

ORDINANCE NO. 1678

AN ORDINANCE REGARDING THE CITY OF JACKSONVILLE'S TEXAS MUNICIPAL RETIREMENT SYSTEM BENEFITS: (1) ADOPTING NON-RETROACTIVE REPEATING COLAS, FOR RETIREES AND THEIR BENEFICIARIES UNDER TMRS ACT §853.404(f) and (f-1), AND (2) AUTHORIZING ANNUALLY ACCRUING UPDATED SERVICE CREDITS AND TRANSFER UPDATED SERVICE CREDITS.

WHEREAS, the City of Jacksonville, Texas (the "City"), elected to participate in the Texas Municipal Retirement System (the "System" or "TMRS") pursuant to Subtitle G of Title 8, Texas Government Code, as amended (which subtitle is referred to as the "TMRS Act"); and

WHEREAS, House Bill 2464, 88th Texas Legislature, R.S., 2023 ("HB 2464"), added Subsections 853.404(f) and (f-1) to the TMRS Act and authorized cities participating in the System to provide certain retirees and their beneficiaries with an annually accruing ("repeating") annuity increase (also known as a cost of living adjustment, or "COLA") based on the change in the Consumer Price Index for All Urban Consumers for the one-year period that ends 12 months before the January 1 effective date of the applicable COLA (a "non-retroactive repeating COLA"); and

WHEREAS, new TMRS Act §853.404(f) and (f-1) allow participating cities to elect to provide non-retroactive repeating COLAs under certain circumstances, as further described by this Ordinance, by adopting an ordinance to be effective January 1 of 2024, 2025 or 2026, in accordance with TMRS Act §854.203 and §853.404; and

WHEREAS, TMRS Act §853.404(f-1) provides the non-retroactive repeating COLA option applies only to a participating city that, as of January 1, 2023, either (1) has not passed an annually repeating COLA ordinance under TMRS Act §853.404(c) or had previously passed a repeating COLA ordinance and then, before January 1, 2023, passed an ordinance rescinding such repeating COLA, or (2) does provide an annually repeating COLA under §853.404(c) and elects to provide a non-retroactive repeating COLA under §853.404(f) for purposes of maintaining or increasing the percentage amount of the COLA; and

WHEREAS, the City Council acknowledges that the City meets the above-described criteria under §853.404(f-1) and is eligible to elect a non-retroactive repeating COLA under §853.404(f) and that such election must occur before January 1, 2026, and after that date future benefit changes approved by the City may require reversion to a retroactive repeating COLA; and

WHEREAS, the City Council finds that it is in the public interest to: (1) adopt annually accruing non-retroactive COLAs for retirees and their beneficiaries under TMRS Act §853.404(f) and (f-1); and (2) in accordance with TMRS Act §853.404 and §854.203(h), reauthorize annually accruing Updated Service Credits and transfer Updated Service Credits.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF JACKSONVILLE, TEXAS:

Section 1. Adoption of Non-Retroactive Repeating COLAs.

- (a) On the terms and conditions set out in TMRS Act §854.203 and §853.404, the City authorizes and provides for payment of the increases described by this Section to the annuities paid to retired City employees and beneficiaries of deceased City retirees (such increases also called COLAs). An annuity increased under this Section replaces any annuity or increased annuity previously granted to the same person.
- (b) The amount of the annuity increase under this Section is computed in accordance with TMRS Act §853.404(f) as the sum of the prior service and current service annuities, as increased in subsequent years under TMRS Act §854.203 or TMRS Act §853.404(c), of the person on whose service the annuities are based on the effective date of the annuity increase, multiplied by 50% of the percentage change in the Consumer Price Index for All Urban Consumers during the 12-month period ending in December of the year that is 13 months before the effective date of the increase under this Section.
- (c) An increase in an annuity that was reduced because of an option selection is reducible in the same proportion and in the same manner that the original annuity was reduced.
- (d) If a computation under this Section does not result in an increase in the amount of an annuity, the amount of the annuity will not be changed under this Section.
- (e) In accordance with TMRS Act §853.404(f-1)(2), an increase under this Section only applies with respect to an annuity payable to a TMRS member, or their beneficiary(ies), which annuity is based on the service of a TMRS member who retired, or who is deemed to have retired under TMRS Act §854.003, not later than the last day of December of the year that is 13 months before the effective date of the increase under this Section.
- (f) The amount of an increase under this Section is an obligation of this City and of its account in the benefit accumulation fund of the System.
- (g) The initial increase in annuities authorized by this Section shall be effective on January 1 immediately following the year in which this Ordinance is approved, subject to receipt by the System prior to such January 1 and approval by the Board of Trustees of the System ("Board"). Pursuant to TMRS Act §853.404, an increase in retirement annuities shall be made on January 1 of each subsequent year, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in TMRS Act §853.404(d), until this Ordinance ceases to be in effect as provided in TMRS Act §853.404(e).

Section 2. Authorization of Annually Accruing Updated Service Credits and Transfer Updated Service Credits.

- (a) As authorized by TMRS Act §854.203(h) and §853.404, and on the terms and conditions set out in TMRS Act §§853.401 through 853.404, the City authorizes each member of the System who on the first day of January of the calendar year immediately preceding the January 1 on which the Updated Service Credits will take effect (i) has current service credit or prior service credit in the System by reason of service to the City, (ii) has at least 36 months of credited service with the System, and (iii) is a TMRS-contributing employee of the City, to receive "Updated Service Credit," as that term is defined and calculated in accordance with TMRS Act §853.402.

(b) The City authorizes and provides that each employee of the City who (i) is eligible for Updated Service Credits under Subsection (a) above, and (ii) who has unforfeited prior service credit and/or current service credit with another System-participating municipality or municipalities by reason of previous employment, shall be credited with Updated Service Credits pursuant to, calculated in accordance with, and subject to adjustment as set forth in TMRS Act §853.601 (also known as "Transfer USC"), both as to the initial grant and all future grants under this Ordinance.

(c) The Updated Service Credit authorized and provided under this Ordinance shall be **100%** of the "base Updated Service Credit" of the TMRS member calculated as provided in TMRS Act §853.402.

(d) Each Updated Service Credit authorized and provided by this Ordinance 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 Updated Service Credit authorized by this Section shall be effective on January 1 immediately following the year in which this Ordinance is approved, subject to receipt by the System prior to such January 1 and approval by the System's Board. Pursuant to TMRS Act §853.404, the authorization and grant of Updated Service Credits in this Section shall be effective on January 1 of each subsequent year, using the same percentage of the "base Updated Service Credit" stated in Subsection (c) in computing Updated Service Credits for each future year, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in TMRS Act §853.404(d), until this Ordinance ceases to be in effect as provided in TMRS Act §853.404(e).

Section 3. Severability. It is the intention of the City Council of the City of Jacksonville that if any phrase, sentence, section or paragraph of this ordinance be declared unconstitutional or otherwise invalid by final judgment by a court of competent jurisdiction such unconstitutionality or invalidity shall not affect any of the remainder of this ordinance since the same would have enacted by the City Council without the incorporation of the unconstitutional or invalid phrase, sentence, section or paragraph.

Section 4. Repealer. That all provisions of the ordinances and resolutions of the City of Jacksonville in conflict with the provisions of this Ordinance be and the same are hereby repealed and all other provisions of the ordinances and resolutions of the City of Jacksonville not in conflict with the provisions hereof shall remain in full force and effect.

Section 5. Publication. The City Clerk shall cause the caption of this Ordinance to be published in a newspaper of general circulation within the City of Jacksonville.

Passed and approved September 10, 2024.

CITY OF JACKSONVILLE, TEXAS

By:



Randy Gorham, Mayor

ATTEST:



For Greg Lowe, City Clerk

APPROVED AS TO FORM:



D. Brett Brewer, City Attorney