

COMMISSIONER'S COURT AGENDA REQUEST FORM

Return Completed Form to: Agenda Coordinator, County Judge's Office

| | |
|------------------------------------|-----------------------------|
| Date Submitted: September 23, 2009 | Submitted By: Kent Edwards |
| Court Agenda Date: October 6, 2009 | Department: Human Resources |
| | Phone Number: 281-341-8631 |

SUMMARY OF ITEM:
 Take all appropriate action to authorize the County Judge to execute Fort Bend County's Texas County & District Retirement System (TCDRS) Plan Authorization for the Plan Year 2010 and consider action on the following items: changes in the plan provisions for non-retirees; Cost of Living Adjustment (COLA) for retirees; and payment of a rate greater than the TCERS required rate.

RENEWAL AGREEMENT/APPOINTMENT YES NO
REVIEWED BY COUNTY ATTORNEY'S OFFICE: YES NO
 List Supporting Documents Attached: *Presentation Material from July 23, 2009 Budget Hearing*

FINANCIAL SUMMARY:

BUDGETED ITEM: YES X NO

FUNDING SOURCE: Accounting Unit: Account Number:
 Activity (If Applicable):

REQUIRES AUDITOR TO CERTIFY FUNDS: YES NO

Instructions to submit Agenda Request Form:

- Completely fill out agenda form: incomplete forms will not be processed.
- Agenda Request Forms may be submitted by e-mail, fax, or inter-office mail, and all back-up information must be provided by Wednesday at 2:00 p.m. to all those listed below.
- All original back-up must be received in the County Judge's Office by 2:00 p.m. on Wednesday.

DISTRIBUTION:
 Original Form Submitted with back up to County Judge's Office (✓ when completed)
 If by E-Mail to ospindon@co.fort-bend.tx.us If by Fax to (281) 341-8609
 Distribute copies with back-up to all listed below. If by fax, send to numbers below:

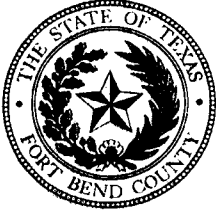
| | |
|---|---|
| <input checked="" type="checkbox"/> Auditor (281-341-3774) | <input checked="" type="checkbox"/> Comm. Pct. 1 (281-342-0587) |
| <input checked="" type="checkbox"/> Budget Officer (281-344-3954) | <input checked="" type="checkbox"/> Comm. Pct. 2 (281-403-8009) |
| <input type="checkbox"/> Facilities/Planning (281-633-7022) | <input checked="" type="checkbox"/> Comm. Pct. 3 (281-242-9060) |
| <input type="checkbox"/> Purchasing Agent (281-341-8642) | <input checked="" type="checkbox"/> Comm. Pct. 4 (281-980-9077) |
| <input type="checkbox"/> Information Technology (281-341-4526) | <input type="checkbox"/> County Clerk (281-341-8697) |
| <input type="checkbox"/> Other: | <input type="checkbox"/> County Atty (281-341-4557) |

RECOMMENDATION / ACTION REQUESTED:

Take all appropriate action to authorize 2010 Plan with no changes for non-retirees and with no COLA for retirees effective January 1, 2010. The Total Required Contribution Rate for the Plan Year 2010 will be 10.83%. Authorize the County Judge to execute the Plan Authorization.

Special Handling Requested (specify):

10-8-DA copy received



HUMAN RESOURCES DEPARTMENT
FORT BEND COUNTY, TEXAS

Kent M. Edwards, PHR
Director of Human Resources

Interoffice Memorandum

Date: September 24, 2009

To: County Judge Bob Hebert
Commissioners Morrison, Prestage, Meyers, Patterson

From: Kent Edwards

Subject: HR Agenda Item for the October 6, 2009 Commissioners' Court –
TCDRS Plan Authorization for 2010 Plan Year

The following information is a summary of an HR Agenda Item for the October 6, 2009 Commissioners' Court.

Agenda Item – TCDRS Plan Authorization for 2010 Plan Year

Each year, the Court must take the following actions for the upcoming TCDRS Plan Year:

1. decide whether to make any changes in the County's TCDRS Plan provisions for non-retirees, and
2. decide whether to adopt a cost-of-living adjustment (COLA) with respect to benefit payments being paid to retirees or their beneficiaries, and
3. decide whether to elect to pay a rate greater than the total required rate as reported by TCDRS, and
4. authorize the County Judge to execute the Plan Authorization Form which formally communicates those decisions to TCDRS.

At Budget Hearings on July 23, 2009, Human Resources and TCDRS presented the attached material to Commissioners' Court to assist in the decision making process.

Regarding the above items, it is the recommendation of Human Resources that for the 2010 plan year, Commissioners' Court:

1. makes no changes in the plan provisions for non-retirees, and
2. does not adopt a cost-of-living adjustment (COLA) to be paid to retirees or their beneficiaries, and
3. elects to pay the total required employer contribution rate of **10.83%**, and
4. authorizes the County Judge to execute the Plan Authorization Form which communicates these decisions to TCDRS.

Should you have any questions, please do not hesitate to contact me 281-341-8631.

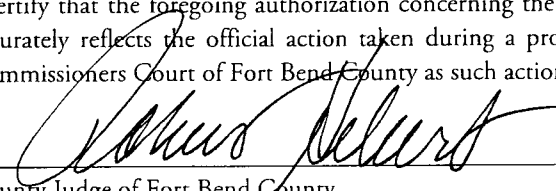
Fort Bend County, #178
Authorization to maintain TCDRS plan provisions
Plan year 2010

With respect to the participation of Fort Bend County in the Texas County & District Retirement System (TCDRS) for the 2010 plan year, the following order was adopted:

1. Fort Bend County makes no change in the plan provisions for non-retirees.
- * 2. With respect to benefit payments being paid to retirees or their beneficiaries, Fort Bend County (**check one box**):
 does not adopt a cost-of-living adjustment (COLA).
 adopts a ____% CPI-based COLA.
- * 3. The required employer contribution rate for Plan Year 2010 will be the following:
(a) Required rate without COLA: 10.83%
(b) COLA rate: + _____ (enter 0 if not adopting a COLA)
(c) **Total required rate** (a + b): = 10.83%
- * 4. Employers may elect to pay a rate greater than the **total required rate** listed above. Fort Bend County adopts for Plan Year 2010 (**check one box**):
 the **total required rate** listed above.
 add a new elected rate of _____%.
5. In the event the 2010 total required rate as set out above exceeds 11%, and if a current waiver of that limit is not on file with TCDRS, the Commissioners Court of Fort Bend County hereby waives the 11% limit on the rate of employer contributions and such waiver will remain effective with respect to future plan years until properly revoked by official action.

Certification

I certify that the foregoing authorization concerning the participation of Fort Bend County in TCDRS for Plan Year 2010 truly and accurately reflects the official action taken during a properly posted and noticed meeting on October 6, 2009, by the Commissioners Court of Fort Bend County as such action is recorded in the official minutes.



County Judge of Fort Bend County

Dated: October 6, 2009

* Please fill in the required information for items 2, 3 and 4 before signing and sending this document to TCDRS.



Human Resources Team

Fort Bend County Budget Hearings

TCDRS Presentation to Commissioners Court July 23, 2009

Tim Krause

TCDRS Employer Services

1.800.823.7782 X357

tim@tcdrs.org



HUMAN RESOURCES DEPARTMENT
FORT BEND COUNTY, TEXAS

Kent M. Edwards, PHR
Director of Human Resources

Interoffice Memorandum

Date: May 6, 2009

To: County Judge Hebert
Commissioners Morrison, Prestage, Meyers, Patterson

cc: Pamela Gubbels – Budget Director
Ed Sturdivant – County Auditor
Roy Cordes – County Attorney
Jeff Council – County Treasurer

From: Kent Edwards

Subject: TCDRS Contribution – 2010

TCDRS has submitted their calculated required contribution rate (without COLA) for 2010 which is 10.83%.

For comparison, the County's last five year's pre-COLA calculated contribution rates were 10.07% (2009), 9.96% (2008), 10.32% (2007), 9.87% (2006), and 10.07% (2005).

Again, this rate does not take into account the granting of a COLA. Note that the granting of a CPI-based increase of 50% (which seems to have been our practice in recent years) could be added without any additional cost, making our Total Required Rate equal to 10.83% for 2010.

For comparison, the County's last five year's Total Required Rates (including COLA) were 10.22% (2009), 10.13% (2008), 10.35% (2007), 9.95% (2006), and 10.08% (2005). FBC's Total Required Rates have averaged 10.35% over the last 10 years.

Additional details regarding our past calculations and contributions are attached in the *TCDRS Contribution Summary* worksheet.

The attached *Retirement Plan Assessment for Plan Year 2010* contains all the details of our Plan's benefits and our projected costs for next year. The document also includes information on why our employer contribution rate may have changed.

Please remember that COLAs must be re-authorized each year. They are not "automatic". There are two key dates/deadlines we must keep in mind – October 1, 2009 if we plan on making any changes, i.e. COLA, and the final document filing by December 15, 2009.

TCDRS Contribution Summary

Fort Bend County - Plan #178

| Plan Year | Normal Cost Rate | UAAL Rate | Required Rate w/o COLA | % of CPI Adopted | CPI Flat Rate Adopted | COLA Rate | Total Required Rate | Authorization to Maintain Plan Provisions | |
|-----------|------------------------------|------------------------------|-------------------------------|--|-----------------------|-----------------------------|-------------------------------|---|---------------------|
| | | | | | | | | Approved at Court Date | Certification Dated |
| 2010 | 7.25% | 3.58% | 10.83% | 0% | N/A | 0.00% | 10.83% | | |
| 2009 | 7.26% | 2.81% | 10.07% | 50% | N/A | 0.15% | 10.22% | September 23, 2008 | September 23, 2008 |
| 2008 | 7.22% | 2.74% | 9.96% | 50% | N/A | 0.17% | 10.13% | August 7, 2007 | September 4, 2007 |
| 2007 | 7.22% | 3.10% | 10.32% | 40% | N/A | 0.03% | 10.35% | September 12, 2006 | October 19, 2006 |
| 2006 | 6.78% | 3.09% | 9.87% | 50% | N/A | 0.08% | 9.95% | | |
| 2005 | 6.91% | 3.16% | 10.07% | 50% | N/A | 0.01% | 10.08% | | |
| 2004 | 6.91% | 3.62% | 10.53% | N/A | 2% | 0.09% | 10.62% | | |
| 2003 | 6.92% | 3.61% | 10.53% | 50% | N/A | 0.04% | 10.57% | | |
| 2002 | 6.93% | 3.31% | 10.24% | 50% | N/A | 0.23% | 10.47% | | |
| 2001 | 6.94% | 3.44% | 10.38% | N/A | 3% | 0.11% | 10.49% | | |
| 2000 | 6.93% | 3.57% | 10.50% | (2000 = .08% increase due to buy-back) | | | 10.58% | | |
| | 7.02% Average (11 yr.) | 3.28% Average (11 yr.) | 10.30% Average (11 yr.) | | | 0.10% Average (9 yr.) | 10.35% Average (10 yr.) | | |

 = Proposed

| | | |
|-----------|---------|---------|
| 1922..... | 607,779 | 178,358 |
| 1923..... | 639,540 | 248,752 |

**VALUE OF COTTONSEED CROP,
U. S. AND TEXAS (Farm Values).**

| Year— | Texas. | United States. |
|-----------|--------------|----------------|
| 1920..... | \$41,350,000 | \$136,990,000 |
| 1921..... | 27,430,000 | 104,560,000 |
| 1922..... | 45,370,000 | 150,400,000 |
| 1923..... | 79,724,000 | 202,603,000 |
| 1924..... | 78,500,000 | 197,600,000 |

(See also Cottonseed Manufactures.)

CORN.

Texas is one of the larger corn producers of the Union, usually ranking from third to twelfth among the States. Corn is grown in every section of the State where the soil is cultivated, and most of this big crop is consumed on Texas farms either by Texas swine or Texas work stock. Texas farmers have never gone into the corn-hog industry with the intensity of farmers of the Middle West, but the last few years have seen a movement in this direction. The sandy and loam lands of the State are capable of greatly increased production.

Texas corn acreage and production in bushels and value:

| Year— | Acreage. | Production. | Value. |
|-----------|-----------|-------------|-------------|
| 1924..... | 4,982,000 | 96,440,000 | 96,440,000 |
| 1923..... | 5,213,000 | 114,580,000 | 95,101,000 |
| 1922..... | 5,729,000 | 156,920,000 | 84,737,000 |
| 1921..... | 6,227,000 | 142,662,000 | 119,836,000 |
| 1920..... | 5,487,000 | 195,000,000 | 230,100,000 |
| 1919..... | 6,500,000 | 65,800,000 | 114,400,000 |
| 1918..... | 6,500,000 | 75,900,000 | 126,753,000 |
| 1917..... | 6,800,000 | 129,200,000 | 134,368,000 |
| 1916..... | 7,100,000 | 166,850,000 | 96,773,000 |
| 1915..... | 6,400,000 | 124,800,000 | 92,352,000 |
| 1914..... | 6,800,000 | 163,200,000 | 133,824,000 |
| 1913..... | 7,300,000 | 153,300,000 | 98,112,000 |
| 1912..... | 7,300,000 | 69,350,000 | 55,480,000 |
| 1911..... | 7,300,000 | 140,080,000 | 88,250,000 |

United States corn acreage, production and value:

| Year. | Acreage. | Production. | Value. |
|--------|-------------|---------------|-----------------|
| 1924.. | 105,000,000 | 2,477,538,000 | \$2,600,000,000 |
| 1923.. | 104,158,000 | 3,054,395,000 | 2,222,013,000 |
| 1922.. | 102,846,000 | 2,906,020,000 | 1,910,773,000 |
| 1921.. | 103,740,000 | 3,068,569,000 | 1,297,213,000 |

WHEAT.

Though the relatively low price of wheat, as compared with that of cotton during the last three years, has caused a decrease in wheat acreage in Texas, yet the rapidity with which wheat cultivation spread throughout Northwest Texas

& Pacific Railroad. When Texas wheat production is represented graphically on a map it is seen to fall principally into three belts: (1) the north end of the black land belt, approximately between Dallas and Grayson Counties; (2) the north central prairies lying south and southwestward of Wichita Falls, and (3) the Great Plains lying north of Lubbock County and centering about Potter and Gray Counties. The first two-named sections produce a soft winter wheat; the last a hard winter variety, with some spring wheat. Three-fourths or more of Texas wheat, it is estimated, is taken by Texas flour mills. Lower grades are usually exported through Galveston, and there is an occasional early-season movement to other States. Texas wheat is usually of excellent quality. Under favorable market conditions, the near future may see the Texas wheat acreage doubled or even trebled.

Texas wheat acreage, production and value:

| Year— | Acreage. | Production. (bushels). | Value. |
|-----------|-----------|---------------------------|--------------|
| 1924..... | 1,292,000 | 21,816,000 | \$23,000,000 |
| 1923..... | 1,559,000 | 16,370,000 | 16,861,000 |
| 1922..... | 1,249,000 | 9,992,000 | 10,991,000 |
| 1921..... | 2,081,000 | 20,810,000 | 20,810,000 |
| 1920..... | 1,583,000 | 20,579,000 | 35,396,000 |
| | | 33,745,000 | 67,484,000 |
| | | 9,000,000 | 19,350,000 |
| | | 16,200,000 | 34,020,000 |
| | | 13,200,000 | 22,836,000 |
| | | 25,575,000 | 27,365,000 |
| | | 14,066,000 | 13,925,000 |
| | | 13,650,000 | 12,831,000 |
| | | 11,025,000 | 10,253,000 |
| | | 6,580,000 | 6,580,000 |
| | | 10,500,000 | 10,290,000 |

RETIREMENT PLAN ASSESSMENT
FOR PLAN YEAR 2010
Fort Bend County - 178

United States acreage, production and value of wheat:

| Year. | Acreage. | Production. | Value. |
|----------|------------|-------------|---------------|
| 1924.... | 53,818,000 | 814,117,000 | \$850,000,000 |
| 1923.... | 58,308,000 | 785,741,000 | 725,501,000 |
| 1922.... | 62,318,000 | 867,598,000 | 873,412,000 |
| 1921.... | 63,696,000 | 814,905,000 | 754,834,000 |

*World production of wheat:

| | Bushels. |
|------------|---------------|
| 1923 | 3,697,761,000 |
| 1922 | 3,348,099,000 |
| 1921 | 3,258,089,000 |
| 1920 | 3,033,438,000 |
| 1919 | 2,997,051,000 |

*According to United States Department of Agriculture.

OATS.

Oats are grown throughout the central, middle western and northern sections of Texas. There is an appreciable production as far south as San Antonio. Nearly all of this crop is grown for consumption by the work teams of the State, but

Fort Bend County, #178
Retirement plan assessment
for plan year 2010

It's that time of year again — time to look at your TCDRS retirement plan and decide whether or not your benefits are adequate and affordable. This plan assessment will give you an overview of the benefits you currently provide. It also includes estimates on how much it will cost to provide these benefits in 2010.

If you are interested in adding to or changing your plan provisions for 2010, please contact your TCDRS Employer Services representative. We will send you cost and benefit information on any changes you are considering. If you are satisfied with your current plan, please return the enclosed authorization by Dec. 15, 2009.

If you have questions, contact your TCDRS Employer Services representative at 800-823-7782.

NEXT STEPS

1. If you are not considering any plan changes ...
return the enclosed authorization by Dec. 15, 2009.
2. If you are only adopting a COLA or elected rate ...
return the enclosed authorization by Dec. 15, 2009.
3. If you are considering changing or adding other plan provisions ...
contact TCDRS at 800-823-7782. We will be happy to send you the rates and authorization for the plan changes you are considering.

KEY DATES

Oct. 01, 2009

- Deadline to contact TCDRS in writing if you are considering authorizing a buyback.

Dec. 15, 2009

Send in your authorization to TCDRS confirming your 2010 plan provisions.

YOUR BENEFITS

Basic Benefit Provisions:

Employee deposit rate — 7%

Matching rate — 200%

Prior service credit — 165%

Retirement Eligibility:

Age 60 with 8 years of service

Any age with 30 years of service

Rule of 75 (age plus years of service equals 75)

Cost-of-Living Adjustments (COLAs) for retirees:

Your last adopted COLA was a 50% CPI-based COLA in 2009.

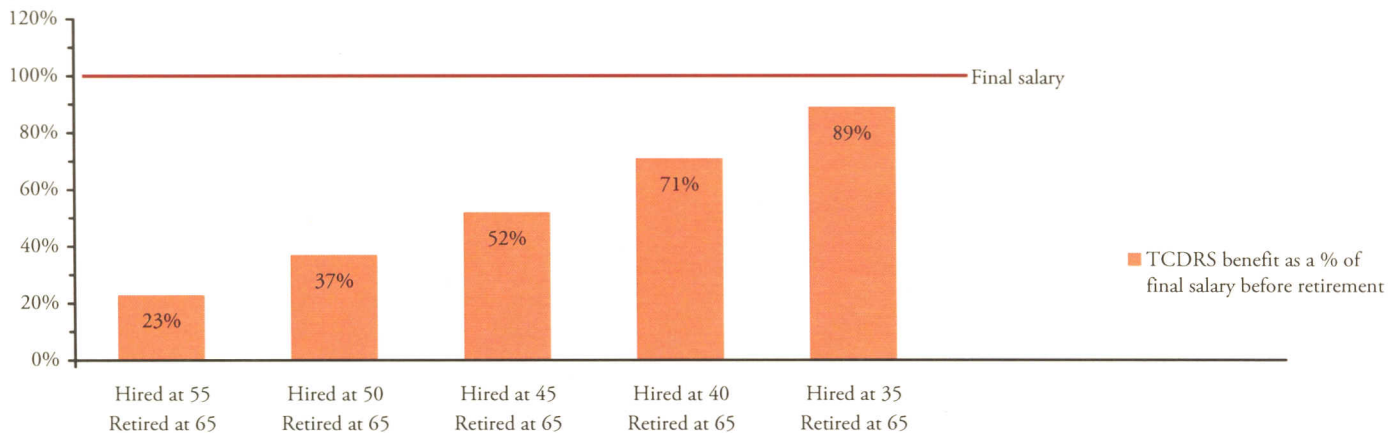
Optional Benefit Provisions:

- *Military service* – If your employees have earned at least 8 years of service with TCDRS, they can be credited with up to 60 months of military service.
- *Buyback* – You last passed a buyback authorization in 2000.

WHAT YOU ARE PROVIDING

Under your plan, each employee makes deposits into his or her personal TCDRS account by paying in a percentage of each paycheck. Employee accounts earn 7% interest each year, which is compounded annually based on the account balance at the beginning of the year. If one of your employees chooses to receive a retirement benefit, TCDRS adds the employee's personal account balance to matching and other credits you provide as an employer. We then convert that sum into a monthly benefit payment, payable for life.

The following chart shows the estimated TCDRS benefit as a percentage of final salary prior to retirement for a new hire:



Assumptions

- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through employee's retirement.
- Current laws governing TCDRS will continue as they are.
- Graded salary scales give bigger raises early in careers, with smaller raises later in careers (see Summary Valuation Report at www.tcdrs.org).
- Based on Life Only benefit.

YOUR COSTS

Your employer contribution rate represents the percentage of payroll your organization needs to contribute to fund future benefits for your current employees, former employees and retirees.

To calculate your total required rate, add the rate for any COLA you plan to adopt to the provided calculated contribution rate.

| | | |
|------------------------------|---|-------------------|
| Your normal cost rate | | 7.25% |
| Your UAAL rate | + | 3.58% |
| Calculated contribution rate | | <u>10.83%</u> |
| COLA rate (if adopting) | + | <u> </u> |
| Total Required Rate | | <u> </u> |

To determine the cost of your plan in dollars, move the decimal for your "Total required rate" two places to the left, then multiply it by your estimated payroll for next year.

COLAs must be re-authorized each year. They are not "automatic." If you wish to authorize a COLA for the next plan year, you can estimate the cost based on the schedule of rates below:

| | |
|------|------------|
| 10% | 0.00 |
| 20% | 0.00 |
| 30% | 0.00 |
| 40% | 0.00 |
| 50% | 0.00 |
| 60% | 0.12 |
| 70% | 0.23 |
| 80% | 0.35 |
| 90% | 0.46 |
| 100% | 0.57 |
| | % |
| | of payroll |

Below is a record of your required employer contribution rate history over the last five years.



A complete Summary Valuation Report for the Dec. 31, 2008 valuation is available on the Web.

ELECTED RATE AND LUMP-SUM CONTRIBUTIONS

There are two ways of making extra contributions to your plan: paying an elected rate higher than your required rate or making a lump-sum contribution. Neither will have a direct impact on the benefits your employees receive when they retire, but they help you buffer against negative plan experience or pre-fund a benefit increase.

ELECTED RATES

- ★ If you adopt an elected rate, then your monthly plan contributions will be based on the elected rate, rather than your required rate.
- ★ Paying an elected rate means you pay more than your required contribution rate into your employer account.
- ★ It can help you set a stable budgetary line item from year-to-year.
- ★ Electing a rate can provide a buffer against adverse plan experience.

LUMP-SUM CONTRIBUTIONS

- ★ An extra lump-sum contribution goes directly to your employer account.

THINGS TO CONSIDER

- ★ Making extra contributions can help reduce your required rate, but it does not guarantee that your required rate will never go up.
- ★ Extra contributions can provide a cushion against negative plan experience, such as investments not performing as well as expected.
- ★ Extra contributions can also be used as a way of pre-funding a benefit increase, such as a cost-of-living adjustment for your retirees.

HOW WE CAN HELP

If you are considering making extra contributions, please contact your TCDRS Employer Services representative. We can help you develop strategies for making extra contributions based on your goals for plan funding and future plan benefits.