

LEGAL AND LEGISLATIVE COMMITTEE
November 14, 2000
5:30 P.M.

The meeting of the Legal and Legislative Committee was called to order by Chairman Hakeem, in the absence of Chairman Crockett. Others present included Councilwoman Hurley and Councilmen Franklin, Pierce, and Lively. City Attorneys Randall Nelson and Mike McMahan and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Adm. Boney and Adm. Marcellis.

AMENDMENT TO THE CITY CODE—GENERAL PENSION PLAN (DROP)

Councilman Hakeem turned the meeting over to Attorney McMahan who stated that there would be an Ordinance—First Reading on next week’s agenda allowing the City to initiate the DROP Plan (**DEFERRED RETIREMENT OPTION PLAN**). This will only be offered to people with 25 or more years of service. The Plan will not cost the Pension Fund anything and is neutral. Attorney McMahan explained that a lot of people of retirement age need to do some financial planning and may owe mortgages that they would like to pay off; that the Pension Fund may not be as good as other investment opportunities and employees might like to “roll” this DROP payment into an IRA. He explained that this would be optional and something the Fire and Police Pension Fund already has by way of a Charter Amendment. Attorney McMahan explained that they were not expecting a lot of retirements to come about because of the DROP Amendment but that it was just a tool so employees could make decisions for financial planning and could be given from up to one to three years maximum for cash.

Councilwoman Hurley asked how much this would amount to for someone who was not a Department Head. Adm. Boney gave an example of someone making \$30,000 who would be getting a pension of \$20,000 a year—they would fall back from 30 years to 27 years and would only receive \$17,000 a year and would get the three years in a lump sum and could pay off debts. He explained that they would go through this on an individual basis with each employee for one, two or three years. Councilwoman Hurley asked if the City had an extended pension for a spouse, and Adm. Boney responded that we had three different options. She asked if they would be doing a lot of counseling with employees about this, and Adm. Boney responded in the affirmative. Attorney McMahan added that there would be an Employee Training Program scheduled for December 7th to explain this fully to each employee who was close to retirement. Councilman Lively quipped that this sounded like something pretty much like the Social Security Program offered by one of our presidential candidates.

On motion of Councilman Lively, seconded by Councilman Franklin, this will be recommended to the full Council.

The meeting adjourned at 5:45 P.M.

