

**RESOLUTION 2022-79**

**A RESOLUTION TO ADOPT A POLICY FOR THE AMENDED AND RESTATED EMPLOYEES' PENSION PLAN DATED EFFECTIVE AS OF JANUARY 1, 2018 FOR POST-RETIREMENT BENEFIT INCREASES OR COST OF LIVING ADJUSTMENTS**

**WHEREAS**, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

**WHEREAS**, the City has amended and restated the plan effective as of January 1, 2018; and

**WHEREAS**, the City approved that certain First Amendment to the Plan by Resolution dated the 14<sup>th</sup> day of August, 2018; and

**WHEREAS**, the City approved that certain Second Amendment to the Plan by Resolution dated the 14<sup>th</sup> day of December, 2021; and

**WHEREAS**, while the City, by and through its elected Board of Mayor and Aldermen (the "Board"), retains the right to amend the Plan, there are times when a policy is in the best interest of the Plan and employees; and

**WHEREAS**, the Plan provides that the Board can on an annual basis consider a cost of living increase for retirees and beneficiaries receiving monthly retirement benefits from the Plan. The amount of such increase, if any, is recorded in City's Board of Aldermen Minutes Book; and

**WHEREAS**, without binding the Plan to a Plan Amendment mandating a cost of living increase in any specific year, or any years, the Board of Mayor and Aldermen wish to adopt guidelines which they can use in consideration of any such cost of living increase. The Board intends these guidelines to provide some uniformity in how the Board can determine an appropriate amount of any such increase. The Board also intends these guidelines to provide a method by which the Board can determine increases for retirees while at the same time protecting the funding status and funding requirements for the Plan. These guidelines then set parameters within which the Board, with the recommendation of the City Administrator, can propose cost of living increases without adverse impact on the Plan; and

**WHEREAS**, these guidelines are intended for use by the Board, these guidelines are not a Plan Amendment or a promise of any cost of living increase or any specific amount of cost of living in any specific Plan Year. The Board retains its discretion under the current provisions of the Plan to determine on an annual basis whether or not to provide a cost of living increase and the amount of any such increase; and

**WHEREAS**, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to adopt a policy that sets forth a framework for post-retirement benefit increases or cost of living adjustments.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:**

**Section 1.** If as of the Plan Year immediately preceding the effective date for any proposed cost of living increase for retirees' pensions the ratio of the market value of Plan assets to the actuarial accrued liability ("AAL") of the Plan (based on the assumptions and methods selected by the City in determining the Actuarial Determined Contribution ("ADC") and consistent with Tenn. Code Ann. 9-3-504 and reported in the Actuary Valuation Report by the actuary providing services to the Plan (the 'Funded Ratio')), equals or exceeds the amounts set forth in the table below, the Board will consider increasing the monthly retirement benefits of Retired Participants or other Participants or Beneficiaries receiving monthly benefits under the Plan by the applicable twelve (12) month percentage change in the Consumer Price Index (U.S. city average for all urban consumers (CPI-U)), excluding food and energy, published by the U.S. Department of Labor, Bureau of Labor Statistics for the March immediately preceding the effective date for any such proposed increase but subject to the following maximum and minimum limits in the table below:

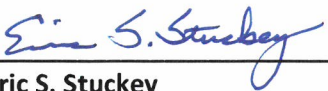
Funded Ratio of the Closed Plan	Maximum Cost of Living Percentage Increase	Minimum Cost of Living Percentage Increase
≥80%	3.5%	1%
60%≥79%	2.5%	1%
≤59%	0%	0%

Any approved increase shall be effective for the first monthly payment in the July following the determination of such increase as provided above and shall be recorded in City's Board of Aldermen Minutes Book.

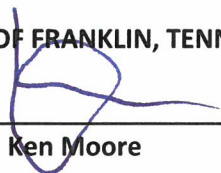
**Section 2.** Defined words in Section 1 above shall have the same meaning as set forth in the Plan. No terms of the Plan are amended by this resolution.

IT IS SO RESOLVED AND DONE on this 10<sup>th</sup> day of January, 2023

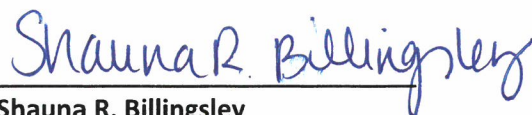
ATTEST:

By:   
Eric S. Stuckey  
City Administrator

CITY OF FRANKLIN, TENNESSEE:

By:   
Dr. Ken Moore  
Mayor

Approved as to Form:

By:   
Shauna R. Billingsley  
City Attorney