

City Council
May 15, 2017

A Work Session of the Mayor and City Council of the City of Waxahachie, Texas was held in the Council Conference Room at City Hall, 401 S. Rogers on Monday, May 15, 2017, at 6:00 p.m.

Council Members Present: Kevin Strength, Mayor
Mark Singleton, Mayor Pro Tem
David Hill, Councilmember

Council Members Absent: Chuck Beatty, Councilmember
Mary Lou Shipley, Councilmember

Others Present: Paul Stevens, City Manager
Michael Scott, Assistant City Manager
Steve Chapman, City Attorney
Lori Saunders, City Secretary

Mayor Kevin Strength called the meeting to order.

City Manager Paul Stevens reported during the audit presentation, there were questions regarding Texas Municipal Retirement System (TMRS). He introduced Ms. Leslee Hardy, Director of Actuarial Services, TMRS to review the report.

Ms. Hardy stated she works with actuaries and reports how much the fund is paying. She explained the process of calculating the price service rate noting some years the fund will earn less than other years and it is expected being long-term assumptions. For funding, TMRS smooths the assets to accommodate gains and losses. Ms. Hardy stated GASB requires, for financial reporting purposes, the market value of assets noting the city's pension expense and net pension liability reported will be highly leveraged.

Mayor Pro Tem Mark Singleton stated the fund was expected to earn 6% and it earned 0.6%, therefore the city budget is out of balance approximately 3 million dollars and asked how that will be made up. He stated the industry has made a terrible mistake and to continue to downplay it is irresponsible.

Ms. Hardy stated the pension fund is not a budgeted item and explained it will be earned over the long term. She stated TMRS does asset liability studies and asset allocation studies noting TMRS has a 27 billion dollar portfolio and has out-performed the benchmarks. Ms. Hardy stated TMRS has a great investment team and they know what they are doing and has a very conservative asset allocation.

Mr. Charles Harris, Director of Finance, stated the liability is not on the books at all noting over time the city's fund will average 6% and.

City Council
May 15, 2017
Page 2

He explained the system hoped that overtime recognizing, not hoping for, but recognizing there would be ebb and flow to the interest rate noting we hoped that on average it will be 6.5%. He stated we don't hope that, we know in fact that it will not, cannot, and has never happened and never will, but 6.5% is a reasonable figure if you contemplate the highs and the lows over 30 years.

There being no further business the meeting adjourned at 6:52 p.m.

Respectfully submitted,

Lori Saunders
City Secretary