

**PLANO CITY COUNCIL
PRELIMINARY OPEN MEETING
DECEMBER 18, 2007**

COUNCIL MEMBERS

Pat Evans, Mayor
Sally Magnuson, Mayor Pro Tem
Jean Callison, Deputy Mayor Pro Tem
Shep Stahel
Scott Johnson
Loretta Ellerbe
Harry LaRosiliere
Lee Dunlap

STAFF

Thomas H. Muehlenbeck, City Manager
Frank Turner, Executive Director
Bruce Glasscock, Executive Director
Rod Hogan, Executive Director
Diane C. Wetherbee, City Attorney
Diane Zucco, City Secretary

Mayor Pro Tem Magnuson called the meeting to order at 6:00 p.m., Tuesday, December 18, 2007, in Training Room A of the Municipal Center, 1520 K Avenue. All Council Members were present. Council Member Ellerbe arrived at 6:04 p.m. and Mayor Evans arrived at 6:09 p.m. Mayor Pro Tem Magnuson then stated that the Council would retire into Executive Session in compliance with Chapter 551, Government Code, Vernon's Texas Codes, Annotated, in order to consult with an attorney and receive Legal Advice, Section 551.071, and to discuss Economic Development, Section 551.087, for which a certified agenda will be kept in the office of the City Secretary for a period of two years as required.

Mayor Evans reconvened the meeting back into the Preliminary Open Meeting at 6:37 p.m. in the Council Chambers where the following matters were discussed and all Council Members were present:

Consideration and Action Resulting from Executive Session Discussion

No items were brought forward for consideration.

Personnel Appointments

Cultural Affairs Commission

Upon a motion made by Mayor Pro Tem Magnuson and seconded by Council Member LaRosiliere, the Council voted 8-0 to appoint Marilyn Mahoney as an interim member with a term expiring October 2008.

Transition and Revitalization Commission

Upon a motion made by Council Member Johnson and seconded by Council Member LaRosiliere, the Council voted 8-0 to appoint Joyce Beach as Chair.

Mobility Report

Transportation Engineering Manager Neal spoke regarding the opening of HOV lanes on U.S. 75 and anticipated reduction of congestion. He advised that there will be one lane in each direction with limited access. Mr. Neal spoke to continued discussion with the Plano Independent School District and Parks Department regarding spillover parking at ball fields. Mr. Neal responded to Council Member Stahel stating that the HOV lanes are intended for vehicles with at least two occupants and that at this point there are no special allowances for hybrid vehicles. He spoke to looking at ways to optimize the lanes and Mr. Stahel requested discussion regarding discounts for hybrid vehicles. Mr. Neal responded to Council Member Ellerbe stating that at this point the HOV lane ends in Allen but may extend further north in the future.

Updated Regarding TMRS Actions

Director of Budget and Research Rhodes advised that the TMRS adopted several recommendations at its meeting on December 10 and spoke to it providing retirement for municipal employees. She advised that TMRS is funded by the City and employees and is a hybrid plan with defined contributions and benefit characteristics. Ms. Rhodes advised that at the end of 2006, 821 cities were in the system, each with a customized plan and that 80% of members provide annually repeating updated service credits and annuity increases. She spoke to the basics of the system today which include amortization over 25 years, contributions covering the normal cost, funding at 82.1%, annual actuarial valuations, detailed examinations every five years and a long history of cities making required payments.

Ms. Rhodes spoke to the funding of City of Plano-TMRS benefits through deposits paid by employees (7%), City contributions (13.39%), investment earnings and a contribution rate set to pay the City's normal cost and a part of the employee's amortized liability. She advised that TMRS has historically invested in long-term bonds with an investment objective to preserve principal and earn interest at or above the statutory rate of 5% and provide this yield for members. She spoke to long-term bonds being a good vehicle in the past and providing a 6 to 7% yield. Ms. Rhodes spoke to recent events at TMRS including the hiring of a new executive director, recommendations of a taskforce regarding future direction and review by two actuarial firms of long-term funding implications.

Ms. Rhodes advised that costs are rising due to fewer active employees supporting more retirees, the retirement of Baby Boomers, lower investment earnings, updated service credits and annuity increases, slower turnover rates and payroll growth and the aging workforce. She reviewed the increase in the number of retirees from 1996 to 2005.

Ms. Rhodes advised regarding the recommendation to change the investment policy and strategy through diversification of the portfolio with a target of 7% and the approved plan to move into equities over five years with a target of 60% in equities and 40% in fixed-income. She spoke to the hiring of investment managers for oversight of the fixed income and equity portfolios. Ms. Rhodes spoke to the adoption of a 30-year amortization schedule and a projected unit credit to fully recognize future liabilities for cities with updated service credits. She spoke to changes in the mortality rate tables with the exception of the table used to generate monthly benefits. She spoke to cities implementing changes over eight years, allowing for additional contributions, the upcoming addition of a staff actuarial position, TMRS efforts to increase communication regarding the impact of the proposed changes and a program for retired public safety officers.

Ms. Rhodes advised regarding the City's future liability including changing the TMRS contribution rate to 22%, anticipation that the contribution will rise from \$15.4 million to \$23 million, an eight year implementation plan and the need for \$1 million for TMRS for fiscal year 2008-09. She spoke to a letter expected in January reflecting the projected rate, development of tools to assist cities with benefit design options, a regional funding workshop and receipt in May of the 2009 rate letter with the ultimate contribution rate and schedule of increases through 2016.

Ms. Rhodes responded to Council Member Johnson stating that next year the increase will be \$1 million with increases of \$1 million each year thereafter. City Manager Muehlenbeck spoke to consideration of a 30-year timeframe in assessing all costs including salary increases and to being fully funded at the end without having a rolling target each year. Mr. Johnson spoke to the impact of the emphasis on long-term bonds and Ms. Rhodes stated that stocks perform better over the long term. She responded to Council Member LaRosiliere regarding the phase-in of equities and advised that the contribution rate may change depending on the portfolio's return. Ms. Rhodes responded to Council Member Dunlap stating that over the next eight years, the City must get to a payment of \$23 million. City Manager Muehlenbeck responded to Council Member Johnson regarding prefunding causing an increase in the City's participation and advised he would bring back information regarding the employee/employer match in the private sector. Mr. Muehlenbeck and Ms. Rhodes advised the Council that there are other cities with more retirees, greater unfunded liability and/or no payroll growth.

The remaining items were discussed during the Regular Session.

Nothing further was discussed. Mayor Evans adjourned the Preliminary meeting at 7:08 p.m.

Pat Evans, Mayor

Sally Magnuson, Mayor Pro Tem

ATTEST:

Diane Zucco, City Secretary