



Memphis City Council Summary Sheet

1. Description of the Item (Resolution, Ordinance, etc.)

A Resolution Adopting Amendments to the Memphis Light, Gas and Water Division, Retirement and Pension System, effective with Employees Hired January 1, 2014 and After.

- I. For participants who are hired on or after January 1, 2014, Normal Retirement Age will be age 60 with 10 years of service, age 70 with 5 years of service, or age 55 with 25 years of service.
- II. For married participants whose date of hire is on or after January 1, 2014, the normal form of benefit will be a joint and survivor benefit under which the monthly benefit to the participant is adjusted to provide for the lifetime survivor benefit to the participant's spouse. For these participants, there will be an actuarial adjustment to the participant's monthly benefit to adjust for the survivor benefit payable to the spouse. If, however, a participant's spouse dies before the death of the participant, the adjustment that was made to the participant's monthly benefit will be reversed and the participant's monthly benefit will "pop up" to the full monthly benefit the participant would have received if he/she had not been married. Under this amendment the actuarial benefit to a married participant and an unmarried participant are equalized.

2. Initiating Party (e.g. Public Works, at request of City Council, etc.)

Memphis Light, Gas and Water Division forwards this resolution for City Council approval.

3. State whether this is a change to an existing ordinance or resolution, if applicable.

These changes constitute amendments to the Memphis Light, Gas and Water Division Retirement and Pension System, as amended and restated effective January 1, 2009 (the "Plan")

4. State whether this requires a new contract, or amends an existing contract, if applicable.

N/A.

5. State whether this requires an expenditure of funds/requires a budget amendment.

These changes to the Plan do not constitute additional expenditure of funds, but is expected to save the Plan and reduce required funding by an estimated \$2.1 million annually.



A Resolution Adopting Amendments to the Memphis Light, Gas and Water Division, Retirement and Pension System, effective with Employees Hired January 1, 2014 and After.

WHEREAS, the Board of Light, Gas and Water Commissioners at their meeting held October 15, 2012, approved amendments to the Memphis Light, Gas and Water Division, Retirement and Pension System, as amended and restated effective January 1, 2009 (the "Plan"):

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Memphis, that the Memphis Light, Gas and Water Division, Retirement and Pension System is hereby amended as follows:

1. Article I, DEFINITIONS, Section 1.43 shall be deleted in its entirety and the following Section 1.43 shall be substituted therefor:

1.43 Normal Retirement Age shall mean, with respect to a Participant whose date of hire is on or before December 31, 2013, the earlier of (i) the date upon which the Participant has both attained age fifty-five (55) and completed ten (10) Years of Service, (ii) the date on which the Participant has both attained age seventy (70) and completed five (5) Years of Service or (iii) the date on which the Participant has completed twenty-five (25) Years of Service.

Normal Retirement Age shall mean, with respect to a Participant whose date of hire is on or after January 1, 2014, the earlier of (i) the date upon which the Participant has both attained age sixty (60) and completed ten (10) Years of Service, (ii) the date on which the Participant has both attained age seventy (70) and completed five (5) Years of Service or (iii) the date on which the Participant has both attained age fifty-five (55) and completed twenty-five (25) Years of Service.

2. Article VI, RETIREMENT AND TERMINATION BENEFITS, Section 6.1(a) shall be deleted in its entirety and the following Section 6.1(a) shall be substituted therefor:

6.1 Normal Retirement Benefit.

- (a) General. A Participant who retires from the employ of the Division upon or after attaining his/her Normal Retirement Age

shall be entitled to receive a Normal Retirement Benefit, which shall be equal to his/her Accrued Benefit determined as of the date he/she retires, calculated in accordance with Article IV, subject to the minimum benefit provisions under subsection (b) hereof and the Cost of Living Adjustments provided in §6.6.

The Normal Retirement Benefit shall be paid in the form of a Straight Life Annuity, as defined below, during the life of the Participant (the Normal Form of Retirement Benefit); provided, however, for a Participant hired on or after January 1, 2014, who is married and has been married to his or her Spouse for at least one (1) year, the Normal Retirement Benefit shall be paid in the form of a joint and survivor annuity with a pop-up feature, unless the Participant has validly elected otherwise as provided herein during the election period. The election period will begin on the date the Participant enters the Plan and ends on the date of the Participant's actual retirement. Any election hereunder must be in writing and may be changed at any time during the election period as provided herein.

Under the joint and survivor annuity provided herein a reduced amount shall be paid to the Participant for his or her lifetime; and the Spouse, as defined in Section 1.57 herein, if surviving at the Participant's death, shall be entitled to receive thereafter a lifetime survivorship annuity in a monthly amount equal to seventy-five percent (75%) of the reduced monthly amount which had been payable to the Participant determined as of the Participant's Benefit Commencement Date adjusted as provided in §8.1(c) hereof. If the Participant's Spouse dies before the Participant, the benefit amount payable to the Participant will revert, or pop-up, to the Normal Form of Retirement Benefit (i.e., Straight Life Annuity) amount based on the life of the Participant, as set forth herein.

The reduced amount payable to the Participant, as discussed in the above paragraph, shall be determined so that the aggregate of the annuity payments expected to be made to the Participant and his or her Spouse shall be the Actuarial Equivalent of the Normal Form of Retirement Benefit. The last payment of the joint and survivor annuity shall be made as of the date of the death of the survivor.

The retirement allowance adjustment factors applicable under this Section shall be determined by the actuary appointed by the Pension Board, in accordance with normal and appropriate actuarial principles and adopted by the Pension Board.

A Participant during the election period may elect to waive the joint and survivor annuity provided herein and receive in lieu thereof the Normal Form of Retirement Benefit. Any election to waive the joint and survivor annuity must be made by the Participant in writing during the election period and be consented to in writing by the Participant's Spouse. The election to waive and the Spouse's consent must be made on a form provided by the Pension Department, and will be effective only when filed with the Pension Department.

The Spouse's consent must acknowledge the effect of such election and be witnessed by a member of the Pension Department or a Notary Public. Any consent required of a Spouse shall not be required if it is established to the satisfaction of the Pension Department that the required consent cannot be obtained because there is no Spouse, the Spouse cannot be located, or other circumstances that may be prescribed by the Pension Department.

Once the election period has terminated the waiver shall be irrevocable as to Spouse consenting to the waiver.

Prior to the end of the election period, the Pension Department shall notify the Participant of

- (i) the Participant's right to make an election to waive the joint and survivor annuity provided herein and the effect of such election;
- (ii) the right of the Participant's Spouse to consent to any election to waive the joint and survivor annuity provided herein; and
- (iii) the relative values of the Normal Form of Retirement Benefit and the joint and survivor annuity provided herein.

If a Participant entitled to the joint and survivor annuity provided herein elects not to receive the joint and survivor annuity and the appropriate

consent of the Spouse is obtained, or if a Participant is not married, or is married but has not been married for at least one (1) year at the date he/she retires, the payment of any benefit shall be in the Normal Form of Retirement Benefit provided herein.

For purposes of this Plan, "Straight Life Annuity" shall mean an annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death as adjusted periodically by the terms of the Plan.

Notwithstanding the foregoing, if a Retired Participant receiving the Normal Form of Retirement Benefit marries and remains married for a continuous period of three (3) years, notifies the Pension Department of his/her marriage, and files with the Pension Department the election as provided below, the Retired Participant during an election period that begins on the first day of the third anniversary of his/her marriage and ends on the 365th day following the first day of the third anniversary of his/her marriage may elect to convert his/her Normal Form of Retirement Benefit to the joint and survivor annuity with a pop-up feature provided herein.

If a Retired Participant who was married at the date he/she retired but who was not married for at least one (1) year at that date and thus is receiving the Normal Form of Retirement Benefit subsequently remains continuously married for at least three (3) years, notifies the Pension Department that he/she has remained continuously married to such spouse for at least three (3) years, and files with the Pension Department the election as provided below, such Retired Participant during an election period that begins on the first day of the third anniversary of his/her marriage to such spouse and ends on the 365th day following the first day of the third anniversary of his/her marriage may elect to convert his/her Normal Form of Retirement Benefit to the joint and survivor annuity with a pop-up feature provided herein.

Under the joint and survivor annuity provided herein a reduced amount beginning on the effective date of such election shall be paid to the Retired Participant for his or her remaining lifetime; and the Spouse, as defined in Section 1.57 herein, if surviving at the Participant's death, shall be entitled to receive thereafter a lifetime survivorship annuity in a monthly amount equal to seventy-five percent (75%) of the reduced monthly amount which had been payable to the Participant determined as of the Participant's Benefit Commencement Date adjusted as provided in §8.1(c) hereof. If the Participant's Spouse dies before the

Participant, the benefit amount payable to the Participant will revert, or pop-up, to the Normal Form of Retirement Benefit amount based on the life of the Participant, as set forth herein.

The reduced amount payable to the Retired Participant, as discussed in the above paragraph, shall be determined so that the aggregate of the annuity payments expected to be made to the Retired Participant and his or her Spouse shall be the Actuarial Equivalent of the remaining Normal Form of Retirement Benefit otherwise payable to the Retired Participant. The last payment of the joint and survivor annuity shall be made as of the date of the death of the survivor.

The retirement allowance adjustment factors applicable under this Section shall be determined by the actuary appointed by the Pension Board, in accordance with normal and appropriate actuarial principles and approved by the Pension Board.

It shall be the sole and exclusive obligation of the Retired Participant during the election period to notify the Pension Department of his/her qualification to make the election provided herein and to file the election set forth above with the Pension Department. The election must be made by the Retired Participant in writing during the election period on a form provided by the Pension Department, and will be effective only when filed with the Pension Department. Neither the Pension Department, Pension Board, Division, nor any other person whatsoever shall have any obligation to determine whether or not a Retired Participant receiving a Normal Form of Retirement Benefit has married or otherwise qualifies to make any election provided above.

3. Article VI, RETIREMENT AND TERMINATION BENEFITS, Section 6.2(a) shall be deleted in its entirety and the following Section 6.2(a) shall be substituted therefor:

6.2 Deferred Vested Benefit.

- (a) General. A terminated Participant with a vested Accrued Benefit (that is, a Participant who has completed ten (10) Years of Service and is within ten (10) years of his/her Normal Retirement Age) shall be entitled to elect either (i) the multiple of his/her Accumulated Participant Contributions in accordance with §6.9, or (ii) a Deferred Vested Benefit commencing at age fifty-five (55) (provided he/she is then living). The amount of the Deferred Vested Benefit shall be his/her Accrued Benefit calculated in accordance with Article IV. A Participant who

receives a Deferred Vested Benefit shall not be entitled to the minimum benefit provided under §6.1(b).

Notwithstanding the foregoing, for any Participant hired on or after January 1, 2014, the Deferred Vested Benefit shall be in the form as provided in §6.1(a) above.

4. Article VII, PAYMENT OF BENEFITS, Section 7.1 shall be deleted in its entirety and the following Section 7.1 shall be substituted therefor:

7.1 Normal Form of Benefit. The regular form of benefit under the Plan shall consist of monthly payments for the life of a Participant or Beneficiary, as determined in accordance with Article VI. With respect to any Participant hired on or after January 1, 2014, the regular form of benefit shall be the Normal Form of Retirement Benefit unless such Participant is married and has been married to his or her Spouse for at least one (1) year. If the Participant is married or has been married to his or her Spouse for at least one (1) year the Normal Retirement Benefit shall be paid in the form of a joint and survivor annuity with a pop-up feature, unless the Participant has validly elected otherwise as provided herein during the election period, all as provided in Article VI.

5. Article VII, PAYMENT OF BENEFITS, Section 7.2 shall be deleted in its entirety and the following Section 7.2 shall be substituted therefor:

7.2 Lump-sum Payment of Benefit.

- (a) General. Any Participant eligible for a Normal Retirement Benefit pursuant to §6.1, an Ordinary Disability Retirement Benefit pursuant to §6.3 or a Disability in Line of Duty Retirement Benefit pursuant to §6.4 (but not a Participant entitled to a Deferred Vested Benefit pursuant to §6.2) may irrevocably elect to receive between five percent (5%) and twenty-five percent (25%) (in increments of five percent (5%)) of his/her Accrued Benefit in the form of an Actuarial Equivalent single lump-sum distribution. Such election shall be made prior to the Participant's Benefit Commencement Date in accordance with uniform procedures established by the Pension Department.
- (b) Effect of Election. If a Participant elects to receive any part of his/her Accrued Benefit in the form of a lump-sum distribution, the monthly retirement benefit payable to such Participant shall be reduced by an equal percentage; provided, for Participants hired on or prior to December 31, 2013 such an election shall not reduce the amount of any benefit payable to a Surviving Spouse or Child, Full-Time Student, or

Handicapped Child, which shall be calculated without regard to such election. With respect to a Participant hired on or after January 1, 2014, such election shall reduce the amount of any benefit payable to a Surviving Spouse but shall not reduce the amount of any benefit payable to a Child, Full-Time Student, or Handicapped Child, which shall be calculated without regard to such election.

Any Cost of Living Adjustment to the Participant's monthly benefit pursuant to §6.6 shall be calculated based on the reduced monthly benefit resulting from the lump-sum distribution election.

In determining any minimum monthly annuity under Article VI, the amount of the applicable minimum set forth in Article VI shall be reduced by the percentage lump sum elected by the Participant.

6. Article VIII, DEATH BENEFITS, Section 8.2 shall be deleted in its entirety and the following Section 8.2 shall be substituted therefor:

8.2 In-Service Death.

(a) Unvested Participant. If a Participant who has completed five (5) Years of Service but who has not yet become vested in his/her Accrued Benefit dies while employed by the Division (other than as a result of Death in Line of Duty), the amount of the Death Benefit shall be equal to seventy-five percent (75%) of the Participant's Accrued Benefit calculated under Article IV. For Participants who are hired on or after January 1, 2014 the amount of the Death Benefit shall be equal to the survivor annuity amount determined under §6.1(a).

(b) Death in Line of Duty. Upon the Death in Line of Duty of a Participant, the amount of the Death Benefit shall be equal to the greater of:

(1) an amount equal to sixty percent (60%) of the Participant's Average Compensation; or

(2) the Participant's Accrued Benefit calculated under Article IV. For Participants who are hired on or after January 1, 2014 the Participant's Accrued Benefit shall be calculated under §6.1(a) as if the Participant had retired with the joint and survivor annuity provided under §6.1(a).

7. Article VIII, DEATH BENEFITS, Section 8.3 shall be deleted in its entirety and the following Section 8.3 shall be substituted therefor:

8.3 Death of Retired or Disabled Participant. Upon the death of a Retired Participant or a Participant receiving Ordinary Disability Benefits, the Death Benefit shall be equal to seventy-five percent (75%) of the Participant's Normal Retirement Benefit or Ordinary Disability Benefit, as applicable, determined as of the Participant's Benefit Commencement Date. For Participants who are hired on or after January 1, 2014, the Death Benefit shall be equal to seventy-five percent (75%) of the Participant's Normal Retirement Benefit or Ordinary Disability Benefit, as applicable, as of the Participant's Benefit Commencement Date, determined under §6.1(a) as if the Participant had retired with the joint and survivor annuity provided under §6.1(a).

Upon the death of a Participant receiving Disability in Line of Duty Retirement Benefits, the Death Benefit shall be equal to the Participant's Disability in Line of Duty Retirement Benefit determined as of the Participant's Benefit Commencement Date.

EXCERPT
from
MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
October 15, 2012

On this 15th day of October, 2012 the Board of Memphis Light, Gas and Water Commissioners (the "Board of Commissioners") of the City of Memphis (the "City") hereby adopts the following amendments to the Memphis Light, Gas and Water Division Retirement and Pension System, as amended and restated effective January 1, 2009 (the "Plan"):

1. Article I, DEFINITIONS, Section 1.43 shall be deleted in its entirety and the following Section 1.43 shall be substituted therefor:

1.43 Normal Retirement Age shall mean, with respect to a Participant whose date of hire is on or before December 31, 2013, the earlier of (i) the date upon which the Participant has both attained age fifty-five (55) and completed ten (10) Years of Service, (ii) the date on which the Participant has both attained age seventy (70) and completed five (5) Years of Service or (iii) the date on which the Participant has completed twenty-five (25) Years of Service.

Normal Retirement Age shall mean, with respect to a Participant whose date of hire is on or after January 1, 2014, the earlier of (i) the date upon which the Participant has both attained age sixty (60) and completed ten (10) Years of Service, (ii) the date on which the Participant has both attained age seventy (70) and completed five (5) Years of Service or (iii) the date on which the Participant has both attained age fifty-five (55) and completed twenty-five (25) Years of Service.

2. Article VI, RETIREMENT AND TERMINATION BENEFITS, Section 6.1(a) shall be deleted in its entirety and the following Section 6.1(a) shall be substituted therefor:

6.1 Normal Retirement Benefit.

- (a) General. A Participant who retires from the employ of the Division upon or after attaining his/her Normal Retirement Age shall be entitled to receive a Normal Retirement Benefit, which shall be equal to his/her Accrued Benefit determined as of the date he/she retires, calculated in accordance with Article IV, subject to the minimum

benefit provisions under subsection (b) hereof and the Cost of Living Adjustments provided in §6.6.

The Normal Retirement Benefit shall be paid in the form of a Straight Life Annuity, as defined below, during the life of the Participant (the Normal Form of Retirement Benefit); provided, however, for a Participant hired on or after January 1, 2014, who is married and has been married to his or her Spouse for at least one (1) year, the Normal Retirement Benefit shall be paid in the form of a joint and survivor annuity with a pop-up feature, unless the Participant has validly elected otherwise as provided herein during the election period. The election period will begin on the date the Participant enters the Plan and ends on the date of the Participant's actual retirement. Any election hereunder must be in writing and may be changed at any time during the election period as provided herein.

Under the joint and survivor annuity provided herein a reduced amount shall be paid to the Participant for his or her lifetime; and the Spouse, as defined in Section 1.57 herein, if surviving at the Participant's death, shall be entitled to receive thereafter a lifetime survivorship annuity in a monthly amount equal to seventy-five percent (75%) of the reduced monthly amount which had been payable to the Participant determined as of the Participant's Benefit Commencement Date adjusted as provided in §8.1(c) hereof. If the Participant's Spouse dies before the Participant, the benefit amount payable to the Participant will revert, or pop-up, to the Normal Form of Retirement Benefit (*i.e.*, Straight Life Annuity) amount based on the life of the Participant, as set forth herein.

The reduced amount payable to the Participant, as discussed in the above paragraph, shall be determined so that the aggregate of the annuity payments expected to be made to the Participant and his or her Spouse shall be the Actuarial Equivalent of the Normal Form of Retirement Benefit. The last payment of the joint and survivor annuity shall be made as of the date of the death of the survivor.

The retirement allowance adjustment factors applicable under this Section shall be determined by the actuary

appointed by the Pension Board, in accordance with normal and appropriate actuarial principles and adopted by the Pension Board.

A Participant during the election period may elect to waive the joint and survivor annuity provided herein and receive in lieu thereof the Normal Form of Retirement Benefit. Any election to waive the joint and survivor annuity must be made by the Participant in writing during the election period and be consented to in writing by the Participant's Spouse. The election to waive and the Spouse's consent must be made on a form provided by the Pension Department, and will be effective only when filed with the Pension Department.

The Spouse's consent must acknowledge the effect of such election and be witnessed by a member of the Pension Department or a Notary Public. Any consent required of a Spouse shall not be required if it is established to the satisfaction of the Pension Department that the required consent cannot be obtained because there is no Spouse, the Spouse cannot be located, or other circumstances that may be prescribed by the Pension Department.

Once the election period has terminated the waiver shall be irrevocable as to Spouse consenting to the waiver.

Prior to the end of the election period, the Pension Department shall notify the Participant of

- (i) the Participant's right to make an election to waive the joint and survivor annuity provided herein and the effect of such election;
- (ii) the right of the Participant's Spouse to consent to any election to waive the joint and survivor annuity provided herein; and
- (iii) the relative values of the Normal Form of Retirement Benefit and the joint and survivor annuity provided herein.

If a Participant entitled to the joint and survivor annuity

provided herein elects not to receive the joint and survivor annuity and the appropriate consent of the Spouse is obtained, or if a Participant is not married, or is married but has not been married for at least one (1) year at the date he/she retires, the payment of any benefit shall be in the Normal Form of Retirement Benefit provided herein.

For purposes of this Plan, "Straight Life Annuity" shall mean an annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death as adjusted periodically by the terms of the Plan.

Notwithstanding the foregoing, if a Retired Participant receiving the Normal Form of Retirement Benefit marries and remains married for a continuous period of three (3) years, notifies the Pension Department of his/her marriage, and files with the Pension Department the election as provided below, the Retired Participant during an election period that begins on the first day of the third anniversary of his/her marriage and ends on the 365th day following the first day of the third anniversary of his/her marriage may elect to convert his/her Normal Form of Retirement Benefit to the joint and survivor annuity with a pop-up feature provided herein.

If a Retired Participant who was married at the date he/she retired but who was not married for at least one (1) year at that date and thus is receiving the Normal Form of Retirement Benefit subsequently remains continuously married for at least three (3) years, notifies the Pension Department that he/she has remained continuously married to such spouse for at least three (3) years, and files with the Pension Department the election as provided below, such Retired Participant during an election period that begins on the first day of the third anniversary of his/her marriage to such spouse and ends on the 365th day following the first day of the third anniversary of his/her marriage may elect to convert his/her Normal Form of Retirement Benefit to the joint and survivor annuity with a pop-up feature provided herein.

Under the joint and survivor annuity provided herein a reduced amount beginning on the effective date of such

election shall be paid to the Retired Participant for his or her remaining lifetime; and the Spouse, as defined in Section 1.57 herein, if surviving at the Participant's death, shall be entitled to receive thereafter a lifetime survivorship annuity in a monthly amount equal to seventy-five percent (75%) of the reduced monthly amount which had been payable to the Participant determined as of the Participant's Benefit Commencement Date adjusted as provided in §8.1(c) hereof. If the Participant's Spouse dies before the Participant, the benefit amount payable to the Participant will revert, or pop-up, to the Normal Form of Retirement Benefit amount based on the life of the Participant, as set forth herein.

The reduced amount payable to the Retired Participant, as discussed in the above paragraph, shall be determined so that the aggregate of the annuity payments expected to be made to the Retired Participant and his or her Spouse shall be the Actuarial Equivalent of the remaining Normal Form of Retirement Benefit otherwise payable to the Retired Participant. The last payment of the joint and survivor annuity shall be made as of the date of the death of the survivor.

The retirement allowance adjustment factors applicable under this Section shall be determined by the actuary appointed by the Pension Board, in accordance with normal and appropriate actuarial principles and approved by the Pension Board.

It shall be the sole and exclusive obligation of the Retired Participant during the election period to notify the Pension Department of his/her qualification to make the election provided herein and to file the election set forth above with the Pension Department. The election must be made by the Retired Participant in writing during the election period on a form provided by the Pension Department, and will be effective only when filed with the Pension Department. Neither the Pension Department, Pension Board, Division, nor any other person whatsoever shall have any obligation to determine whether or not a Retired Participant receiving a Normal Form of Retirement Benefit has married or otherwise

qualifies to make any election provided above.

3. Article VI, RETIREMENT AND TERMINATION BENEFITS, Section 6.2(a) shall be deleted in its entirety and the following Section 6.2(a) shall be substituted therefor:

6.2 Deferred Vested Benefit.

- (a) **General.** A terminated Participant with a vested Accrued Benefit (that is, a Participant who has completed ten (10) Years of Service and is within ten (10) years of his/her Normal Retirement Age) shall be entitled to elect either (i) the multiple of his/her Accumulated Participant Contributions in accordance with §6.9, or (ii) a Deferred Vested Benefit commencing at age fifty-five (55) (provided he/she is then living). The amount of the Deferred Vested Benefit shall be his/her Accrued Benefit calculated in accordance with Article IV. A Participant who receives a Deferred Vested Benefit shall not be entitled to the minimum benefit provided under §6.1(b).

Notwithstanding the foregoing, for any Participant hired on or after January 1, 2014, the Deferred Vested Benefit shall be in the form as provided in §6.1(a) above.

4. Article VII, PAYMENT OF BENEFITS, Section 7.1 shall be deleted in its entirety and the following Section 7.1 shall be substituted therefor:

7.1 Normal Form of Benefit. The regular form of benefit under the Plan shall consist of monthly payments for the life of a Participant or Beneficiary, as determined in accordance with Article VI. With respect to any Participant hired on or after January 1, 2014, the regular form of benefit shall be the Normal Form of Retirement Benefit unless such Participant is married and has been married to his or her Spouse for at least one (1) year. If the Participant is married or has been married to his or her Spouse for at least one (1) year the Normal Retirement Benefit shall be paid in the form of a joint and survivor annuity with a pop-up feature, unless the Participant has validly elected otherwise as provided herein during the election period, all as provided in Article VI.

5. Article VII, PAYMENT OF BENEFITS, Section 7.2 shall be deleted in its entirety and the following Section 7.2 shall be substituted therefor:

7.2 Lump-sum Payment of Benefit.

- (a) General. Any Participant eligible for a Normal Retirement Benefit pursuant to §6.1, an Ordinary Disability Retirement Benefit pursuant to §6.3 or a Disability in Line of Duty Retirement Benefit pursuant to §6.4 (but not a Participant entitled to a Deferred Vested Benefit pursuant to §6.2) may irrevocably elect to receive between five percent (5%) and twenty-five percent (25%) (in increments of five percent (5%)) of his/her Accrued Benefit in the form of an Actuarial Equivalent single lump-sum distribution. Such election shall be made prior to the Participant's Benefit Commencement Date in accordance with uniform procedures established by the Pension Department.
- (b) Effect of Election. If a Participant elects to receive any part of his/her Accrued Benefit in the form of a lump-sum distribution, the monthly retirement benefit payable to such Participant shall be reduced by an equal percentage; provided, for Participants hired on or prior to December 31, 2013 such an election shall not reduce the amount of any benefit payable to a Surviving Spouse or Child, Full-Time Student, or Handicapped Child, which shall be calculated without regard to such election. With respect to a Participant hired on or after January 1, 2014, such election shall reduce the amount of any benefit payable to a Surviving Spouse but shall not reduce the amount of any benefit payable to a Child, Full-Time Student, or Handicapped Child, which shall be calculated without regard to such election.

Any Cost of Living Adjustment to the Participant's monthly benefit pursuant to §6.6 shall be calculated based on the reduced monthly benefit resulting from the lump-sum distribution election.

In determining any minimum monthly annuity under Article VI, the amount of the applicable minimum set forth in Article VI shall be reduced by the percentage lump sum elected by the Participant.

6. Article VIII, DEATH BENEFITS, Section 8.2 shall be deleted in its entirety and the following Section 8.2 shall be substituted therefor:

8.2 In-Service Death.

(a) Unvested Participant. If a Participant who has completed five (5) Years of Service but who has not yet become vested in his/her Accrued Benefit dies while employed by the Division (other than as a result of Death in Line of Duty), the amount of the Death Benefit shall be equal to seventy-five percent (75%) of the Participant's Accrued Benefit calculated under Article IV. For Participants who are hired on or after January 1, 2014 the amount of the Death Benefit shall be equal to the survivor annuity amount determined under §6.1(a).

(b) Death in Line of Duty. Upon the Death in Line of Duty of a Participant, the amount of the Death Benefit shall be equal to the greater of:

(1) an amount equal to sixty percent (60%) of the Participant's Average Compensation; or

(2) the Participant's Accrued Benefit calculated under Article IV. For Participants who are hired on or after January 1, 2014 the Participant's Accrued Benefit shall be calculated under §6.1(a) as if the Participant had retired with the joint and survivor annuity provided under §6.1(a).

7. Article VIII, DEATH BENEFITS, Section 8.3 shall be deleted in its entirety and the following Section 8.3 shall be substituted therefor:

8.3 Death of Retired or Disabled Participant. Upon the death of a Retired Participant or a Participant receiving Ordinary Disability Benefits, the Death Benefit shall be equal to seventy-five percent (75%) of the Participant's Normal Retirement Benefit or Ordinary Disability Benefit, as applicable, determined as of the Participant's Benefit Commencement Date. For Participants who are hired on or after January 1, 2014, the Death Benefit shall be equal to seventy-five percent (75%) of the Participant's Normal Retirement Benefit or Ordinary Disability Benefit, as applicable, as of the Participant's Benefit Commencement Date, determined under §6.1(a) as if the Participant had retired with the joint and survivor annuity provided under §6.1(a).

Upon the death of a Participant receiving Disability in Line of Duty Retirement Benefits, the Death Benefit shall be equal to the Participant's Disability in Line of Duty Retirement Benefit determined as of the Participant's Benefit Commencement Date.

IN WITNESS WHEREOF, the Memphis Light, Gas and Water Division caused this Amendment to the Plan to be executed by its duly authorized officer, all as of the date first written above.

MEMPHIS LIGHT, GAS AND WATER DIVISION

By: _____
Chairman, Board of Commissioners

I hereby certify that the foregoing is a true copy of a resolution adopted by the Board of Light, Gas and Water Commissioners at a regular - special meeting held on 15th day of October, 2012, at which a quorum was present.



Secretary - Treasurer



Memphis City Council Summary Sheet

1. Description of the Item (Resolution, Ordinance, etc.)

A resolution to approve the 2013 Electric, Gas and Water Operations and Capital Budget which includes an increase in water rates of 7.1% to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis, a temporary gas rate decrease to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis and end after Cycle 21 of the March 2013 revenue month, an Economic Development Discount Rider gas rate schedule modification to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis, an electric street light investment charge increase from 9.84% to 10.41% to become effective on Cycle 1 of the July 2013 revenue month, water tariff language changes and electric tariff language changes to be effective with meters read on Cycle 1 of the January 2013 revenue month.

2. Initiating Party (e.g. Public Works, at request of City Council, etc.)

Memphis Light, Gas and Water Division

3. State whether this is a change to an existing ordinance or resolution, if applicable.

Not applicable.

4. State whether this requires a new contract, or amends an existing contract, if applicable.

Not applicable.

5. State whether this requires an expenditure of funds/requires a budget amendment.

Not applicable.



A resolution to approve the 2013 Electric, Gas and Water Operations and Capital Budget which includes an increase in water rates of 7.1% to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis, a temporary gas rate decrease to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis and end after Cycle 21 of the March 2013 revenue month, an Economic Development Discount Rider gas rate schedule modification to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis, an electric street light investment charge increase from 9.84% to 10.41% to become effective on Cycle 1 of the July 2013 revenue month, water tariff language changes and electric tariff language changes to be effective with meters read on Cycle 1 of the January 2013 revenue month.

WHEREAS, the Board of Light, Gas and Water Commissioners has submitted a proposed budget for the Memphis Light, Gas and Water Division for operation and maintenance expenses for the calendar year 2013, and the capital expenditures for 2013 specifying the portion to be funded from current year's revenue; and

WHEREAS, the Council has, through its MLGW Committee and other interested members of the Council, reviewed the budget and conducted hearings thereon; and

WHEREAS, the Board of Commissioners has approved said budget and submitted to the City Council with the recommendation of the Board for approval;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Memphis that the attached 2013 Budget for operation and maintenance expenses and capital expenditures of the Memphis Light, Gas and Water Division is approved.

EXCERPT
from
MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
October 15, 2012

The President presented the 2013 budgets of the Electric, Gas and Water Divisions for 2013 operation and maintenance expenses and the 2013 capital expenditures to the Board of Light, Gas and Water Commissioners for adoption.

Such annual budgets will include the applicable revenues, expenses and capital improvements for each system. These budgets have been reviewed by the Budget Review Committee, the applicable management staff, and the Board.

The President also recommends that the Board approve the adoption and revisions to Water Rate Schedules W-1, W-2, W-5, W-6, W-7, W-8, W-9, W-10, W-11, W-51, W-53, W-57, FP-1 and FP-2 proposed to become effective with Cycle 1 meter readings for the January 2013 revenue month on a non-prorated basis. The proposed rate increase of approximately 7.1% for water for each customer rate class is estimated to produce an annual increase in revenues of \$5,415,000 for water during the calendar year of 2013.

The rate increase for the Water Division is due to the effects of increases in general operating expenses, reduced cash balances, and capital expenditures for system improvements.

The President also recommends that the Board approve the adoption and revision to Electric Rate Schedule LS which changes the annual Facility Charge from 9.84% to 10.41% which is estimated to produce an annual revenue increase of approximately \$524,000. This change is necessary to cover increases in lead abatement costs of street light poles and is to become effective with Cycle 1 meter readings for the July 2013 revenue month.

The President also recommends that the Board approve the adoption and revision to Electric Rate Schedule GSA which modifies the Contract Requirement

section to only require contracts for customers with demands greater than 1,000 kW. This change is proposed to become effective with Cycle 1 meter readings for the January 2013 revenue month.

The President also recommends that the Board approve the adoption of the Gas Temporary Credit rate schedule proposed to become effective with Cycle 1 meter readings for the January 2013 revenue month and end with Cycle 21 meter readings for the March 2013 revenue month. The temporary gas credit schedule is proposed to assist in offsetting the annual impacts of the proposed water rate increase for 2013. The 2013 decrease in gas revenue is projected to be \$5,415,000.

The President also recommends that the Board approve the adoption and revisions to the Gas Rate Schedule EDDR (Economic Development Discount Rider) proposed to become effective with Cycle 1 meter readings for the January 2013 revenue month. The gas rate schedule revision is proposed to match the EDDR credit rate with the last margin block rate structures of the other existing rate schedules mentioned in the schedule.

After discussion, the Board of Memphis Light, Gas and Water Commissioners determined that, in their opinion, the proposed new water rates are necessary in order to keep the Water Division financially sound, and that they are in compliance with Chapter 381 of Private Acts 1939, as amended, creating the Division. Additionally, the Board of Light, Gas and Water Commissioners determined that, in their opinion, the electric rate schedule changes and the gas rate schedule changes are necessary.

NOW THEREFORE BE IT RESOLVED BY THE Board of Light, Gas and Water Commissioners:

- (1) THAT, the Budgets for the Electric, Gas and Water Divisions for the 2013 operation and maintenance expenses and the 2013 capital expenditures, as presented by the President, subject to the consent and approval of the Council of the City of Memphis, be adopted and be in effect for the fiscal year 2013;
- (2) THAT, the Board of Light, Gas and Water Commissioners approve and adopt the attached Water Rate Schedules, the attached Electric Rate Schedules and the attached Gas Rate Schedules as described in the foregoing preamble to this resolution, subject to the consent and approval of the Council of the City of Memphis, to become effective as prescribed in the foregoing preamble on a non-prorated basis; and
- (3) THAT, the Board of Light, Gas and Water Commissioners, by this resolution, petitions the Memphis City Council to convene as a ratemaking body at a public hearing to be held on November 20, 2012, and to consider and determine revisions in MLGW water, electric and gas tariffs and rates effective as herein recommended and approved by this Board;
- (4) BE IT FURTHER RESOLVED THAT the President is directed to cause to be published in a newspaper of general circulation in Shelby County, Tennessee a public notice of the intention of MLGW to seek approval from the Memphis City Council of the water, electric and gas rate revisions adopted herein at a public ratemaking hearing to be convened on November 20, 2012.

I hereby certify that the foregoing is a true copy of a resolution adopted by the Board of Light, Gas and Water Commissioners at a ~~regular~~ ^{special} meeting held on 15th day of October, 2012, at which a quorum was present.


Secretary - Treasurer



Memphis City Council Summary Sheet

1. Description of the Item (Resolution, Ordinance, etc.)

Resolution requesting the City Council to convene as a rate making Board and to approve a Water rate increase, Water rate language changes, the addition of a Gas Temporary Credit rate, changes to the Gas Economic Development Discount Rider rate, an increase in the Electric lighting rate, title changes for two Electric rates and a change to an Electric rate contract requirement.

2. Initiating Party (e.g. Public Works, at request of City Council, etc.)

Memphis Light, Gas and Water requests that the Memphis City Council approve the water rate increase to be implemented due to the effects of increases in general operating expenses.

Memphis Light, Gas and Water recommends that water rates be increased an overall 7.1% for each customer rate class. The total proposed revenue increases on an annual basis are estimated to be \$5,415,000 for water during the calendar year 2013. Memphis Light, Gas and Water also requests that the Memphis City Council approve the water rate schedule language changes that remove additional late payment penalties applicable to amounts unpaid 30 days after the delinquent date of the bill. The removal of these additional late payment penalties is necessary for the water rate schedule penalties to agree with those of the Memphis Light, Gas and Water Customer Care Policy. Both the water rate increases and language changes to be effective with meters read on Cycle 1 of the January 2013 revenue month.

Memphis Light, Gas and Water requests that the Memphis City Council approve the gas rate temporary credit applicable to all firm first block sales of gas rates G-1 & G-3, G-7 and G-8 & G-9. This temporary credit is to be effective with meters read on Cycle 1 of the January 2013 revenue month and end after Cycle 21 of the March 2013 revenue month and the proposed decreases to gas revenue are estimated to be \$5,415,000. Memphis Light, Gas and Water also requests that the Memphis City Council approve the changes to the gas rate economic development discount rider which establishes a rate applicable to gas sales and is to be effective with meters read on Cycle 1 of the January 2013 revenue month.

Memphis Light, Gas and Water requests that the Memphis City Council approve the electric rate increase applicable to electric rate Schedule LS. This increase is necessary to fund lead abatement expenses. The increase is to be effective on Cycle 1 of the July 2013 revenue month and the proposed annual revenue increase is proposed to be \$524,000. Memphis Light, Gas and Water also requests that the Memphis City Council approve the language changes to electric rate GSA, which increases the minimum contract level, and title changes to electric rate GSA and LS, which clarifies references from other policies. The electric language and title changes to be effective with meters read on Cycle 1 of the January 2013 revenue month.

3. State whether this is a change to an existing ordinance or resolution, if applicable.

There is no change to an existing resolution or ordinance.

4. State whether this requires a new contract, or amends an existing contract, if applicable.

This resolution does not require a new contract, or amends an existing contract.

5. State whether this requires an expenditure of funds/requires a budget amendment.

No Contracts, expenditure of funds, or budget amendments are required.



A resolution to convene as a rate making Board and to approve the 2013 increase in water rates of 7.1% to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis, a temporary gas rate decrease to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis and end after Cycle 21 of the March 2013 revenue month, an Economic Development Discount Rider gas rate schedule modification to be effective with meters read on Cycle 1 of the January 2013 revenue month on a non-prorated basis, an electric street light investment charge increase from 9.84% to 10.41% to become effective on Cycle 1 of the July 2013 revenue month, water tariff language and electric tariff language changes to be effective with meters read on Cycle 1 of the January 2013 revenue month.

WHEREAS, pursuant to Chapter 381 of the Private Acts of 1939, and City of Memphis Charter Section 680, authority is granted to the governing body of the City of Memphis to convene as a Ratemaking Board for the purpose of determining changes in electric, gas and water rates; and

WHEREAS, the Memphis Light, Gas and Water Division has made application under said sections for the Council to hold a public hearing, at which time the Council will convene as a Ratemaking Board to consider approval by the Council of revisions to the schedule of electric, gas and water rates adopted and recommended by the Board of Commissioners of MLGW;

WHEREAS, the City Council, as authorized by the City's Charter, convened a public hearing as a Ratemaking Board for the purpose of considering approval of revisions in the schedule of electric, gas and water rates adopted and recommended by the Board of Commissioners of MLGW;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Memphis, properly convened and sitting as a Ratemaking Board pursuant to the City Charter's Ratemaking Provisions and the Charter as a whole, that the rate application of the Memphis Light, Gas and Water Division consisting of correspondence and exhibits filed herewith and the resolution of the Board of Light, Gas and Water Commissioners establishing said rates ("MLGW Rate Application") is hereby approved and the schedule of water rates is hereby approved and prescribed resulting in a 7.1% increase for each customer rate class, and that the schedule of gas temporary rate decrease is hereby approved, and the increase to the electric street light investment charge from 9.84% to 10.41% is hereby approved.

BE IT FURTHER RESOLVED, by the Council of the City of Memphis, properly convened and sitting as a Ratemaking Board pursuant to the City Charter's Ratemaking Provisions and the Charter as a whole,

that the rate applications of the Memphis Light, Gas and Water Division consisting of correspondence and exhibits filed herewith and the resolution of the Board of Light, Gas and Water Commissioners establishing said rates ("MLGW Rate Application") is hereby approved and that modification to the Economic Development Discount Rider is hereby approved, and the water tariff language change is hereby approved and the electric tariff language change is hereby approved.

BE IT FURTHER RESOLVED, by the Council of the City of Memphis that the aforesaid water rate increase change shall be effective for Cycle 1 meter reading for the January 2013 revenue month on a non- prorated basis. That the aforesaid temporary gas rate decrease shall be effective for Cycle 1 meter reading for the January 2013 revenue month on a non- prorated basis and shall end after Cycle 21 of the March 2013 revenue month. That the aforesaid street light investment increase from 9.84% to 10.41% shall be effective for Cycle 1 of the July 2013 revenue month on a non-prorated basis.

BE IT FURTHER RESOLVED, by the Council of the City of Memphis that the aforesaid gas and water tariff language changes and modification to the Economic Development Discount Rider shall be effective for Cycle 1 meter reading for the January 2013 revenue month on a non- prorated basis.

BE IT FURTHER RESOLVED, the Council expressly finds that the approval of revisions in the schedule of electric, gas and water rates as set forth above are necessary to prescribe rates that will be sufficient for the Memphis Light, Gas and Water Division to pay all expenses of operation, maintenance of electric, gas and water systems, reserves for working capital, renewals and replacements, casualties and other fixed charges, payments in lieu of taxes, construction and capital expenditures and reserves for safe operating margins.