

RESOLUTION NO. 20101014-015

WHEREAS, the City is the plan sponsor for the City of Austin Employees' Retirement System (the "ERS"), which provides retirement benefits to eligible, non-civil service employees of the City of Austin; and

WHEREAS, the ERS remains able to pay benefits to retirees on an ongoing basis and is not at risk of insolvency within the near future at current funding and benefit levels; and

WHEREAS, City management has identified longer term concerns with the ERS that should be addressed in order to ensure the future health and sustainability of the ERS; and

WHEREAS, City management has worked collaboratively with the staff and Board of Trustees of the ERS to develop a plan in response to these longer term concerns that addresses (1) employer funding for ERS and (2) the design of retirement benefits for future members of ERS only; and

WHEREAS, the Board of Trustees of the ERS has unanimously approved City management's plan to address employer funding and benefits design for future ERS members only; and

WHEREAS, the Council has recently taken action to address the issue of employer funding of the ERS by approving on September 13, 2010 an amendment to the City's supplemental funding plan for the ERS (Resolution No. 20100913-08); and

WHEREAS, the second part of City management's plan for addressing longer term concerns with ERS is the creation of a new benefit tier for future ERS members; and

WHEREAS, the creation of this new benefit tier will not affect the rights or benefits of any current employees or retirees who are ERS members; and

WHEREAS, creation of a new benefit tier for future ERS members or making other changes to the ERS will require an amendment to the Texas state statute (Art. 6243n, Vernon's Civil Statutes) that creates the ERS; and

WHEREAS, other changes to the Texas state statute (Art. 6243n, Vernon's Civil Statutes) that creates the ERS may be appropriate to update the statute in light of changes in federal tax laws or to clarify the administration of benefits under the system; and

WHEREAS, providing a healthy and sustainable retirement system is critical to ensure that the City can continue to attract and retain a high quality workforce, and to provide a dignified retirement to employees as the reward for a full career of service to the citizens of Austin. **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The Council supports as a part of its legislative agenda for the 82nd session of the Texas State Legislature amendments to Art. 6243n (Vernon's Civil Statutes) to create a new tier of benefits under the ERS for new employees

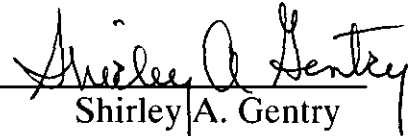
hired on or after January 1, 2012, as described in Attachment A to this Resolution. The City Manager is directed to include this action as part of the City's legislative agenda for the 82nd session of the Texas State Legislature.

BE IT FURTHER RESOLVED:

The City Manager is directed to research and recommend, if appropriate, any further changes to Art. 6243n (Vernon's Civil Statutes) to include in the City's legislative agenda for the 82nd session of the Texas State Legislature that are necessary and consistent with the City's plan to address the longer term health and sustainability of the ERS.

ADOPTED: October 14, 2010

ATTEST:


Shirley A. Gentry
City Clerk

Attachment A

Item	Current Employees / Retirees	New Benefit Tier (Employees First Hired on or after 1/1/12)
Retirement Eligibility	Age 62; age 55 with 20 years of creditable service or 23 years of creditable service at any age	Age 65 with 5 years of creditable service; Age 62 with 30 years of creditable service; age 55 with 10 years of creditable service (with actuarial reduction)
Vesting Period	5 years	No change
Final Average Earnings	Average of the highest 36 months of contributory service during the last 10 years	No change
Multiplier	3.0% of final average earnings	2.5% of final average earnings
Purchase of Permissive Time	Up to 5 years; advances eligibility and increases annuity	Up to 5 years; increases annuity only
Prior Military Service	Purchase up to 48 months	No change
Unused Sick Leave Conversion	Convert unused sick leave to purchase creditable service for annuity only	No change