

CITY OF SOMERSET, KENTUCKY 13-04

A RESOLUTION SUPPORTING REFORMS TO THE COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) TO MAKE THE PLAN SUSTAINABLE, SOUND, AND SECURE FOR CURRENT AND FUTURE EMPLOYEES.

WHEREAS, to honor their service now and in years to come, current and future non-hazardous duty and hazardous duty city employees deserve a defined benefit pension plan that is sound, secure, and sustainable;

WHEREAS, cities in Kentucky that want to offer a defined benefit pension plan are required by the Kentucky law to participate in CERS, which is administered by the Kentucky Retirement Systems (KRS) Board of Trustees and their employees;

WHEREAS, the Kentucky General Assembly and the Kentucky Retirement Systems have imposed significant unfunded mandates on cities in Kentucky by guaranteeing minimum pension benefit levels and mandating the use of city revenues to fund pension plan costs; and

WHEREAS, without significant reform to CERS, employer contribution rates are projected to continue their upward trend for decades;

WHEREAS, the pension liability for CERS has increased \$7.131 billion since 2000, despite that cities and other employers in CERS always paid what was required, which indicates systemic problems in CERS;

WHEREAS, the Kentucky General Assembly has created a pension plan system for city employees that is unstable, unsustainable, and unreliable for current and future city employees;

WHEREAS, recognizing this problem, the Kentucky General Assembly created the Task Force on Kentucky Public Pensions in 2012 to study and develop consensus recommendations concerning the benefits, investments, and funding of the state-administered retirement systems, and any other measures that would lead to the improved financial stability of the state-administered retirement systems;

WHEREAS, the Task Force on Kentucky Public Pensions approved a comprehensive set of recommendations by an 11-1 vote on November 20, 2012;

WHEREAS, the recommendations approved by the Task Force on Kentucky Public Pensions take a balanced approach and consider the need for long-term financial stability in the retirement system and short-term affordability for cities that pay the bills for these benefits;

WHEREAS, the lack of any action during the 2013 Regular Session may worsen the situation and jeopardize the fiscal solvency of Kentucky cities;

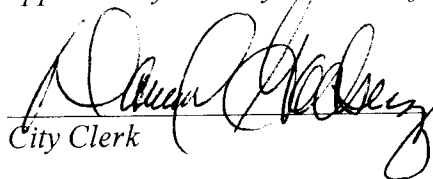
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Somerset supports the recommendations of the Task Force on Kentucky Public Pensions.

BE IT FURTHER RESOLVED that the City Council of the City of Somerset strongly supports the following specific components of the recommendations of the Task Force on Kentucky Public Pensions:

1. Adopt a hybrid cash balance plan for new employees in CERS;
2. Reset the amortization period for CERS for payment of the unfunded liability to a new 30-year period;
3. Eliminate the automatic cost of living adjustment (COLA) for all current and future CERS retirees; and
4. Appoint an additional member to the Kentucky Retirement Systems Board of Trustees selected by the Governor from a list submitted by the Kentucky League of Cities.

BE IT FURTHER RESOLVED that the City Council of the City of Somerset strongly encourages the Kentucky General Assembly to enact these reforms during the 2013 Regular Session, Special Session, or not later than the 2014 Regular Session.

Approved by the City Council of the City of Somerset, Kentucky this 11th day of February, 2013.


City Clerk


Mayor