City Manager, Beverly Queen, provided an introduction to Council regarding various pension plans and information regarding those plans as they relate to side by side comparison studies. That information can be located within the City Secretary's Office.

Ms. Queen requested that the Council consider: 1) financial impact, not only to the City but the employees, 2) risk involved in each plan, 3) portability of plans, 4) flexibility of plans, and 5) timing and transition if changes are made.

Mirenda McQuagge-Walden, Communications/Special Projects Manager, introduced representatives of

each retirement plan who will be speaking today. Eunice Brogden will speak on behalf of ICMA along with members of her staff, and Eric Davis will speak on behalf of TMRS along with members of his staff.

Eunice Brogden, local representative for ICMA retirement programs. Ms. Brogden currently represents the City of Bedford's retirement plan, which is a defined contribution plan. The City has a 401(a) currently in place, which is a money purchase plan that is both flexible for the employee and the employer. With this plan one will always know what the funding level will be. Currently there is a 12% employer contribution with no contribution required from the employee of the City of Bedford under this plan. Under the 401(a) plan up to 25% of City salary, which can be a combination of employer/employee contribution, can be contributed. Bedford is not currently under Social Security. ICMA is a nonprofit organization that was created by City Managers in an effort to create a plan for City Managers where money could be invested towards their retirement; therefore, you will only see ICMA within the public sector. Age 55 is the requirement provision for retirement with ICMA and you must have been with the City for 7 years before you are vested in the plan. Once vested the employer cannot take the invested money of the employee away. The 12% contributed by the City can be increased or decreased at any time by the employer depending on the economy. The plan can be terminated at any time with a 60 day notice. Upon termination of the plan everyone becomes completely vested and the loans which are currently in existence by the employees must be paid in full immediately.

Ken Whittimyer, Director of Strategic Relations for ICMA. Mr. Whittimyer stated that he has seen many combinations of retirement plans such as TMRS wish they were in ICMA's position right now with the current economy; however, he did state it is really what the City wants in relation to their independent situation in conjunction with a function of the market. He indicated that the flexibility of the defined contribution plan is most utilized by public safety and that they are your best savers in a City. ICMA has enjoyed the relationship with the City of Bedford and appreciates the business they have had with us.

Most cities within the area are with TMRS according to Ms. Brogden. You will see many of the Council of Governments with ICMA plans but the cities/municipalities are with TMRS. However, you will see some cities that use TMRS as their primary plan and then also have an ICMA 401 plan. Generally the niche for ICMA is a supplemental market to cities.

Eric Davis, Deputy Executive Director for TMRS. Mr. Davis indicated TMRS was created in 1947 and they are one of four public sector retirement plans. TMRS is a joint contributory plan in that both employee and employer contribute. One of the differences in TMRS is that contributions are based on gross compensation of the employee and they do require mandatory participation of the employee beginning on day one of employment with the City. The basics of the plan are that it is a hybrid defined benefit plan. It is half defined benefit and half defined contribution.

On the contribution end, the employee pays in at least five, six or seven percent and the employer then matches that amount. One of the benefits of TMRS is that when the City joins TMRS the employees are granted prior service credit. Therefore, they get a month of credit for each month they have been with the City towards vesting.

One is considered vested in TMRS after five years. Everything done within TMRS has to go through the State Legislature. An employee is eligible to retire after 20 years of service at any age or after five years of service if you are at the age of 60. If you become disabled you are able to retire at any age and the benefit is based on how long you have been in the system. Supplemental death benefit is included, which is a lump sum of \$7,500. Contribution rate is actuarially determined each year. Unique features to TMRS include: 1) City controls the plan options, setting the deposit rate, matching ratio, percentage of prior service plans offered, etc. 2) Vesting is a fixed amount of time as is retirement age, 3) Portability is a key feature, at present 804 cities are covered by TMRS.

Bedford is the largest city in the State of Texas, outside of those who carry their own retirement plans

such as Houston, Dallas and Fort Worth, that does not use TMRS.

Council took a short recess at approximately 5:10 p.m. so that the representatives could leave and Council could discuss the options for retirement systems upon returning to their session.

Council reconvened at approximately 5:18 p.m.

Tom Ross provided an overview of some options for what could occur within a transition from ICMA to TMRS.

The Mayor indicated that the goal of the Council today is to come out of this meeting providing direction to staff as to whether or not Council wants to continue pursuing research on TMRS, and if they do, is staff interested in staying with ICMA or moving to TMRS.

Council indicated they are in favor of moving forward towards seeking more input and options about TMRS at no additional cost to the City, seeking input from the staff about how they feel regarding the difference between ICMA versus TMRS and whether or not they would like to stay with ICMA or move to TMRS, and then evaluate a decision at a future meeting.

Staff will attempt to get employee education meetings conducted by the end of July and Council would like to make a decision by October to become effective by January if any changes are to be made.

**ADJOURNMENT**

Mayor Story adjourned the meeting at 6:09 p.m.

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Jim Story, Mayor

ATTEST:

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Shanae Jennings, City Secretary