



City of Austin Employees' Retirement System

September 10, 2010

The Honorable Lee Leffingwell
Mayor of Austin
PO Box 1088
Austin, TX 78767

Dear Mayor Leffingwell:

For more than a year, City of Austin management has worked collaboratively with the City of Austin Employees' Retirement System to develop a long-term funding solution for the System. In wrapping up that effort, the Board of Trustees has been asked to endorse a specific financial improvement plan.

The proposed plan of action includes additional contributions phased in over three years and the establishment of a new reduced benefit tier for employees hired on or after January 1, 2012. The additional contributions are included in the budget which is currently before the City Council. The establishment of a new benefit tier will require action by the 2011 Texas Legislature.

On September 10, 2010, a special meeting of the Board of Trustees was conducted for the specific purpose of expressing support to the City Council. I am pleased to report that the Board unanimously voted to formally endorse this plan of action including the enclosed draft Amended Supplemental Funding Plan.

We support this plan because it will maintain a secure, competitive, *and sustainable* retirement plan for career City employees. We believe that the collaborative way in which this solution was fashioned will provide a positive example to other governments facing similar challenges.

We also commend the many members of the management team of the City of Austin who have worked so hard to develop this solution.

Respectfully,

Elizabeth S. Gonzales
Chairperson, City of Austin Employees' Retirement System

Copy: Marc Ott, Austin City Manager
Leslie Browder, Chief Financial Officer