

ORDINANCE

**AN ORDINANCE OF THE COMMISSION
OF KNOX COUNTY, TENNESSEE, TO PLACE
BEFORE VOTERS FOR APPROVAL AT THE
NEXT GENERAL ELECTION AN AMENDMENT
TO ARTICLE VI OF THE KNOX COUNTY
CHARTER TO ESTABLISH A UNIFORMED
OFFICERS PENSION PLAN.**

ORDINANCE: O-06-4-101

**REQUESTED BY: COMMISSIONER
MOORE**

**PREPARED BY: KNOX COUNTY
LAW DIRECTOR**

**APPROVED AS TO FORM
AND CORRECTNESS: _____
DIRECTOR OF LAW**

**APPROVED 1ST READING: AUGUST 28, 2006
DATE**

**APPROVED 2ND READING: SEPTEMBER 18, 2006
DATE**

**APPROVED EMERGENCY: _____
(YES) (NO)**

**VETOED: _____
DATE**

**VETO
OVERRIDE: _____
DATE**

**MINUTE
BOOK _____ PAGE _____**

WHEREAS, the Fraternal Order of Police has proposed an amendment to the Knox County Charter which would establish a pension plan for uniformed officers of Knox County, similar to the plan in effect in the City of Knoxville; and

WHEREAS, under the proposed plan, uniformed officers over the age of 50 with 25 years service, or their survivors and dependants, would be entitled to a normal retirement defined benefit for life; the proposed plan would also provide

benefits for officers who terminate after a minimum of 5 years of service, for early retirement and disability benefits, and for annual benefit adjustments; and

WHEREAS, it is the sense of the Commission that this plan should be placed before the people for ratification at the next regularly scheduled County or State election.

NOW THEREFORE BE IT ORDAINED BY THE COMMISSION OF KNOX COUNTY AS FOLLOWS:

SECTION 1. The Amendment to Article VI of the Knox County Charter, set out in full below, shall be proposed for submission to the voters of the County in accord with the provisions of Section 8.05 of the Knox County Charter.

SECTION 2. The proposed amendment to Article VI of the Knox County Charter is set forth below as follows:

Sec. 6.05. Uniformed Officers Pension Plan

A. The Retirement Board is hereby authorized and directed to establish, maintain and administer as a plan of the system a separate, tax qualified, defined benefit pension plan and trust, known and designated as the Uniformed Officers Pension Plan (hereinafter referred to as the “Officers Pension”) for sworn officers regularly employed by the Sheriff’s Department.

B. The Officers Pension shall provide: (i) a normal retirement annuity for life, upon attainment of age 50 with at least 25 years of service, equal to 2.5% of average of high two 12-month periods salary times years of service, to a maximum of 30 years of service; (ii) after vesting upon completion of 5 years of service, early retirement after 25 years of service, disability and death benefits; provided that such disability and death benefits shall be coordinated with and offset by other County-provided compensation, insurance or benefit arrangements; and provided further that the determination of disability under the Officers Pension shall be made on the basis of findings by an independent health care professional or organization selected by the Retirement Board; (iii) annual benefit adjustments of 3% per annum; and for retirees or beneficiaries over age 62, a further adjustment equal to one-half any annual change in the consumer price index over 3%, such further adjustment not to exceed 1% in any year; and (iv) a one-time, irrevocable choice for those initially eligible upon establishment of the Officers Pension: (a) to forego participation in the Officers Pension and to remain in any existing County plan in which they then currently participate; or (b) to waive all rights under such existing plans and to participate in the Officers Pension.

C. Participants shall contribute 6% of salary to the Officers Pension, which shall be picked up by the County. Accumulated balances of those initially eligible upon commencement of the Officers Pension who choose to participate in the Officers Pension shall be transferred, together with all associated liabilities for benefits, from any existing plan to the Officers Pension, but not including balances resulting from rollover contributions or excess voluntary employee contributions. The Retirement Board shall provide equitable, actuarially-sound procedures to be consistently applied to adjustments to Officer Pension benefits to account for any prior distribution from an existing plan to or on behalf of any Participant (including, by way of example but not as a limitation on the generality of the foregoing, a distribution upon a break in service or as a result of a qualified domestic relations order).

D. The actuary for the system shall annually compute and report normal and past service contributions for the Officers Pension, which report shall be considered by the Retirement Board and passed with the Board's recommendation to the Commission for acceptance and funding approval. The actuary shall also compute and report the unfunded actuarial accrued liability for the Officers Pension as of July 1, 2007, which report shall be considered by the Retirement Board and passed with the Board's recommendation to the Commission for acceptance and funding such that the Officers Pension shall be funded on an actuarially sound, and not necessarily actuarially funded, basis as of its date of commencement. The Officers Pension is not subject to, and is specifically hereby excepted from, the "actuarially funded" requirement contained in Sections 6.02(C) and 6.04(E) of the Knox County Charter.*

E. The Retirement Board shall adopt the Officers Pension to be effective July 1, 2007, subject to approval by the Commission by resolution, and the Retirement Board may thereafter amend the Officers Pension from time to time under the authority of Section 6.04(E), so long as any such amendment is consistent with the terms set out in this Section. The Officers Pension may not be terminated or rescinded except by amendment to the Charter.

***NOTE: The Knox County Retirement System projects the unfunded liability for the Pension to be approximately \$57.1 million as of July 1, 2007, and, in addition, the County's expected additional annual cost of the Pension is projected to be about 5.9% of participant payroll, or \$1.6 million the first year, over and above the 6% of participant payroll currently contributed by the County to the existing defined contribution retirement plan. The anticipated property tax impact is 8 cents per year.**

SECTION 3. Upon passage by a 2/3 majority of the Commission upon two readings, as specified in the Knox County Charter, pursuant to Section 8.05 of the Knox County Charter this Ordinance shall be forwarded to the Knox County

Election Commission, which shall place ratification of this Amendment before the voters at the next regularly scheduled County or State election at least 45 days after delivery of this Ordinance to the Election Commission.

SECTION 4. This Ordinance shall take effect upon passage, the public welfare requiring it.

Presiding Officer of the Commission Date

County Clerk Date

Approved: _____
County Mayor Date

Vetoed: _____
County Mayor Date