

AN ORDINANCE

BY COUNCILMEMBERS AARON WATSON AND H. LAMAR WILLIS

Aaron Watson *H. Lamar Willis* *K. Bottoms* 11-0-0672
11-0-_____

AN ORDINANCE TO AMEND THE RETIREMENT BENEFITS OFFERED BY THE CITY OF ATLANTA TO ITS ELIGIBLE ACTIVE EMPLOYEES BY: CREATING A NEW SECTION 6-2 TO THE CITY OF ATLANTA CHARTER, SO AS TO PROVIDE A UNIFORM RETIREMENT PROGRAM FOR ALL ELIGIBLE CITY EMPLOYEES FOR WORK PERFORMED ON AND AFTER NOVEMBER 1, 2011; AND PLACING A HARD FREEZE ON THE GENERAL EMPLOYEES' PENSION FUND, FIREFIGHTERS' PENSION FUND AND POLICE PENSION FUND, SO THAT PENSION BENEFITS OF RETIREES REMAIN UNCHANGED AND BENEFITS ACCUMULATED BY ACTIVE EMPLOYEES AS OF OCTOBER 31, 2011 REMAIN UNCHANGED; AND FOR OTHER PURPOSES.

WHEREAS, the City provides its retirees and active employees with retirement benefits through a General Employees' Pension Fund, a Police Pension Fund, a Firefighters' Pension Fund, and a Defined Contribution Plan; and

WHEREAS, the unfunded liability of the three Pension Plans has dramatically increased since 2005; and

WHEREAS, the City's annual required contribution to the three Pension Plans has become a steadily increasing percentage of its annual budget; and

WHEREAS, continued increases to the annual required contribution to the Pension Plans threaten the fiscal stability of the City; and

WHEREAS, the City wishes to reduce its annual pension cost as a percentage of its budget, reduce and pay off its unfunded pension liability, competitively align its retirement options with other local jurisdictions, and provide a long-term and sustainable solution for supporting employee retirement plans; and

WHEREAS, City Charter Section 3-507 allows the City to modify its pension laws "only by ordinance adopted by at least two-thirds of the total membership of the council and duly approved by the mayor"; and

WHEREAS, it is the desire of the City of Atlanta to amend Atlanta City Code, Part I (Charter and Related Laws), Subpart B (Related Laws), Chapter 6 (Pensions) as set forth herein below.

NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA AS FOLLOWS:

SECTION 1. A retirement plan (“Retirement Plan”) is hereby established for all City of Atlanta: 1) permanent, full-time, active employees hired on or after January 1, 1983; 2) permanent, full-time, active employees hired before January 1, 1983 who opt into the Retirement Plan; and 3) elected officials in office on or after November 1, 2011 (hereinafter collectively “Employees” or in the singular, “Employee”). The Retirement Plan shall be in effect for all work performed by the Employee on or after November 1, 2011. All Employees who are enrolled on October 31, 2011 in the City’s Firefighters’ Pension Plan (pursuant to City Charter sections 6-366 through 6-420), Police Pension Plan (pursuant to City Charter sections 6-221 through 6-280), or General Employees’ Pension Plan (pursuant to City Charter sections 6-36 through 6-140), (collectively the “DB Plans”), or who are enrolled in the City’s pre-October 31, 2011 defined contribution plan (pursuant to City Ordinance number 01-O-0064), shall become members of the new Retirement Plan on November 1, 2011, the details of which are set forth in Sections 3 and 4 of this Ordinance 11-O-_____. A hard freeze shall be placed on the DB Plans with respect to all Employees, effective October 31, 2011, as set forth below. The retirement system currently in effect for retirees whose date of retirement was prior to the date that the new Retirement Plan takes effect, and for permanent, full-time, active City employees hired prior to January 1, 1983 who opt out of the new Retirement Plan, shall remain unchanged. Notwithstanding, any retiree or other former employee who may be rehired as an Employee on or after November 1, 2011 shall be a member of the new Retirement Savings Plan with respect to service performed after such rehire.

SECTION 2. The Retirement Plan shall be structured as either a Defined Contribution Plan (“Option 1”), or as a combination of a Defined Contribution Plan with Federal Social Security Program benefits (“Option 2”), as described below in Section 3 and Section 4 respectively. In order to implement the Retirement Plan, the following authorizations are hereby granted:

- (1) The Mayor or his designee, on behalf of the City, is hereby authorized to establish a Defined Contribution Plan which shall be qualified as a governmental plan under the provisions of section 401(a) of the Internal Revenue Code of 1986 as amended. Said Defined Contribution Plan shall take effect on November 1, 2011. The details of such plan shall be as set forth in Section 2 of this Ordinance 11-O-_____.
- (2) In the event that Option 2 is authorized through this Ordinance or other duly enacted legislation, the Mayor or his designee, on behalf of the City, is hereby authorized to take all steps necessary and execute all documents required for the City to join the retirement plan provided by the Employee’s Retirement System of Georgia, and to join in the Section 281 Agreement administered by the Georgia Social Security Administrator, thereby enabling Employees to participate in the Federal Social Security Program (“Social Security”). These steps shall include, without limitation, the following:
 - (a) All Employees (which, for purposes of this paragraph (2)(a) only, shall additionally include all permanent, full-time, active employees hired before

January 1, 1983) working on October 31, 2011 shall be given a choice about whether to obtain Social Security coverage beginning as of November 1, 2011. The Mayor or his designee shall convene a referendum in which each Employee shall indicate whether s/he will opt in or opt out of Social Security. The referendum shall be held by no later than October 15, 2011. Employees who do not vote in the referendum will be deemed to have opted into Social Security. Once an Employee chooses to “opt in” or “opt out” of Social Security coverage, s/he may not revoke that decision during the remainder of her/his tenure with the City.

- (b) The Mayor or his designee is authorized to take all steps necessary and execute all documents required to convene the Social Security referendum.

SECTION 3: The Option 1 Retirement Plan (“Retirement Plan 1”) shall consist solely of a Defined Contribution Plan that will take effect August 1, 2011. The City of Atlanta Charter shall be amended to add a new Section 6-2 which establishes and defines Retirement Plan 1. Accordingly, the City of Atlanta Code, Part I (Charter and Related Laws), Subpart B (Related Laws), Chapter 6 (Pensions) is hereby amended by adding a new Section 6-2 which shall read as follows:

“Sec. 6-2. Retirement Benefits.

- (a) The following words, terms and phrases, when used in this Section 6-2, shall have the meanings ascribed to them in this subsection (a), except where the context clearly indicates a different meaning:
 - (1) *DB Plan* means the City’s Firefighters’ Pension Plan (set forth in City Charter sections 6-366 through 6-420), the Police Pension Plan (set forth in City Charter sections 6-221 through 6-280), and/or the General Employees’ Pension Plan (set forth in City Charter sections 6-36 through 6-140).
 - (2) *DB Plan Participant* means an Employee (as defined in this Section 6.2(a)) who was enrolled on October 31, 2011 in a DB Plan.
 - (3) *Compensation* means an Employee’s annual salary from the City of Atlanta.
 - (4) *DC Participant* means an Employee who participates in the Defined Contribution Retirement Plan that will take effect on November 1, 2011.
 - (5) *DC Plan* or *Defined Contribution Retirement Plan* means the Defined Contribution Retirement Plan established under Section 401(a) of the Internal Revenue Code of 1986, as amended, that will take effect on November 1, 2011 and that is described in this Section 6-2.
 - (6) *Employee* (or in the plural *Employees*) means City of Atlanta: 1) permanent, full-time, active employees hired on or after January 1, 1983; 2) permanent, full-time, active employees hired before January 1, 1983 who opt into the Retirement Plan; and 3) elected officials in office on or after November 1, 2011.
 - (7) *Pre-October 31, 2011 Defined Contribution Plan* means the City’s defined contribution plan created pursuant to ordinance number 01-O-0064 that was in effect through and including October 31, 2011.

- (8) *Retirement Account* means the account owned by each DC Participant that contains her/his monetary benefits from the Defined Contribution Retirement Plan, and the benefits from her/his Pre-October 31, 2011 Defined Contribution Plan, if applicable.
 - (9) *Retirement Plan* means the entire package of retirement benefits offered by the City to its Employees as of November 1, 2011, as set forth in this Section 6-2, including the DC Plan.
 - (10) *Voluntary Contribution* means the amount an Employee contributes to her/his DC Retirement Account, where such contribution is not mandated.
- (b) The City shall offer a Defined Contribution Retirement Plan to all Employees effective November 1, 2011. The retirement benefit of an Employee enrolled in the Retirement Plan, who was previously enrolled in a DB Plan or the Pre-October 31, 2011 Defined Contribution Plan, shall be a combination of all benefits earned from each plan. The Defined Contribution Retirement Plan shall be set forth in a plan document to be adopted and maintained by the Plan Administrator and shall contain the terms described immediately below in subparagraph (c) of this section.
- (c) Defined Contribution Retirement Plan Description:
- (1) All Employees as of October 31, 2011 must participate in the DC Plan. These Employees must make a mandatory employee contribution of 6% of Compensation into her/his Retirement Account. Such contribution will be picked-up by the City on a salary reduction basis pursuant to Section 414(h) of the Internal Revenue Code of 1986, as amended.
 - (2) The City shall also make a contribution of 6% of Compensation into the Employee's Retirement Account. The City's contributions to the Employee's Retirement Account shall vest over a 5-year period at 20% per year, such that all City contributions after the fifth year are 100% vested.
 - (3) Each Employee participating in the DC Plan has the option of making an additional pre-tax Voluntary Contribution into her/his Retirement Account. The Employee's Voluntary Contribution shall be in an amount directed by the Employee, and may not exceed 14% of Compensation, or the maximum contribution permitted under the Internal Revenue Code, whichever is lower. The City will not match this Voluntary Contribution.
 - (4) An Employee's years of service accumulated prior to November 1, 2011 shall be counted in years-of-service calculations under the DC Plan for the sole purpose of determining vesting as described in subsection 6-2 (d)(2) below.
 - (5) The Retirement Account of an Employee who was enrolled in the Pre-October 31, 2011 Defined Contribution Plan shall be retained as the Employee's Retirement Account, into which all DC Plan contributions shall be deposited.
 - (6) Each DC Participant shall direct how the funds in her/his Retirement Account shall be invested, selecting from a menu of investment options provided by the Plan Administrator. The DC Participant may select more than one investment option .
 - (7) A DC Participant may direct lump sum distributions from her/his Retirement Account upon separation from the City, death, disability (pursuant to the City's disability retirement provisions), or retirement in accordance with the terms of such plan.

- (8) Each DC Participant may designate one or more Retirement Account beneficiaries of her/his choice.
 - (9) The City will offer a long term disability insurance policy to all Employees.
 - (10) The Plan document shall be maintained by the Plan Administrator and amended from time to time to comply with applicable Internal Revenue Code provisions. Any change to the eligibility, benefits and vesting provisions shall required action by the City Council taken pursuant to City Charter Section 3-507.
 - (11) The Plan Administrator shall be the Chief Financial Officer or her/his designee. The Plan Administrator shall oversee the daily administration of the Defined Contribution Retirement Plan. The Plan Administrator shall report to the Management Committee of the DC Plan, which shall be composed of the Chief Financial Officer, the Chairperson of the Finance and Executive Committee, and the Mayor or her/his designee.
 - (12) The Management Committee of the DC Plan shall manage and operate the DC Plan. It shall make all final decisions on issues that may materially impact the financial value of assets in the DB Plan, except that such decisions will be approved by duly enacted legislation where required by the Atlanta Code of Ordinances. The Management Committee shall have all powers necessary to enable it to properly carry out the duties of a pension plan manager, which include the following: (i) engaging the services of third party service provider(s) and a trustee, consistent with the City's procurement procedures and based on the recommendation of the Management Committee. The service provider(s) and trustee may provide recordkeeping services for the DC Plan, provide investment fund options and trustee services, provide and present investment education and other communication materials to DC Participants; and provide disability insurance; (ii) preparing and construing the DC Plan documents and agreements, and providing answers to all questions related thereto; (iii) providing answers to all questions relating to eligibility and benefit entitlement under the DC Plan; (iv) maintaining records relating to DC Participants; (v) preparing and furnishing to DC Participants all applicable information required under state and/or federal law; (vi) preparing and furnishing to the third-party service provider and/or trustee all necessary Employee and financial data; (vii) providing direction and oversight of the third-party service provider and/or trustee; (viii) preparing and filing with all other appropriate government entities all reports and other information required under law to be so filed and/or published; (ix) engaging consultants, attorneys, actuaries or other professional advisers as necessary to aid in the DC Plan administration; (x) arranging for fiduciary bonding if necessary; (xi) providing procedures for benefit payments; and (xii) delegating any or all of its responsibilities, except that the Management Committee may not delegate its duty to make final decisions on issues that may materially impact the financial value of assets in the DB Plan.
- (d) Calculation of DB Plan Benefits. Upon retirement, an Employee who was a member of a DB Plan on October 31, 2011 shall be eligible to receive the DB Plan benefits s/he has accrued. The benefits shall be calculated as set forth in the applicable DB Plan, except that, for the sole purpose of calculating the October 31, 2011 DB Plan value, the following changes shall be made to said calculations:

- (1) The DB Plan Benefit Formula (“Benefit Formula”) set forth in the DB Plans prior to November 1, 2011 is the product of: i) a multiplier ranging from 2%-3% (the “multiplier”); multiplied by ii) salary, determined by the highest amount of salary compensation received by an Employee over a consecutive 36-month period; multiplied by iii) the Employee’s years of service with the City (“years of service”). To determine the actual benefit (“Actual Benefit”) received by the Employee, the Benefit Formula is: A) multiplied by the percentage cap of 80% (“Cap”), unless the Employee opted for a Benefit Formula that waives such Cap; and is then multiplied by B) a vesting percentage if the DB Plan Participant has not yet fully vested in the DB Plan; and C) the total calculation is then reduced by an age penalty, if applicable.
- (2) The value of the Benefit Formula of each DB Plan Participant who retires on or after July 1, 2011 shall remain fixed at her/his Benefit Formula value on the date of retirement or October 31, 2011, whichever comes earlier. The Benefit Formula value shall be calculated as set forth in the applicable DB Plan, except for the following modifications (which shall apply only to the DB Plan Participants referenced in this subsection (d)(2)):
 - (i) A DB Plan Participant shall have the option of increasing her/his Benefit Formula by adding her/his days of unused sick leave as of October 31, 2011 to the Employee’s years of service, provided that the Employee selects that option at the time and in the manner prescribed by the City, and that the Employee retires prior to November 1, 2011. Any sick leave hours used in this manner may not be used in the future for sick time or any other purpose. Unused Sick Leave may not be used to modify the Employee’s vesting calculation.
 - (ii) Where a DB Plan Participant previously agreed to an alternative Benefit Formula that utilizes a decreased multiplier in exchange for elimination of the 80% Cap, the City will determine the Benefit Formula using the standard calculation and the alternative calculation. The City will then apply the higher of the two Benefit Formulas when calculating the Employee’s Actual Benefit.
 - (iii) Where a DB Plan Participant has not vested in the Plan as of October 31, 2011, s/he may apply her/his years of service with the City after October 31, 2011 to increase the vesting percentage in the calculation of her/his Actual Benefit. The Employee shall be allowed to fully vest in the DB Plan should s/he reach the required years of service. The increased years of service shall not be used to modify the Benefit Formula.”

SECTION 4: As an alternative to Retirement Plan 1, the City may implement a Retirement Plan that includes Social Security. The Option 2 Retirement Plan (“Retirement Plan 2”), described in this Section 4, consists of a Defined Contribution Plan component and a Social Security component, both of which shall be implemented on November 1, 2011. The City of Atlanta Charter shall be amended to add a new Section 6-2 which establishes and defines Retirement Plan 2. Accordingly, the City of Atlanta Code, Part I (Charter and Related Laws), Subpart B (Related Laws), Chapter 6 (Pensions) is hereby amended by adding a new Section 6-2 which shall read as follows:

Sec. 6-2. Retirement Benefits.

- (a) The following words, terms and phrases, when used in this Section 6-2, shall have the meanings ascribed to them in this subsection (a), except where the context clearly indicates a different meaning:
- (1) *DB Plan* means the City's Firefighters' Pension Plan (set forth in City Charter sections 6-366 through 6-420), the Police Pension Plan (set forth in City Charter sections 6-221 through 6-280), and/or the General Employees' Pension Plan (set forth in City Charter sections 6-36 through 6-140).
 - (2) *DB Plan Participant* means an Employee (as defined in this Section 6.2(a)) who was enrolled on October 31, 2011 in a DB Plan.
 - (3) *Compensation* means an Employee's annual salary from the City of Atlanta.
 - (4) *DC Participant* means an Employee who participates in the Defined Contribution Retirement Plan that will take effect on November 1, 2011.
 - (5) *DC Plan* or *Defined Contribution Retirement Plan* means the Defined Contribution Retirement Plan, established under Section 401(a) of the Internal Revenue Code of 1986, as amended, that will take effect on November 1, 2011 and that is described in this Section 6-2.
 - (6) *Employee* (or in the plural *Employees*) means City of Atlanta: 1) permanent, full-time, active employees hired on or after January 1, 1983; 2) permanent, full-time, active employees hired before January 1, 1983 who opt into the Retirement Plan; and 3) elected officials in office on or after November 1, 2011.
 - (7) *Opt in* means a decision made by an Employee to participate in Social Security, where said decision is communicated as part of a City referendum in the manner prescribed by the City.
 - (8) *Opt Out* means a decision made by an Employee not to participate in Social Security, where said decision is communicated as part of a City referendum in the manner prescribed by the City.
 - (9) *Pre-October 31, 2011 Defined Contribution Plan* means the City's Defined Contribution Plan created pursuant to ordinance number 01-O-0064 that was in effect through and including October 31, 2011.
 - (10) *Retirement Account* means the account owned by each DC Participant that contains her/his monetary benefits from the Defined Contribution Retirement Plan, and the benefits from her/his Pre-October 31, 2011 Defined Contribution Plan, if applicable.
 - (11) *Retirement Plan* means the entire package of retirement benefits offered by the City to its Employees as of November 1, 2011, as set forth in this Charter Section 6-2, including the DC Plan and the Social Security Plan.
 - (12) *Social Security Plan* means the Federal Social Security Program. Participation in the Social Security Plan by City Employees is authorized by Section 218 of the Federal Social Security Act and by O.C.G.A. § 45-5-1(a).
 - (13) *Social Security Contribution* shall be the percentage of Compensation contributed by an Employee into the Social Security Plan, as mandated by the Federal Social Security Act.

- (14) *Voluntary Contribution* means the amount an Employee contributes to her/his DC Retirement Account, where such contribution is not mandated. For an Employee who has opted into the Social Security Plan, the Voluntary Contribution is the total amount that s/he deposits into her/his DC Retirement Account each year. For an Employee who has opted out of the Social Security Plan, the Voluntary Contribution is the amount that s/he deposits into her/his DC Retirement Account each year that exceeds 6% of Compensation.
- (b) The City shall offer a Retirement Plan to all Employees effective November 1, 2011, and such Retirement Plan shall consist of a Social Security component and a Defined Contribution component. The retirement benefit of an Employee enrolled in the Retirement Plan, who was previously enrolled in a DB Plan or the Pre-October 31, 2011 Defined Contribution Plan, shall be a combination of all benefits earned from each Plan. The Defined Contribution Retirement Plan shall be set forth in a plan document to be adopted and maintained by the Plan Administrator and shall contain the terms described immediately below in subparagraph (d) of this section.
- (c) Retirement Plan- Social Security Component:
- (1) All Employees as of October 31, 2011 who either opt in, or fail to opt out, of the Social Security Plan shall be covered by Social Security and the City and the Employee shall make the Social Security Contributions required by the Internal Revenue Code and regulations, and the Section 218 Agreement. Where an Employee was a member of the Pre-October 31, 2011 Defined Contribution Plan and opts into the Social Security Plan, s/he shall retain her/his Retirement Account which shall be subject to the provisions set forth in subsection (d)(4) below.
 - (2) All Employees hired on or after November 1, 2011 will be required to join the Social Security Plan regardless of whether the Employee had been previously employed by the City, unless otherwise set forth in this Code of Ordinances. All such Employees shall make a pre-tax Social Security Contribution into the Social Security Plan. The City shall also make a contribution equivalent to the Social Security Contribution into the Social Security Plan on behalf of the Employee.
 - (3) Employees participating in the Social Security Plan shall not be required to participate in the DC Plan. Such Employees may voluntarily participate in the DC Plan as described in subsection (d)(2) below.
- (d) Retirement Plan- Defined Contribution Component:
- (1) All Employees as of October 31, 2011 who opt out of the Social Security Plan, must participate in the DC Plan. These Employees shall make a pre-tax contribution of 6% of Compensation into her/his Retirement Account. Such contribution will be picked-up by the City on a salary reduction basis pursuant to Section 414(h) of the Internal Revenue Code of 1986, as amended.
 - (2) The City shall also make a contribution of 6% of Compensation into the Employee's Retirement Account.

- (3) Each Employee participating in the City's Retirement Plan, regardless of whether s/he participates in the Social Security Plan or the required DC Plan, has the option of making an additional pre-tax Voluntary Contribution into her/his Retirement Account. The Employee's Voluntary Contribution shall be in an amount directed by the Employee, and may not exceed 14% of Compensation, or the maximum contribution permitted under the Internal Revenue Code, whichever is lower. The City will match the Employee's Voluntary Contribution as follows:
- (a) For Employees as of October 31, 2011, who were DB Plan Participants on that date, and who **opt in** to the Social Security Plan:
 - The City will match up to the first 8% of the Employee's Voluntary Contribution at a rate of 100%. The City will not match the remainder (9%-14% Compensation) of the Employee's Voluntary Contribution.
 - (b) For Employees as of October 31, 2011, who were members of the Pre-October 31, 2011 Defined Contribution Plan on that date, and who **opt in** to the Social Security Plan:
 - The City will match up to the first 8% of the Employee's Voluntary Contribution at a rate of 50%. The City will not match the remainder (9%-14% Compensation) of the Employee's Voluntary Contribution.
 - (c) For Employees as of October 31, 2011, who were DB Plan Participants on that date, and who **opt out** of the Social Security Plan:
 - The City will match up to the first 6% of the Employee's Voluntary Contribution at a rate of 100%. The City will not match the remainder (12%-14% Compensation) of the Employee's Voluntary Contribution.
 - (d) For Employees as of October 31, 2011, who were members of the Pre-October 31, 2011 Defined Contribution Plan on that date, and who **opt out** of the Social Security Plan:
 - The City will match up to the first 8% of the Employee's Voluntary Contribution at a rate of 50%.
 - (e) For Employees hired on or after November 1, 2011 and are employed at a pay grade of **19 or higher**:
 - The City will match the first 8% of the Employee's Voluntary Contribution at a rate of 50%. The City will not match the remainder (9%-14% Compensation) of the Employee's Voluntary Contribution.
 - (f) For Employees hired on or after November 1, 2011 and are employed at a pay grade of **less than 19**:
 - The City will match the first 8% of the Employee's Voluntary Contribution at a rate of 100%. The City will not match the

remainder (9%-14% Compensation) of the Employee's Voluntary Contribution.

- (4) An Employee's years of service accumulated prior to November 1, 2011 shall be counted in years-of-service calculations under the DC Plan for the sole purpose of determining vesting as described in subsection 6-2 (e)(2) below.
- (5) The Retirement Account of an Employee who was enrolled in the Pre-October 31, 2011 Defined Contribution Plan shall be retained as the Employee's Retirement Account, regardless of whether the Employee opts into the Social Security Plan. Where an Employee opts into the Social Security Plan, her/his DC Plan Voluntary Contributions shall be deposited into the Retirement Account. Where an Employee opts out of the Social Security Plan, her/his DC Plan contributions shall be deposited into the Retirement Account.
- (6) City contributions to the Employee's Retirement Account shall vest over a 5-year period at 20% per year, such that all City contributions after the fifth year are 100% vested.
- (7) Each DC Participant shall direct how the funds in her/his Retirement Account shall be invested, selecting from a menu of investment options provided by the Plan Administrator. The DC Participant may select more than one investment option.
- (8) A DC Participant may direct lump sum distributions from her/his Retirement Account upon separation from the City, death, disability (pursuant to the City's disability retirement provisions), or retirement pursuant to the terms of such plan.
- (9) Each DC Participant may designate one or more Retirement Account beneficiaries of her/his choice.
- (10) The City will offer a long term disability insurance policy to all Employees.
- (11) The Plan document shall be maintained by the Plan Administrator and amended from time to time to comply with applicable Internal Revenue Code provisions. Any change to the eligibility, benefits and vesting provisions shall required action by the City Council taken pursuant to City Charter Section 3-507.
- (12) The Plan Administrator shall be the Chief Financial Officer or her/his designee. The Plan Administrator shall oversee the daily administration of the Defined Contribution Retirement Plan. The Plan Administrator shall report to the Management Committee of the DC Plan, which shall be composed of the Chief Financial Officer, the Chairperson of the Finance and Executive Committee, and the Mayor or her/his designee.
- (13) The Management Committee of the DC Plan shall manage and operate the DC Plan. It shall make all final decisions on issues that may materially impact the financial value of assets in the DB Plan, except that such decisions will be approved by duly enacted legislation where required by the Atlanta Code of Ordinances. The Management Committee shall have all powers necessary to enable it to properly carry out the duties of a pension plan manager, which include the following: (i) engaging the services of third party service provider(s) and a trustee, consistent with the City's purchasing procedures and based on the recommendation of an outside consultant. The service provider(s) and trustee may provide recordkeeping services for the DC Plan, provide investment fund options and trustee services, provide and present investment education and other communication materials to DC Participants; and

provide disability insurance; (ii) preparing and construing the DC Plan documents and agreements, and providing answers to all questions related thereto; (iii) providing answers to all questions relating to eligibility and benefit entitlement under the DC Plan; (iv) maintaining records relating to DC Participants; (v) preparing and furnishing to DC Participants all applicable information required under state and/or federal law; (vi) preparing and furnishing to the third party service provider and/or trustee necessary employee and financial data; (vii) providing direction and oversight of the third party service provider and/or trustee; (viii) preparing and filing with all other appropriate government entities all reports and other information required under law to be so filed or published; (ix) engaging consultants, attorneys, actuaries or other assistants and professional advisers as necessary to aid in the DC Plan administration; (x) arranging for fiduciary bonding if necessary; (xi) providing procedures for benefit payments; and (xii) delegating any or all of its responsibilities, except that the Management Committee may not delegate its duty to make final decisions on issues that may materially impact the financial value of the assets in the DB Plan.

(e) Calculation of DB Plan Benefits. Upon retirement, an Employee who was a member of a DB Plan on October 31, 2011 shall be eligible to receive the DB Plan benefits s/he has accrued. The benefits shall be calculated as set forth in the applicable DB Plan, except that, for the sole purpose of calculating the October 31, 2011 DB Plan value, the following changes shall be made to said calculations:

(1) The DB Plan Benefit Formula (“Benefit Formula”) set forth in the DB Plans prior to November 1, 2011 is the product of: a) a multiplier ranging from 2%-3% (the “multiplier”); multiplied by b) salary, determined by the highest amount of salary compensation received by an Employee over a consecutive 36 month period; multiplied by c) the Employee’s years of service with the City (“years of service”). To determine the actual benefit (“Actual Benefit”) received by the Employee, the Benefit Formula is: a) multiplied by the percentage cap of 80% (“Cap”), unless the Employee opted for a Benefit Formula that waives the Cap; and is then multiplied by b) a vesting percentage if the DB Plan Participant has not yet vested in the DB Plan; and c) the total calculation is reduced by an age penalty where applicable.

(2) The value of the Benefit Formula of each DB Plan Participant who retires on or after July 1, 2011 shall remain fixed at her/his Benefit Formula value on the date of retirement or October 31, 2011, whichever comes earlier. The Benefit Formula value shall be calculated as set forth in the applicable DB Plan, except for the following modifications (which shall apply only to the DB Plan Participants referenced in this subsection (e)(2)):

(i) A DB Plan Participant shall have the option of increasing her/his Benefit Formula by adding her/his days of unused sick leave as of October 31, 2011 to the Employee’s years of service, provided that the Employee selects that option at the time and in the manner prescribed by the City, and that the Employee retires prior to November 1, 2011. Any sick leave hours used in this manner may not be used in the future for sick time or

- any other purpose. Unused Sick Leave may not be used to modify the Employee's vesting calculation.
- (ii) Where a DB Plan Participant previously agreed to an alternative Benefit Formula that utilizes a decreased multiplier in exchange for elimination of the 80% Cap, the City will determine the Benefit Formula using the standard calculation and the alternative calculation. The City will then apply the higher of the two Benefit Formulas when calculating the Employee's Actual Benefit.
 - (iii) Where a DB Plan Participant has not vested in the Plan as of October 31, 2011, s/he may apply her/his years of service with the City after October 31, 2011 to increase the vesting percentage in the calculation of her/his Actual Benefit. The Employee may be allowed to fully vest in the DB Plan should s/he reach the required years of service. The increased years of service shall not be used to modify the Benefit Formula."

SECTION 5: The City of Atlanta Charter is hereby amended to implement a hard freeze on the Fire Fighters' Pension Fund that will take effect on October 31, 2011. City of Atlanta Code, Part I (Charter and Related Laws), Subpart B (Related Laws), Chapter 6 (Pensions), Article IV (Firefighters), Sections 6-366 through 6-420, shall be amended by adding a new Section 6-400 that shall read as follows:

"Sec. 6-400. Application of Hard Freeze on October 31, 2011.

There has been raised and established funds for the aid, relief and pension of members of the Atlanta Fire Department who are or were in active service between the time of the passage of this act and October 31, 2011 ("Firefighters' Pension Fund"). Starting on November 1, 2011, no additional retirement benefits will be accumulated under the Firefighters' Pension Fund for any members who are Employees on that date, and who were either: 1) hired on or after January 1, 1983; or hired before January 1 1983 who opt into the City's new Retirement Plan that takes effect on November 1, 2011. No one may join the Firefighters' Pension Fund after October 31, 2011. All benefits earned as of October 31, 2011 will remain unchanged, and all rules regarding said benefits, including, without limitation, distribution of said benefits, will be subject to the provisions set forth in this Article IV, Sections 6-366 through 6-420, except as modified by Section 6-2 of the City of Atlanta Charter. Members of the Firefighters' Pension Fund who are Employees on November 1, 2011 shall obtain retirement benefits for work performed on and after November 1, 2011 pursuant to Section 6-2 of the City of Atlanta Charter. The retirement plan and benefits of the following members of the Firefighters' Pension Fund shall remain unchanged: 1) Employees on November 1, 2011 who were hired before January 1, 1983 and who opt out of the City's new retirement plan that will take effect on November 1, 2011; and 2) Employees who retired before November 1, 2011."

SECTION 6: The City of Atlanta Charter is hereby amended to implement a hard freeze on the Police Department Pension Fund that will take effect on October 31, 2011. City of Atlanta

Code, Part I (Charter and Related Laws), Subpart B (Related Laws), Chapter 6 (Pensions), Article III (Police Department), Sections 6-221 through 6-280, shall be amended by adding a new Section 6-258 that shall read as follows:

“Sec. 6-258. Application of Hard Freeze on October 31, 2011.

There has been raised and established funds for the relief and pensioning of members of the Atlanta Police Department who are or were in active service between the time of the passage of this act and October 31, 2011 (“Police Pension Fund”). Starting on November 1, 2011, no additional retirement benefits will be accumulated under the Police Pension Fund for any members who are active service City employees on that date, and who were either: 1) hired on or after January 1, 1983; or hired before January 1 1983 who opt into the City’s new retirement plan that takes effect on November 1, 2011. No one may join the Police Pension Fund after October 31, 2011. All benefits earned as of October 31, 2011 will remain unchanged, and all rules regarding said benefits, including without limitation distribution of said benefits, will be subject to the provisions set forth in this Article III, Sections 6-221 through 6-280, except as modified by Section 6-2 of the City of Atlanta Charter. Members of the Police Pension Fund who are active employees on November 1, 2011 shall obtain retirement benefits for work performed on and after November 1, 2011 pursuant to Section 6-2 of the City of Atlanta Charter. The retirement plan and benefits of the following members of the Police Pension Fund shall remain unchanged: 1) active service City employees on November 1, 2011 who were hired before January 1, 1983 and who opt out of the City’s new retirement plan that takes effect on November 1, 2011; and 2) members who retired before November 1, 2011.”

SECTION 7: The City of Atlanta Charter is hereby amended to implement a hard freeze on the Nonuniformed Officers and Employees Pension Fund that will take effect on October 31, 2011. City of Atlanta Code, Part I (Charter and Related Laws), Subpart B (Related Laws), Chapter 6 (Pensions), Article II (Nonuniformed Officers and Employees), Sections 6-36 through 6-140, shall be amended by adding a new Section 6-104 that shall read as follows:

“Sec. 6-104. Application of Hard Freeze on October 31, 2011.

There has been raised and established funds for the relief and pensioning of members of nonuniformed officers and employees of the City of Atlanta who are or were in active service between the time of the passage of this act and October 31, 2011 (“General Employees’ Pension Fund”). Starting on November 1, 2011, no additional retirement benefits will be accumulated under the General Employees’ Pension Fund for any members who are active service City employees on that date, and who were either: 1) hired on or after January 1, 1983; or hired before January 1 1983 who opt into the City’s new retirement plan that takes effect on November 1, 2011. No one may join the General Employees’ Pension Fund after October 31, 2011. All benefits earned as of October 31, 2011 will remain unchanged, and all rules regarding said benefits, including without

limitation distribution of said benefits, will be subject to the provisions set forth in this Article III, Sections 6-36 through 6-140, except as modified by Section 6-2 of the City Charter. Members of the General Employees' Pension Fund who are active employees on November 1, 2011 shall obtain retirement benefits for work performed on and after November 1, 2011 pursuant to Section 6-2 of the City Charter. The retirement plan and benefits of the following members of the General Employees' Pension Fund shall remain unchanged: 1) active service City employees on November 1, 2011 who were hired before January 1, 1983 and who opt out of the City's new retirement plan that takes effect on November 1, 2011; and 2) members who retired before November 1, 2011."

SECTION 8: This Ordinance shall take effect at the time of its adoption.

SECTION 9: All ordinances and parts of ordinances in conflict herewith are hereby waived for purposes of this ordinance only, and only to the extent of the conflict.

11-0-0672

(Do Not Write Above This Line)

[Signature]
 AARON WATSON

AN ORDINANCE BY COUNCILMEMBERS AARON WATSON AND HENRY WATSON TO AMEND THE RETIREMENT BENEFITS OFFERED BY THE CITY OF ATLANTA TO ITS ELIGIBLE ACTIVE EMPLOYEES BY: CREATING A NEW SECTION 6-2 TO THE CITY OF ATLANTA CHARTER, SO AS TO PROVIDE A UNIFORM RETIREMENT PROGRAM FOR ALL ELIGIBLE CITY EMPLOYEES FOR WORK PERFORMED ON AND AFTER NOVEMBER 1, 2011; AND PLACING A HARD FREEZE ON THE GENERAL EMPLOYEES' PENSION FUND, FIREFIGHTERS' PENSION FUND AND POLICE PENSION FUND, SO THAT PENSION BENEFITS OF RETIREES REMAIN UNCHANGED AND BENEFITS ACCUMULATED BY ACTIVE EMPLOYEES AS OF OCTOBER 31, 2011 REMAIN UNCHANGED; AND FOR OTHER PURPOSES.

- CONSENT REFER
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1st ADOPT 2nd READ & REFER
- PERSONAL PAPER REFER

Date Referred 04/18/2011

Referred To: Finance/Exec

Date Referred

Referred To:

Date Referred

Referred To:

First Reading

Committee _____
 Date _____
 Chair _____
 Referred To _____

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
 Other

Members

Refer To

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
 Other

Members

Refer To

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
 Other

Members

Committee

Date

Chair

Action

Fav, Adv, Hold (see rev. side)
 Other

Members

Refer To

Refer To

- FINAL COUNCIL ACTION
- 2nd
 - 1st & 2nd
 - 3rd
 - Consent
 - V Vote
 - RC Vote

CERTIFIED

MAYOR'S ACTION

AN ORDINANCE AND CHARTER AMENDMENT

BY COUNCIL MEMBERS HOWARD SHOOK AND IVORY LEE YOUNG, JR.

Howard Shook *Ivory Lee Young, Jr.*

AN ORDINANCE AND CHARTER AMENDMENT TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE III (EXECUTIVE), CHAPTER 5 (CIVIL SERVICE SYSTEM), SECTION 3-507 (MODIFICATION OF PENSION PLANS), SO AS TO MODIFY LANGUAGE THAT IMPROPERLY DELEGATES LEGISLATIVE AUTHORITY; AND FOR OTHER PURPOSES.

WHEREAS, Section 3-507 of the Charter of the City of Atlanta, Georgia, 1996 Ga. Laws P. 4469, et seq. (hereinafter the “**Charter**”) allows for the modification of pensions for officials and employees of cities having a population of 300,000 (hereinafter the “**pension plans**”) as provided in Georgia Law by proscribing certain rules and procedures; and

WHEREAS, the authority to modify the pension plans is thusly given to the Atlanta City Council as part of its duties and responsibilities as the legislative body of the City of Atlanta; and

WHEREAS, the boards of trustees of the pension plans have, through legal action, declared and established their independence from the City of Atlanta; and

WHEREAS, currently, Section 3-507(2)(b) improperly delegates the legislative authority of the Atlanta City Council to modify the pension plans by requiring a written recommendation of the board of trustees of each affected plan prior to a vote by the City Council; and

WHEREAS, it is the desire of the City of Atlanta to amend Sections 3-507(2)(b) to discontinue this improper delegation of legislative authority.

NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA AS FOLLOWS:

SECTION 1: That Part I, Subpart A, Article III, Chapter 5, Section 3-507 of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., which currently reads:

Sec. 3-507. – Modification of pension plans.

- (1) Any other provisions in the Charter notwithstanding, any pension law modification shall be effected only by ordinance adopted by at least two-thirds of the total membership of the council and duly approved by the mayor;
- (2) Any such ordinance shall be considered by the council only after receipt of:
 - a. An investigation by an independent actuary of any such proposed modification, evidenced by a written report from such actuary which shall include, but not be limited to, such actuary's analysis of the funding requirements relating to any such modification and the opinion of such actuary as to the propriety of any such modification. Any such opinion must state that such modification is in conformity with applicable state laws governing the funding requirements for modifications to such pension plans. Such opinion shall be accompanied by the written recommendations of the city attorney and chief financial officer;
 - b. A written recommendation concerning such ordinance adopted by at least two-thirds of the membership of the board of trustees of each of the respective pension funds affected by such modification; such recommendation shall be considered by, but shall not be binding upon, the council;
 - c. Any such ordinance modifying the Act approved August 13, 1927 (Ga. L. 1927, p. 265 et seq., as amended) and affecting employees of the Atlanta Board of Education shall become effective as to such employees only after such modification is adopted by a majority of the total membership of the Atlanta Board of Education.
- (3) No substitute or amendment to any ordinances presented to the council hereunder shall be considered without a subsequent investigation of such proposed substitute or amendment by an independent actuary as provided in (2)(a), hereinabove, and the recommendation of the board of trustees of the respective pension fund affected by such modification as set forth in (2)(b), hereinabove;
- (4) No ordinance which modifies any of the aforesaid pension laws and has a fiscal impact on the pension systems established by such laws shall be adopted by the council or approved by the mayor until adequate provision for funding such modification has been made to defray the fiscal impact of such modification;

be amended to make the following deletions and insertions, such that Part I, Subpart A, Article III, Chapter 5, Section 3-507 of the Charter of the City of Atlanta, Georgia, Georgia, 1996 Ga. Laws P. 4469, et seq., shall read as follows:

Sec. 3-507. – Modification of pension plans.

- (1) Any other provisions in the Charter notwithstanding, any pension law modification shall be effected only by ordinance adopted by at least two-thirds of the total membership of the council and duly approved by the mayor;
- (2) Any such ordinance shall be considered for final action by the council only after receipt of:
 - a. ~~An Receipt of an~~ investigation by an independent actuary of any such proposed modification, evidenced by a written report from such actuary which shall include, but not be limited to, such actuary's analysis of the funding requirements relating to any such modification and the opinion of such actuary as to the propriety of any such modification. Any such opinion must state that such modification is in conformity with applicable state laws governing the funding requirements for modifications to such pension plans. Such opinion shall be accompanied by the written recommendations of the city attorney and chief financial officer;
 - b. A written ~~recommendation concerning such ordinance adopted by at least two-thirds of the membership of~~ communication to the board of trustees of each of the respective pension funds affected by such modification; ~~such recommendation shall be considered by, but shall not be binding upon, the council at least two weeks prior to the date of~~ any final action modifying a provision of the pension plans to provide notice of the proposed modification and to invite comments upon the proposed modification;
 - c. Any such ordinance modifying the Act approved August 13, 1927 (Ga. L. 1927, p. 265 et seq., as amended) and affecting employees of the Atlanta Board of Education shall become effective as to such employees only after such modification is adopted by a majority of the total membership of the Atlanta Board of Education.
- (3) No substitute or amendment to any ordinances presented to the council hereunder shall be considered without a subsequent investigation of such proposed substitute or amendment by an independent actuary and recommendations of the city attorney and chief financial officer as provided in (2)(a), hereinabove, and the ~~recommendation-communication providing notice to the boards~~ of trustees of the respective pension fund affected by such modification as set forth in (2)(b), hereinabove;
- (4) No ordinance which modifies any of the aforesaid pension laws and has a fiscal impact on the pension systems established by such laws shall be adopted by the council or approved by the mayor until adequate provision for

funding such modification has been made to defray the fiscal impact of such modification;

Section 2: That a copy of this proposed amendment to the Charter of the City of Atlanta, Georgia 1996 Ga. Laws P. 4496 et seq., as amended, shall be filed in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the Clerks of the Superior courts of Fulton and DeKalb Counties and that a “Notice of Proposed Amendment to the Charter of the City of Atlanta, Georgia,” attached hereto and marked “Exhibit A” and made a part of this ordinance, be published in the official organ of the county of the legal situs of the City of Atlanta or in a newspaper of general circulation in the City of Atlanta once a week for three weeks within a period of 60 days immediately preceding its final adoption, and that a copy of said advertisement be attached to this ordinance prior to its final adoption by the Council of the City of Atlanta.

Section 3: That all ordinances and parts of ordinances in conflict herewith are hereby waived to the extent of the conflict.

Exhibit "A"

**NOTICE OF PROPOSED AMENDMENT
TO THE CHARTER OF THE CITY OF ATLANTA**

Notice is hereby given that an Ordinance has been introduced to amend the Charter of the City of Atlanta (Ga. Laws, 1996, p. 4469, et seq.) approved April 15, 1996, as amended, said Ordinance being captioned as follows:

AN ORDINANCE AND CHARTER AMENDMENT TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE III (EXECUTIVE), CHAPTER 5 (CIVIL SERVICE SYSTEM), SECTION 3-507 (MODIFICATION OF PENSION PLANS), SO AS TO MODIFY LANGUAGE THAT IMPROPERLY DELEGATES LEGISLATIVE AUTHORITY; AND FOR OTHER PURPOSES.

A copy of the proposed Ordinance and Charter Amendment is on file in the Office of the Municipal Clerk of the City of Atlanta and in the Offices of the clerks of the Superior Courts of Fulton and DeKalb Counties, Georgia for the purpose of examination and inspection by the public.

This _____ day of _____, 2010.

Rhonda Dauphin Johnson
Municipal Clerk
City of Atlanta

TRANSMITTAL FORM FOR LEGISLATION

TO: MAYOR'S OFFICE

ATTN: CANDACE BYRD

Dept.'s Legislative Liaison: _____

Contact Number: _____

Originating Department: Department of Law

Committee(s) of Purview: Finance and Executive

Anticipated Committee Meeting Date(s): _____

Anticipated Full Council Date: _____

Legislative Counsel's Signature: _____

Commissioner Signature: _____

Chief Procurement Officer Signature: _____

CAPTION

AN ORDINANCE AND CHARTER AMENDMENT TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE III (EXECUTIVE), CHAPTER 5 (CIVIL SERVICE SYSTEM), SECTION 3-507 (MODIFICATION OF PENSION PLANS), SO AS TO MODIFY LANGUAGE THAT IMPROPERLY DELEGATES LEGISLATIVE AUTHORITY; AND FOR OTHER PURPOSES.

Mayor's Staff Only

Received by CPO: _____ Received by LC from CPO: _____

Received by Mayor's Office: _____ Reviewed by: _____

Submitted to Council: _____

11-0-0673

(Do Not Write Above This Line)

AN ORDINANCE AND CHARTER AMENDMENT BY COUNCILMEMBERS HOWARD SHOOK AND IVORY LEE YOUNG, JR.

AN ORDINANCE AND CHARTER AMENDMENT TO AMEND THE CHARTER OF THE CITY OF ATLANTA, GEORGIA, 1996 GA LAWS P. 4469, ET SEQ., ADOPTED UNDER AND BY VIRTUE OF THE AUTHORITY OF THE MUNICIPAL HOME RULE ACT OF 1965, O.C.G.A. SECTION 36-35-1 ET SEQ., AS AMENDED, BY AMENDING PART 1 (CHARTER AND RELATED LAWS), SUBPART A (CHARTER), ARTICLE III (EXECUTIVE), CHAPTER 5 (CIVIL SERVICE SYSTEM), SECTION 3-507 (MODIFICATION OF PENSION PLANS), SO AS TO MODIFY LANGUAGE THAT IMPROPERLY DELEGATES LEGISLATIVE AUTHORITY; AND FOR OTHER PURPOSES.

- CONSENT REFER
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1ST ADOPT 2ND READ & REFER
- PERSONAL PAPER REFER

Date Referred 4/18/11

Referred To: Finance / Ex

Date Referred

Referred To:

Date Referred

Referred To:

First Reading

Committee _____
Date _____
Chair _____
Referred To _____

Committee

Date

Chair

Fav, Adv, Hold (see rev. side)

Other

Action

Members

Refer To

Committee

Date

Chair

Fav, Adv, Hold (see rev. side)

Other

Action

Members

Refer To

Committee

Date

Chair

Fav, Adv, Hold (see rev. side)

Committee

Date

Chair

Fav, Adv, Hold (see rev. side)

Other

Action

Members

Refer To

Committee

Date

Chair

Fav, Adv, Hold (see rev. side)

Other

Action

Members

Refer To

Committee

Date

Chair

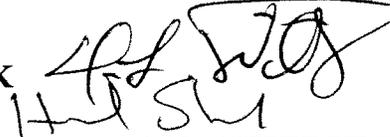
Fav, Adv, Hold (see rev. side)

- FINAL COUNCIL ACTION
- 2nd
 - 1st & 2nd
 - 3rd
 - Consent
 - V Vote
 - RC Vote

CERTIFIED

MAYOR'S ACTION

**AN ORDINANCE
BY COUNCILMEMBER HOWARD SHOOK**



AN ORDINANCE TO AMEND THE AMORTIZATION SCHEDULES OF THE GENERAL EMPLOYEES, POLICE OFFICERS, AND FIREFIGHTERS PENSION PLANS FROM A THIRTY YEAR OPEN AMORTIZATION PERIOD TO A THIRTY YEAR CLOSED AMORTIZATION PERIOD; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta (the "City") has been adversely affected by the national economic downturn; and

WHEREAS, the resulting financial strain requires the City to implement additional cost saving measures; and

WHEREAS, the City has obtained two independent actuarial studies on the fiscal impact of revising the amortization schedule for the unfunded accrued liability of the three pension funds; and

WHEREAS, these studies indicate that, although requiring future increases in annual required contributions by the City, a change from the 30 year open amortization schedule to a 30 year closed schedule would reduce the unfunded accrued liability of the three pension funds by \$2,500,000,000.

WHEREAS, the City, in accordance with its Home Rule Powers and within the guidelines of the Governmental Accounting Standards Board, is authorized and so desires to amend its amortization schedule in accordance with the state law minimum annual funding requirements for the unfunded accrued liability of its three pension funds.

THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA HEREBY ORDAINS as follows:

Section 1: That Part I, Chapter 6, Article II, Division 1, Section 6-37 of the Code of Ordinances of the City of Atlanta, Georgia, Georgia Laws 1927, p. 265, which currently reads:

- (m) (1) In addition to the funds derived from deductions from salaries and wages, as required by subsection (i) of this amendment, it shall be the duty of the governing authority of such cities to appropriate and pay into the pension fund each year an amount which shall be equal to the actuarially determined percentage of members' salary and wages necessary to pay the normal cost contribution of benefits earned by

members and to amortize the unfunded accrued liability of the pension fund on an open ended 30-year schedule commencing July 1, 2009, after deducting contributions required of officers and employees required by subsection (i) of this amendment.

For purposes of paying the required employer contributions provided above, the governing authority of such cities shall be authorized to levy ad valorem taxes payable to the pension fund sufficient to amortize the unfunded accrued liability under provisions of this amendment within an open end schedule of 30 years commencing July 1, 2009, and upon the determination by an independent actuarial valuation as provided in subsection (n) below that such unfunded accrued liability has been amortized, such authorization to levy such ad valorem taxes shall cease. Should said pension fund at any time be insufficient to meet and pay the pension due to such officers and employees, the governing authority shall appropriate from current funds amounts sufficient to make up the deficiency as it relates to the respective officers and employees and deposit same into said pension fund. Should such actuarial valuation as provided in subsection (n) below result in a determination that the total required employer contribution would be less than the contribution required of members by subsection (i) of this amendment, then the contributions required of members by subsection (i) of this amendment shall be reduced and the required employer contributions in this subsection shall be increased so that the member contributions required by subsection (i) will not be greater than the required employer contributions under this subsection.

- (2) Every three years and prior to submitting the annual fiscal budget for that third year, the Chief Financial Officer for the City of Atlanta shall review and prepare for the chair of the finance executive committee and the boards of trustees a report on the affect the amortization schedule has upon the actuarial accrued liability for the pension funds.

be amended to make the following deletions and insertions, such that Part I, Chapter 6, Article II, Division 1, Section 6-37 of the Code of Ordinances of the City of Atlanta, Georgia, Georgia Laws 1927, p. 265, shall read as follows:

- (m) (1) In addition to the funds derived from deductions from salaries and wages, as required by subsection (i) of this amendment, it shall be the duty of the governing authority of such cities to appropriate and pay into the pension fund each year an amount which shall be equal to the actuarially determined percentage of members' salary and wages necessary to pay the normal cost contribution of benefits earned by members and to amortize the unfunded accrued liability of the pension fund on a closed 30 year schedule commencing July 1, 2011,~~an open ended 30-year schedule commencing July 1, 2009~~ after deducting

contributions required of officers and employees required by subsection (i) of this amendment.

For purposes of paying the required employer contributions provided above, the governing authority of such cities shall be authorized to levy ad valorem taxes payable to the pension fund sufficient to amortize the unfunded accrued liability under provisions of this amendment within a closed schedule of thirty (30) years commencing July 1, ~~2009~~2011, and upon the determination by an independent actuarial valuation as provided in subsection (n) below that such unfunded accrued liability has been amortized, such authorization to levy such ad valorem taxes shall cease. Should said pension fund at any time be insufficient to meet and pay the pension due to such officers and employees, the governing authority shall appropriate from current funds amounts sufficient to make up the deficiency as it relates to the respective officers and employees and deposit same into said pension fund. Should such actuarial valuation as provided in subsection (n) below result in a determination that the total required employer contribution would be less than the contribution required of members by subsection (i) of this amendment, then the contributions required of members by subsection (i) of this amendment shall be reduced and the required employer contributions in this subsection shall be increased so that the member contributions required by subsection (i) will not be greater than the required employer contributions under this subsection.

- (2) Every three years and prior to submitting the annual fiscal budget for that third year, the Chief Financial Officer for the City of Atlanta shall review and prepare for the Chair of the Finance Executive Committee and the Boards of Trustees a report on the effect the amortization schedule has upon the actuarial accrued liability for the pension funds.

Section 2: That Part I, Chapter 6, Article III, Division 1, Section 6-222 of the Code of Ordinances of the City of Atlanta, Georgia, Georgia Laws 1927, p. 265, which currently reads:

- (m) (1) In addition to the funds derived from deductions from salaries and wages, as required by subsection (i) of this amendment, it shall be the duty of the governing authority of such cities to appropriate and pay into the pension fund each year an amount which shall be equal to the actuarially determined percentage of members' salary and wages necessary to pay the normal cost contribution of benefits earned by members and to amortize the unfunded accrued liability of the pension fund on an open ended 30-year schedule commencing July 1, 2009, after deducting contributions required of officers and employees required by subsection (i) of this amendment.

For purposes of paying the required employer contributions provided above, the governing authority of such cities shall be authorized to levy ad valorem taxes payable to the pension fund sufficient to amortize the unfunded accrued liability under provisions of this amendment within an open end schedule of 30 years commencing July 1, 2009, and upon the determination by an independent actuarial valuation as provided in subsection (n) below that such unfunded accrued liability has been amortized, such authorization to levy such ad valorem taxes shall cease. Should said pension fund at any time be insufficient to meet and pay the pension due to such officers and employees, the governing authority shall appropriate from current funds amounts sufficient to make up the deficiency as it relates to the respective officers and employees and deposit same into said pension fund. Should such actuarial valuation as provided in subsection (n) below result in a determination that the total required employer contribution would be less than the contribution required of members by subsection (i) of this amendment, then the contributions required of members by subsection (i) of this amendment shall be reduced and the required employer contributions in this subsection shall be increased so that the member contributions required by subsection (i) will not be greater than the required employer contributions under this subsection.

- (2) Every three years and prior to submitting the annual fiscal budget for that third year, the Chief Financial Officer for the City of Atlanta shall review and prepare for the chair of the finance executive committee and the boards of trustees a report on the affect the amortization schedule has upon the actuarial accrued liability for the pension funds.

be amended to make the following deletions and insertions, such that That Part I, Chapter 6, Article III, Division 1, Section 6-222 of the Code of Ordinances of the City of Atlanta, Georgia, Georgia Laws 1927, p. 265, shall read as follows:

- (m) (1) In addition to the funds derived from deductions from salaries and wages, as required by subsection (i) of this amendment, it shall be the duty of the governing authority of such cities to appropriate and pay into the pension fund each year an amount which shall be equal to the actuarially determined percentage of members' salary and wages necessary to pay the normal cost contribution of benefits earned by members and to amortize the unfunded accrued liability of the pension fund on a closed 30 year schedule commencing July 1, 2011, ~~an open ended 30 year schedule commencing July 1, 2009~~ after deducting contributions required of officers and employees required by subsection (i) of this amendment.

For purposes of paying the required employer contributions provided above, the governing authority of such cities shall be authorized to levy ad valorem taxes payable to the pension fund sufficient to amortize the

unfunded accrued liability under provisions of this amendment within a closed schedule of thirty (30) years commencing July 1, ~~2009~~2011, and upon the determination by an independent actuarial valuation as provided in subsection (n) below that such unfunded accrued liability has been amortized, such authorization to levy such ad valorem taxes shall cease. Should said pension fund at any time be insufficient to meet and pay the pension due to such officers and employees, the governing authority shall appropriate from current funds amounts sufficient to make up the deficiency as it relates to the respective officers and employees and deposit same into said pension fund. Should such actuarial valuation as provided in subsection (n) below result in a determination that the total required employer contribution would be less than the contribution required of members by subsection (i) of this amendment, then the contributions required of members by subsection (i) of this amendment shall be reduced and the required employer contributions in this subsection shall be increased so that the member contributions required by subsection (i) will not be greater than the required employer contributions under this subsection.

- (2) Every three years and prior to submitting the annual fiscal budget for that third year, the Chief Financial Officer for the City of Atlanta shall review and prepare for the Chair of the Finance Executive Committee and the Boards of Trustees a report on the effect the amortization schedule has upon the actuarial accrued liability for the pension funds.

Section 3: That Part I, Chapter 6, Article IV, Division 1, Section 6-367 of the Code of Ordinances of the City of Atlanta, Georgia, Georgia Laws 1927, p. 265, which currently reads:

- (m) (1) In addition to the funds derived from deductions from salaries and wages, as required by subsection (i) of this amendment, it shall be the duty of the governing authority of such cities to appropriate and pay into the pension fund each year an amount which shall be equal to the actuarially determined percentage of members' salary and wages necessary to pay the normal cost contribution of benefits earned by members and to amortize the unfunded accrued liability of the pension fund on an open ended 30-year schedule commencing July 1, 2009, after deducting contributions required of officers and employees required by subsection (i) of this amendment.

For purposes of paying the required employer contributions provided above, the governing authority of such cities shall be authorized to levy ad valorem taxes payable to the pension fund sufficient to amortize the unfunded accrued liability under provisions of this amendment within an open end schedule of 30 years commencing July 1, 2009, and upon the determination by an independent actuarial valuation as provided in

subsection (n) below that such unfunded accrued liability has been amortized, such authorization to levy such ad valorem taxes shall cease. Should said pension fund at any time be insufficient to meet and pay the pension due to such officers and employees, the governing authority shall appropriate from current funds amounts sufficient to make up the deficiency as it relates to the respective officers and employees and deposit same into said pension fund. Should such actuarial valuation as provided in subsection (n) below result in a determination that the total required employer contribution would be less than the contribution required of members by subsection (i) of this amendment, then the contributions required of members by subsection (i) of this amendment shall be reduced and the required employer contributions in this subsection shall be increased so that the member contributions required by subsection (i) will not be greater than the required employer contributions under this subsection.

- (2) Every three years and prior to submitting the annual fiscal budget for that third year, the Chief Financial Officer for the City of Atlanta shall review and prepare for the chair of the finance executive committee and the boards of trustees a report on the affect the amortization schedule has upon the actuarial accrued liability for the pension funds.

be amended to make the following deletions and insertions, such that That Part I, Chapter 6, Article IV, Division 1, Section 6-222 of the Code of Ordinances of the City of Atlanta, Georgia, Georgia Laws 1927, p. 265, shall read as follows:

- (m) (1) In addition to the funds derived from deductions from salaries and wages, as required by subsection (i) of this amendment, it shall be the duty of the governing authority of such cities to appropriate and pay into the pension fund each year an amount which shall be equal to the actuarially determined percentage of members' salary and wages necessary to pay the normal cost contribution of benefits earned by members and to amortize the unfunded accrued liability of the pension fund on a closed 30 year schedule commencing July 1, 2011, an open ended 30-year schedule commencing July 1, 2009 after deducting contributions required of officers and employees required by subsection (i) of this amendment.

For purposes of paying the required employer contributions provided above, the governing authority of such cities shall be authorized to levy ad valorem taxes payable to the pension fund sufficient to amortize the unfunded accrued liability under provisions of this amendment within a closed schedule of thirty (30) years commencing July 1, ~~2009~~2011, and upon the determination by an independent actuarial valuation as provided in subsection (n) below that such unfunded accrued liability has been amortized, such authorization to levy such ad valorem taxes shall cease. Should said pension fund at any time be insufficient to meet

and pay the pension due to such officers and employees, the governing authority shall appropriate from current funds amounts sufficient to make up the deficiency as it relates to the respective officers and employees and deposit same into said pension fund. Should such actuarial valuation as provided in subsection (n) below result in a determination that the total required employer contribution would be less than the contribution required of members by subsection (i) of this amendment, then the contributions required of members by subsection (i) of this amendment shall be reduced and the required employer contributions in this subsection shall be increased so that the member contributions required by subsection (i) will not be greater than the required employer contributions under this subsection.

- (2) Every three years and prior to submitting the annual fiscal budget for that third year, the Chief Financial Officer for the City of Atlanta shall review and prepare for the Chair of the Finance Executive Committee and the Boards of Trustees a report on the effect the amortization schedule has upon the actuarial accrued liability for the pension funds.

Section 4: That all ordinances or parts of ordinances in conflict with this ordinance are hereby repealed.

11-0-0674

(Do Not Write Above This Line)

**AN ORDINANCE
BY COUNCILMEMBER HOWARD
SHOOK** *Howard Shook*

**AN ORDINANCE TO AMEND THE
AMORTIZATION SCHEDULES OF
THE GENERAL EMPLOYEES,
POLICE OFFICERS, AND
FIREFIGHTERS PENSION PLANS
FROM A THIRTY YEAR OPEN
AMORTIZATION PERIOD TO A
THIRTY YEAR CLOSED
AMORTIZATION PERIOD; AND
FOR OTHER PURPOSES.**

- CONSENT REFER
- REGULAR REPORT REFER
- ADVERTISE & REFER
- 1st ADOPT 2nd READ & REFER
- PERSONAL PAPER REFER

Date Referred _____
 Referred To: *Finance 13 Yoc*
 Date Referred *04/18/2011*
 Referred To: _____
 Date Referred _____
 Referred To: _____

First Reading
 Committee _____
 Date _____
 Chair _____
 Referred To _____

Committee _____
 Date _____
 Chair _____
 Action
 Fav, Adv, Hold (see rev. side)
 Other _____
 Members _____

Committee _____
 Date _____
 Chair _____
 Action
 Fav, Adv, Hold (see rev. side)
 Other _____
 Members _____

Refer To _____

Refer To _____

Committee _____
 Date _____
 Chair _____
 Action
 Fav, Adv, Hold (see rev. side)
 Other _____
 Members _____

Committee _____
 Date _____
 Chair _____
 Action
 Fav, Adv, Hold (see rev. side)
 Other _____
 Members _____

Refer To _____

Refer To _____

- FINAL COUNCIL ACTION**
- 2nd
 - 1st & 2nd
 - 3rd
 - Consent
 - V Vote
 - RC Vote

CERTIFIED

MAYOR'S ACTION