



Local Government Council

Local Government Council Executive Committee Meeting

Region 2000 Partnership's Large Conference Room
828 Main Street, 12th Floor
Lynchburg, VA

May 15, 2014 ~ 5:15 p.m.

Agenda

1. Welcome.....Joan Foster, *Chair*
2. Consideration and approval of Resolution addressing the Employer Retirement Contribution Rate Election for VRS.....Gary Christie, Exec. Director

(See Attachment 2)

Recommended Action: The staff recommends that the Council approve the resolution with the rate certified by the VRS Board of Trustees for the FY 2015 – 2016 biennium, that being 7.52%.

3. Adjourn

Next meeting: July 17, 2014

May 2, 2014

VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL – 55881

Language in the 2013 Appropriations Act, Item 468(H), allowed localities to make an election regarding their employer contribution rate every biennium. You have the opportunity again this year to select which employer contribution rate your locality will pay, beginning July 1, 2014.

Included with this letter is the employer contribution resolution your local governing body will need to pass and then send in to communicate to VRS their election decision.

Employer Retirement Contribution Rate Election

By no later than July 1, 2014, your local governing body must approve one of the following employer contribution rate options for the defined benefit retirement plan in the biennium beginning July 1, 2014:

- 7.52% – the rate certified by the VRS Board of Trustees for the FY 2015-2016 biennium; or
- 10.95% – the alternate rate, which is the higher of the rate certified by the VRS Board for FY 2012 or 80 percent of the VRS Board-certified rate for FY 2015-2016.

Considerations in Electing Your Contribution Rate

The intent of the language in the 2013 Appropriation Act, Item 468(H) was to offer localities and schools some budget relief for the coming fiscal year with respect to the amount of their retirement contributions. However, this does not change the Board-certified rate or the recommended employer contribution rate. Therefore, if you are considering using the Alternate Rate, please be aware that doing so will:

- Reduce contributions to your employer account and the investment earnings they would have generated, which will mean there will be fewer assets available for benefits.

- Result in a lower funded ratio when the next Actuarial Valuation is performed and, thus, a higher calculated contribution rate at that time.
- Require that you include the Net Pension Obligation (NPO) under the Governmental Accounting Standards Board (GASB) Standards in your financial statements.

Deadline for Resolutions

VRS must receive your formal signed resolution for the employer retirement contribution rate election **by no later than July 10, 2014**. Please send all resolutions to Ms. ZaeAnne Sferra, Employer Coverage Coordinator at P.O. Box 2500, Richmond, VA 23218-2500.

If you have any questions about the information in this packet, please contact Ms. ZaeAnne Sferra, Employer Coverage Coordinator, at zsferra@varetire.org or (804) 775-3514.

Best regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert P. Schultze", with a stylized flourish at the end.

Robert P. Schultze
Director

Employer Contribution Rates for Counties, Cities,
Towns, School Divisions and Other Political Subdivisions
(In accordance with the 2014 Appropriation Act Item 468(H))

Resolution

BE IT RESOLVED, that the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL - 55881 does hereby acknowledge that its contribution rates effective July 1, 2014 shall be based on the higher of a) the contribution rate in effect for FY 2014, or b) eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium (the "Alternate Rate") provided that, at its option, the contribution rate may be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to Virginia Code § 51.1-145(I) resulting from the June 30, 2013 actuarial value of assets and liabilities (the "Certified Rate"); and

BE IT ALSO RESOLVED, that the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL - 55881 does hereby certify to the Virginia Retirement System Board of Trustees that it elects to pay the following contribution rate effective July 1, 2014:

(Check only one box)

☒ The Certified Rate of 7.52 % ☐ The Alternate Rate of 10.95 %; and

BE IT ALSO RESOLVED, that the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL - 55881 does hereby certify to the Virginia Retirement System Board of Trustees that it has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of any election made under the provisions of this resolution; and

NOW, THEREFORE, the officers of VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL - 55881 are hereby authorized and directed in the name of the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL to carry out the provisions of this resolution, and said officers of the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL are authorized and directed to pay over to the Treasurer of Virginia from time to time such sums as are due to be paid by the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL for this purpose.

Governing Body/School Division Chairman

CERTIFICATE

I, _____, Secretary of the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL held at _____, Virginia at _____ o'clock on _____, 2014. Given under my hand and seal of the VIRGINIA'S REGION 2000 LOCAL GOVERNMENT COUNCIL this _____ day of _____, 2014.

Secretary

**This resolution must be passed prior to July 1, 2014 and
received by VRS no later than July 10, 2014.**