



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 11, 2019
AGENDA ITEM #9

Approve a cost of living adjustment for Mobility Authority retirees and adopt a retirement benefits policy

Strategic Plan Relevance: Transparency/Accountability
Department: Finance
Contact: William Chapman, CFO
Associated Costs: No incremental funding needed - CTRMA funds retirement benefits @ 102%
Funding Source: FY 2020 Operating Budget
Action Requested: Consider and act on draft resolution

Background - CTRMA provides employees a retirement benefit managed through the Texas County & District Retirement System (TCDRS). This benefit can provide a cost of living adjustment (COLA) granted annually by the Board to active retirees drawing their pension. A COLA increases a retiree's benefit to make up for the loss of buying power due to inflation.

Currently, three former CTRMA employees, or their beneficiaries, are collecting retirement benefits through TCERS. This is the first time the Board has considered adopting a benefit adjustment.

The TCERS system allows for two types of retiree COLAs:

Flat-rate: Increases the benefit amounts of all CTRMA retirees by the same percentage. With this type of adjustment, the benefit payment increases by a percentage of the Board's choosing up to the limit set by the TCERS Board of Trustees each year. The TCERS Board reviews this annually and most recently adopted a maximum 2% flat-rate increase.

CPI-based: With this type of adjustment, the Board may choose to increase CTRMA retirees' benefit payments by a percentage based on the increase in the Consumer Price Index for all Urban Consumers (CPI-U), an index the federal government uses to measure inflation. Each retiree's benefit is individually increased according to how much inflation has occurred as measured by the CPI-U. The Board chooses a percentage of CPI-U change you wish to cover. The TCERS plan allows a range between 10% and 100% of the CPI-U. A CPI-based

**GENERAL MEETING OF THE BOARD OF DIRECTORS
OF THE
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 19-0XX

**APPROVING A COST-OF-LIVING ADJUSTMENT FOR MOBILITY AUTHORITY
RETIREES AND ADOPTING A RETIREE BENEFIT POLICY**

WHEREAS, in Resolution No. 04-19, dated May 5, 2004, the Board of Directors approved participation by the Central Texas Regional Mobility Authority (“Mobility Authority”) in the Texas County & District Retirement System (“TCDRS”) to provide benefits to Mobility Authority employees under the Central Texas Regional Mobility Authority TCDRS Plan (the “Plan”); and

WHEREAS, the Plan requires certain authorizations from time to time by the Board of Directors regarding ongoing provisions of and/or changes to the Plan; and

WHEREAS, former Mobility Authority employees and/or their beneficiaries, are collecting retirement benefits through TCDRS; and

WHEREAS, the Plan provides an annual opportunity for a retiree cost-of-living adjustment (“COLA”); and

WHEREAS, the Chief Financial Officer of the Mobility Authority recommends adopting a one-year retiree COLA to be effective January 1, 2020 at 100% of the CPI-based retiree COLA established by TCDRS; and

WHEREAS, the Executive Director recommends amending the Mobility Authority Policy Code by adopting a new Article 3, Subchapter E regarding Employee Retirement Benefits which is attached hereto as Exhibit A.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves and adopts a one-year retiree COLA to be effective January 1, 2020 at 100% of the CPI-based COLA established by TCDRS; and

BE IT FURTHER RESOLVED that the Board of Directors hereby amends the Mobility Authority Policy Code by adopting a new Article 3, Subchapter E regarding Employee Retirement Benefits in the form attached hereto as Exhibit A; and

BE IT FURTHER RESOLVED that the Chief Financial Officer is hereby authorized to execute such documents and take all other actions necessary to implement the one-year retiree COLA approved herein.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 11th day of September 2019.

Submitted and reviewed by:

Approved:

Geoffrey Petrov, General Counsel

Bobby Jenkins
Chairman, Board of Directors

Exhibit A

Article 3. ADMINISTRATION

Subchapter E. EMPLOYEE RETIREMENT BENEFITS

101.0631 Texas County and District Retirement System Plan

(a) The authority participates in the Texas County & District Retirement System (TCDRS), which is a multi-employer, defined benefit pension plan under section 401(a) of the Internal Revenue Code. The authority contributes a percentage of employee salaries for the required employer contribution rate. Each CTRMA employee is required to contribute 7.00% of their salary to the TCERS retirement system.

(b) The authority's TCERS Plan includes provisions for annual cost of living adjustments. The board shall consider adopting a cost of living adjustment for retirees receiving a pension each year in conjunction with adopting the annual budget.

101.0632 Deferred Compensation 457(b) Plan

(a) The authority provides employees an opportunity to defer compensation for retirement via a 457 (b) plan, a type of non-qualified, tax advantaged deferred-compensation retirement plan that is available for governmental and certain non-governmental employers in the United States. The employer provides the plan and the employee voluntarily defers compensation into the plan.



PLAN CUSTOMIZER SUMMARY FOR PLAN YEAR 2020

Central Texas Regional Mobility Authority

CURRENT PLAN AND PROPOSED PLAN(S)

| | Current Plan | CPI 100% |
|---|----------------------------|----------------------------|
| Basic Plan Options | | |
| Employee Deposit Rate | 7.00% | 7.00% |
| Employer Matching | 250% | 250% |
| Application of Matching | Past & Future | Past & Future |
| Prior Service Credit | 175% | 175% |
| Retirement Eligibility | | |
| Age 60 (Vesting) | 5 yrs of service | 5 yrs of service |
| Rule Of | 75 yrs total age + service | 75 yrs total age + service |
| At Any Age | 30 yrs of service | 30 yrs of service |
| Optional Benefits | | |
| Partial Lump-Sum Payment at Retirement | No | No |
| Group Term Life | ACTIVE-PLUS-RETIREEES | ACTIVE-PLUS-RETIREEES |
| COLA | N/A | 100% CPI |
| Retirement Plan Funding | | |
| Normal Cost Rate | 12.43% | 12.43% |
| UAAL/(OAL) Rate | -0.89% | -0.87% |
| Required Rate | 11.54% | 11.56% |
| Elected Rate | 14.00% | 14.00% |
| Additional Employer Contribution | \$0.00 | \$0.00 |
| Total Contribution Rate | | |
| Retirement Plan Rate | 14.00% | 14.00% |
| Group Term Life Rate | 0.29% | 0.29% |
| Total Contribution Rate | 14.29% | 14.29% |
| Valuation Results | | |
| Actuarial Accrued Liability | \$7,108,763 | \$7,116,901 |
| Actuarial Value of Assets | \$7,407,756 | \$7,407,756 |
| Unfunded/(Overfunded) Actuarial Liability | (\$298,993) | (\$290,855) |
| Funded Ratio | 104.2% | 104.1% |