

AGENDA NOTE - HRPDC EXECUTIVE COMMITTEE MEETING

ITEM #21: VRS RESOLUTIONS

SUBJECT:

The HRPDC must approve resolutions regarding VRS employer and member contribution rates.

BACKGROUND:

Recent legislation passed by the General Assembly calls for localities and political subdivisions to make certain decisions by July 1, 2012 regarding employer and member contribution rates. The governing body must approve resolutions no later than July 1, 2012 and VRS must receive the resolutions no later than July 10, 2012.

A. Employer Retirement Contribution Rate

The HRPDC must elect to pay either the 7.94% rate certified by the VRS Board of Trustees for the 2012-2014 biennium or the 5.56% alternate rate, which is the higher of the current rate certified by the VRS Board for FY 2011-2012 or 70% of the VRS Board-certified rate for 2012-2014. The HRPDC will pay the 7.94% VRS Board of Trustees certified rate for the 2012-2014 biennium beginning July 1, 2012.

Attachment 21A

B. Member Contribution Election

As provided under Chapter 822 of the 2012 Acts of the Assembly (SB 497), all Plan 1 and Plan 2 political subdivision employees must begin paying the 5% member contribution effective July 1, 2012. For current employees, the bill allows governing bodies to phase in the member contribution in each of the next five years or until current employees are paying the full 5% contribution, whichever is earlier. The Commission must approve the amount of the member contribution that current employees will pay beginning July 1, 2012 as well as certify that employees will receive a comparable offsetting salary increase effective July 1 of each year of the phase-in period. Beginning July 1, 2012, the HRPDC will require both Plan 1 and Plan 2 employees to pay the full 5% member contribution. The HRPDC will provide the required offsetting salary increase.

Attachment 21B

RECOMMENDED ACTION:

Authorize the Chairman and Executive Director to execute the attached resolutions pertaining to the HRPDC employer and member contribution rates to VRS.

Employer Contribution Rates for Counties, Cities,
Towns, School Divisions and Other Political Subdivisions
(In accordance with the 2012 Appropriation Act Item 468(H))

Resolution

BE IT RESOLVED, that the Hampton Roads Planning District Commission 55449 does hereby acknowledge that its contribution rates effective July 1, 2012 shall be based on the higher of a) the contribution rate in effect for FY 2012, or b) seventy percent of the results of the June 30, 2011 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2012-14 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, 2011 actuarial value of assets and liabilities (the "Certified Rate"); and

BE IT ALSO RESOLVED, that the Hampton Roads Planning District Commission 55449 does hereby certify to the Virginia Retirement System Board of Trustees that it elects to pay the following contribution rate effective July 1, 2012:

(Check only one box)

The Certified Rate of 7.94%

The Alternate Rate of 5.56%; and

BE IT ALSO RESOLVED, that the Hampton Roads Planning District Commission 55449 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 Hampton Roads Planning District Commission 55449 are hereby authorized and directed in the name of the Hampton Roads Planning District Commission to carry out the provisions of this resolution, and said officers of the Hampton Roads Planning District Commission 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 Hampton Roads Planning District Commission for this purpose.

Governing Body/School Division Chairman

CERTIFICATE

I, _____, Clerk of the Hampton Roads Planning District Commission, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the Hampton Roads Planning District Commission held at _____, Virginia at _____ o'clock on _____, 2012. Given under my hand seal of the Hampton Roads Planning District Commission this _____ day of _____, 2012.

Clerk

**This resolution must be passed prior to July 1, 2012 and
received by VRS no later than July 10, 2012.**

Member Contributions by Salary Reduction for Counties, Cities, Towns, and Other Political Subdivisions

(In accordance with Chapter 822 of the 2012 Acts of Assembly (SB497))

Resolution

WHEREAS, the Hampton Roads Planning District Commission 55449 employees who are Virginia Retirement System members who commence or recommence employment on or after July 1, 2012 ("FY2013 Employees" for purposes of this resolution), shall be required to contribute five percent of their creditable compensation by salary reduction pursuant to Internal Revenue Code § 414(h) on a pre-tax basis upon commencing or recommencing employment; and

WHEREAS, the Hampton Roads Planning District Commission 55449 employees who are Virginia Retirement System members and in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation by salary reduction pursuant to Internal Revenue Code § 414(h) on a pre-tax basis no later than July 1, 2016; and

WHEREAS, such employees in service on June 30, 2012, shall contribute a minimum of an additional one percent of their creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the employees' contributions equal five percent of creditable compensation; and

WHEREAS, the Hampton Roads Planning District Commission 55449 may elect to require such employees in service on June 30, 2012, to contribute more than an additional one percent each year, in whole percentages, until the employees' contributions equal five percent of creditable compensation; and

WHEREAS, the second enactment clause of Chapter 822 of the 2012 Acts of Assembly (SB497) requires an increase in total creditable compensation, effective July 1, 2012, to each such employee in service on June 30, 2012, to offset the cost of the member contributions, such increase in total creditable compensation to be equal to the difference between five percent of the employee's total creditable compensation and the percentage of the member contribution paid by such employee on January 1, 2012.

BE IT THEREFORE RESOLVED, that the Hampton Roads Planning District Commission 55449 does hereby certify to the Virginia Retirement System Board of Trustees that it shall effect the implementation of the member contribution requirements of Chapter 822 of the 2012 Acts of Assembly (SB497) according to the following schedule for the fiscal year beginning July 1, 2012 (i.e., FY2013):

Type of Employee	Employer Paid Member Contribution	Employee Paid Member Contribution
Plan 1	0 %	5 %
Plan 2	0 %	5 %
FY2013 Employees	0%	5%

(Note: Each row must add up to 5 percent.); and

BE IT FURTHER RESOLVED, that such contributions, although designated as member contributions, are to be made by the Hampton Roads Planning District Commission in lieu of member contributions; and

BE IT FURTHER RESOLVED, that pick up member contributions shall be paid from the same source of funds as used in paying the wages to affected employees; and

BE IT FURTHER RESOLVED, that member contributions made by the Hampton Roads Planning District Commission under the pick up arrangement shall be treated for all purposes other than income taxation, including but not limited to VRS benefits, in the same manner and to the same extent as member contributions made prior to the pick up arrangement; and

BE IT FURTHER RESOLVED, that nothing herein shall be construed so as to permit or extend an option to VRS members to receive the pick up contributions made by the Hampton Roads Planning District Commission directly instead of having them paid to VRS; and

BE IT FURTHER RESOLVED, that notwithstanding any contractual or other provisions, the wages of each member of VRS who is an employee of the Hampton Roads Planning District Commission shall be reduced by the amount of member contributions picked up by the Hampton Roads Planning District Commission on behalf of such employee pursuant to the foregoing resolutions.

NOW, THEREFORE, the officers of Hampton Roads Planning District Commission 55449 are hereby authorized and directed in the name of the Hampton Roads Planning District Commission to carry out the provisions of this resolution, and said officers of the Hampton Roads Planning District Commission 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 Hampton Roads Planning District Commission for this purpose.

Governing Body Chairman

CERTIFICATE

I, _____, Clerk of the Hampton Roads Planning District Commission, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the Hampton Roads Planning District Commission held at _____, Virginia at _____ o'clock on _____, 2012. Given under my hand and seal of the Hampton Roads Planning District Commission this _____ day of _____, 2012.

Clerk

This resolution must be passed prior to July 1, 2012 and received by VRS no later than July 10, 2012.