

**CITY OF EL PASO, TEXAS**  
**AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

CITY CLERK DEPT.  
07 MAR 12 PM 4:35

**DEPARTMENT:** Legal  
**AGENDA DATE:** March 13, 2007  
**CONTACT PERSON/PHONE:** Laura P. Gordon, Deputy City Attorney  
**DISTRICT(S) AFFECTED:** All

**SUBJECT:**

A Resolution which allows the City Council to formally approve that the City of El Paso affirm the action of the Mayor and City Attorney adding to its legislative packet for the legislative session 2006, a bill proposing changes to the El Paso Fire and Police Pension Fund Board.

**BACKGROUND / DISCUSSION:**

The El Paso Fire and Pension Fund has been underfunded for decades, and the unfunded liability has reached crisis proportions exceeding \$350 million, therefore, the City and the Fund Board have agreed to a plan that will make changes that are expected to restore the Fund to fiscal health. These changes would provide that five members of the eleven member board would be appointed by the Mayor and City Manager and six members would be appointed from the members of the respective funds; the changes will give the City Council and the citizens of El Paso a say in the future benefits changes; and the changes will provide for a funding mechanism if the Plan should become underfunded again in the future.

**PRIOR COUNCIL ACTION:**

Has the Council previously considered this item or a closely related one?

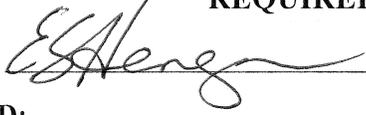
**AMOUNT AND SOURCE OF FUNDING:**

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

**BOARD / COMMISSION ACTION:**

Enter appropriate comments or N/A

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**LEGAL:** (if required)  **FINANCE:** (if required) \_\_\_\_\_

**DEPARTMENT HEAD:** \_\_\_\_\_  
(Example: if RCA is initiated by Purchasing, client department should sign also)  
*Information copy to appropriate Deputy City Manager*

**APPROVED FOR AGENDA:**

**CITY MANAGER:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**RESOLUTION**

CITY CLERK DEPT.

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WHEREAS, the El Paso Fire and Police Pension Fund has been underfunded for decades;  
and

WHEREAS, in recent years the unfunded liability has reached crisis proportions,  
exceeding \$350 million; and

WHEREAS, for more than a decade the State Pension Review Board has monitored  
the situation and urged the City and Fund to solve the problem; and

WHEREAS, through mediation, the City and the Fund Board and Membership have  
agreed to a plan that will make changes that are expected to restore the Fund to fiscal health; and

WHEREAS, these changes include contribution increases by the membership, benefits  
reductions to future retirees, a second tier of benefits for newly hired members and the issuance  
of approximately \$200 million in Pension Obligation Bonds by the City; and

WHEREAS, as part of the plan, the Fund and the City have also agreed to propose  
changes to the section of State Law governing the plan, Vernon's Civ. Stat. Article 6243b; and

WHEREAS, these changes would provide that five members of the eleven member board  
would be appointed by the Mayor and City Manager and six members would be appointed from  
the members of the respective funds; the changes will give the City Council and the citizens of  
El Paso a say in any future benefits changes; and the changes will provide for a funding  
mechanism if the Plan should become underfunded again in the future.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF  
EL PASO:

That the City of El Paso affirms the action of the Mayor and City Attorney adding to its  
legislative packet for the legislative session 2006, a bill proposing certain changes to Article  
6243b, Vernon's Civil Statutes, to eliminate the automatic membership of the Mayor, fire and  
police chiefs to the eleven member El Paso Fire and Police Pension Fund Board; to allow for the  
appointment of three citizens by the Mayor and two citizens by the City Manager; to give the  
City Council and/or the citizens a say over benefit changes; and to provide a permissive  
mechanism for ensuring the future proper funding of the Plan.

Approved this \_\_\_\_\_ day of March, 2007.

CITY OF EL PASO

\_\_\_\_\_  
John F. Cook, Mayor

ATTEST:

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Richarda Duffy Momsen  
City Clerk

APPROVED AS TO FORM:

  
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Laura P. Gordon  
Deputy City Attorney *for*

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