Memphis City Council Summary Sheet

1. **Description of the Item (Resolution, Ordinance, etc.)**
   An ordinance amend Section 4-28-22 to allow for any employee who elected to participate in the DROP program between 9/1/2012 and 9/30/2016 and whose effective date of retirement is between 10/1/2015 and 10/31/2019, may elect to "freeze" in place and suspend participation in the DROP program.

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

3. **State whether this is a change to an existing ordinance or resolution, if applicable.**
   Yes, this would amend Section 4-28-22.

4. **State whether this requires a new contract, or amends an existing contract, if applicable.**
   No

5. **State whether this requires an expenditure of funds/requires a budget amendment.**
   No

ORDINANCE NO. ____

AN ORDINANCE TO AMEND CHAPTER 25, CODE OF ORDINANCES, CITY OF MEMPHIS, SO AS TO AMEND SECTION 25-200 OF THE 1978 PLAN TO ADD SUBPARAGRAPH (H) TO ALLOW FOR LIMITED SUSPENSION OF THE DROP PROGRAM BY QUALIFYING PARTICIPANTS

WHEREAS, the City of Memphis maintains the City of Memphis Retirement System for General Employees, including police officers and firefighters, consisting of a 1948 plan, a 1978 plan, as amended in 2012, and as amended in 2016, and a 2016 plan, all as currently codified and established under City Ordinance Chapter 25, Articles I through VII, Divisions 1 through 3 (the "City's Pension System"); and

WHEREAS, as part of the 1978 plan the City of Memphis, Tennessee has established a Deferred Retirement Option Plan (DROP) amended and restated by Ordinance No. 5599 dated October 9, 2015; and

WHEREAS, the City of Memphis desires to further amend section 25-200 to allow certain individuals currently participating in the DROP program to suspend their current participation;

NOW, THEREFORE, the DROP program is modified by adding as subparagraph (H) to section 25-200, as amended and restated by Ordinance No. 5599, the following subparagraph (H):

(h) Notwithstanding any other limitations, for any employee who elected to participate in the DROP program between September 1, 2012 and September 30, 2016 and whose effective date of retirement is between January 1, 2017 and October 31, 2019, such employee may elect to "freeze" temporarily in place and suspend participation in the DROP program ("DROP Suspension"). Requests for a Drop Suspension must be submitted in writing to the City of Memphis, Tennessee Human Resources Director's Office on or before November 30, 2016 on a DROP Suspension Form provided for such purpose by the Human Resources Director's Office. The DROP Suspension period ("DROP Suspension Period") shall commence on the first Business Day following receipt by the Human Resources Director's Office of the duly executed and complete DROP Suspension Form (the "DROP Suspension Commencement Date") and shall continue until the earlier of (i) the date the participating employee elects to "unfreeze" and resume participation in the DROP program by submitting a written notice to the Human Resources Director's Office on a form provided for such purpose by the Human Resources Director's Office (the "DROP Suspension Termination Date"), which DROP Suspension Termination Date may be at any time after the DROP Suspension Commencement Date, or (ii) two (2) years following the DROP Suspension Commencement Date.

By electing to "freeze" and suspend participation in the DROP program, the participating employee agrees that during the DROP Suspension Period he or she will be deemed to be an "Employee" under the City's Pension System, subject to the terms and conditions of the City's Pension System, and for all other City purposes and shall thereby receive creditable service for pension purposes as a regular employee during the DROP Suspension Period. The City and the electing employee will be required to make all City and Employee Contributions to the City's Pension Plan during the DROP Suspension Period in accordance with the terms and provisions of the City's Pension System.

Commencing immediately upon the Suspension Commencement Date and continuing throughout the DROP Suspension Period the City's payments to the employee's DROP account will cease. However, any amount accrued in the employee's DROP account immediately preceding the Suspension Commencement Date will continue in such account for the benefit of the electing employee and will continue to accrue interest as provided in and be subject to subparagraph (D) hereof during the DROP Suspension Period.

Effective on the first Business Day following the DROP Suspension Termination Date, the employee's participation in the DROP Program shall recommence and the employee shall be entitled to complete any time remaining in the original DROP election period under subparagraph (C) (1, 2, or 3 years) as of the DROP Suspension Commencement Date except that the City's payments into the employee's DROP Account from the recommencement date until termination of the original DROP election period shall be based on recalculated Pension Benefits using the additional pension credible service earned during the DROP Suspension Period. The employee shall not receive pension credible service for the period of time the employee previously participated in the DROP program. Upon the employee's recommencement in the DROP Program the provisions of subsection (D) shall apply.