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A special meeting of the City Council of the City of Charlotte, North Carolina, was held in the Council Chamber, City Hall, on Tuesday, March 10, 1953, at 4 o'clock p.m., due notice having been given the Council in accordance with the provisions of the City Charter.

Mayor Shaw presided, and Councilmen Albea, Baxter, Boyd, Coddington, Dellinger and Van Every were present.

INVOCATION.

The invocation was given by Mr. Francis O. Clarkson.

PURPOSE OF MEETING.

Mayor Shaw advised that Senator McIntyre telephoned him from Raleigh last night, stating they were having a conference relative to the Charlotte Firemen's Retirement System and the proposals of the Firemen submitted to them by Mr. Francis O. Clarkson, counsel for the Firemen; that the Senator asked if he would call a meeting of the City Council today and consider the proposals and advise him the Council's reaction, particularly to the clause relative to the City increasing its contribution to the System by five percent. The Mayor stated he told Senator McIntyre that he would be glad to be of assistance in the matter and would call the meeting, therefore, the purpose of the meeting, as stated in the Notice to the Council, is to consider additional contributions to the Firemen's Retirement System, together with other proposed legislative enactments relative thereto.

DISCUSSION OF FIREMEN'S RETIREMENT SYSTEM AND PROPOSALS RELATIVE THERETO.

Councilman Boyd asked if it is proposed to go back into the matter of the Firemen's Retirement System again and make a recommendation to the Legislators? That the Council has gone on record unanimously about the matter once, and it seems twice, and he wondered if the Council is going to continue changing their minds. That he still takes the position that he did originally, that this is a legislative matter and it is before the wrong group.

Councilman Baxter stated that Representative O'Herron advised that he could not vote on the matter unless the City Council indicated its feeling, and the Council did just that at last week's meeting.

Councilman Coddington stated that the Council was asked to express how they, as individuals, felt on the question and the Council adopted a resolution last week for Mr. O'Herron, and he is still of the opinion that it is a question for the Legislature to settle.

Councilman Van Every advised that Mr. O'Herron stated to him that because of the short time before the Legislature will adjourn, the Mecklenburg delegation would not have time to have an actuary make a report, and the Council has put them in such a position that they do not want to act, and if they are going to do anything on an actuarial basis they would have to figure on what benefits the men would receive and they do not have time to do so.

He stated further that he has in his possession a letter from Bowles, Andrews and Towne, Actuaries for the Fund; the letter is addressed to Mr. Guy Bagwell, Chairman of the Board of Trustees of the Retirement System, and states that the System can be put on an actuarially sound basis. Councilman Van Every requested the consent of the Council to present the letter, which he read as follows:

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Mr. Guy O. Bagwell, Manager
 Atlantic Life Insurance Co.
 205 S. Church Street Building
 Charlotte, North Carolina

February 26, 1953

Dear Mr. Bagwell:

Our study of the Charlotte Firemen's Pension Plan indicates that a total contribution rate of 10% of salary, together with the present assets of the System, should be sufficient to continue the pensions now being paid to retired members, and to retire all present active members under the following provisions:

1. Normal retirement allowances to be 50% of average salary over the 5 years preceding retirement.
2. No retirements to be permitted prior to age 65 except on an actuarially reduced pension.
3. Disability benefits to remain as at present.

In reaching this conclusion, we have taken into account all the pertinent factors. The suggested retirement provisions certainly represent the extreme in liberality that should be considered under a 10% contribution rate, but such a set-up would definitely be considered "actuarially sound", provided the average age at entry continues to be around 25. Although an "actuarial balance sheet" on this basis would now show a deficit of about \$325,000, this deficit would be reduced over the years and would eventually disappear.

Yours very truly,

TPB:dd

s/ Thomas P. Bowles, Jr./
 dd

Councilman Coddington asked why the letter from the Actuaries has not been given to the Legislators.

Mr. Francis O. Clarkson, Counsel for the Firemen, stated it was presented to them and is referred to in his letter of March 9th to the Hochlenburg delegation, and asked that he be permitted to now present this letter which contains the Firemen's proposals, and which is the basis for this meeting.

The letter reads as follows:

Hon. Fred H. McIntyre
 Hon. E. M. O'Herron
 Hon. Arthur Goodman
 Hon. Charles H. Gillette, and
 Hon. Ernest L. Hicks

March 9, 1953

Gentlemen:

RE: Charlotte Firemen's Retirement Fund

After conferring with you last night I have conferred with a committee of the firemen, and after going over these matters very carefully they wish me to state that they are very appreciative of the time and attention you are giving to this matter, and since the time to do anything is short, they have asked that I write you their proposals, which are as follows:

1. That all retirement benefits under the present plan be frozen and none paid for the next two years, that is, until say May 1, 1955, except any firemen who should reach the age of 65 or any who would become totally disabled during that time, and these would be retired under the present plan. This would not include more than one or two as I understand it, who would reach the age of 65 within the next two years.

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That the City increase its contribution by 5%, making a total City contribution of 10%, which would of course go far toward strengthening the Fund within the next two years.

That a committee of Charlotte citizens be appointed by the City Council to make a study, survey, and recommendations during the next two years, looking toward the final setting up of the fund on a sound basis.

2. That if you gentlemen are not willing to go along with the above proposition which we consider fair and reasonable, the Firemen suggest that you not take any action whatsoever and that would allow the Firemen to seek such other means as might be available to work out of their present difficulty.
3. The proposition set forth in the letter from Mr. Thomas P. Bowles, Jr., dated February 26, 1953, to Mr. Guy O. Bagwell has been carefully considered by the Firemen and I am requested to advise that that proposal is not acceptable.

I have, as requested, secured information regarding the contributions of the Firemen since the Fund was established and in a letter to the Board of Trustees, dated January 8, 1953 by Mr. L. L. Ledbetter, Treasurer, there is shown in the condition of the fund statement as of December 31, 1952, the following:

For Firemen's Relief Fund	\$ 90,565.54
For Firemen's Benefit Fund	25,747.29
For Miscellaneous Contributions	7,015.65
For Credit Union	3,500.00
Total	\$ 126,828.48

An additional \$8,000.00 or \$9,000.00 from the Relief Fund has been paid in since the first of the year, but I do not have the exact figure.

With reference to the Credit Union, it is proposed that the profits from this organization over \$50,000.00 be used also to strengthen the Fund. I am advised that it is a North Carolina statutory credit union for municipal employees and the stock at \$5.00 a share is held by a good many of the firemen. As of the first of the year the total principal amount was \$60,586.35.

I hope that our delegation can accept the first proposal which we think is reasonable, and if so and I can be of assistance in drafting the legislation, please let me know.

With appreciation of your kindness and patience in this matter, I am

Sincerely yours,

FOC:S

Francis O. Clarkson "

Councilman Van Every stated that he has some recommendations to propose. That the City Council request the Mecklenburg Legislators to accept and put into effect the letter dated February 26, 1953, written to Mr. Guy Bagwell by Bowles, Andrews & Towne, as a temporary or stop-gap measure, and also --

1. That the resident Judge appoint five citizens of Charlotte to study and transmit to the Legislature of 1955 their recommendations to correct the firemen's retirement system.

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2. That they be asked to bring in recommendations on the general employees retirement system to see how the City can finance the retirement of men who have now, or will soon reach retirement age, and who will not have enough money to live on from the present retirement system.
3. That a report be given to the 1955 Legislators in sufficient time for them to act.
4. That the City of Charlotte accept the necessary cost of Actuaries that will be needed.

He stated further that his second recommendation is, in a way, beside the point; however, if we have a Committee of five citizens to study the Firemen's plan and improve it, they will of necessity have to study the General Employees System, to make it fair. That the Committee can study the System and tell us how we can retire these employees with honor and dignity.

Councilman Albea stated that as he saw it, Councilman Van Every's second recommendation is a separate thing, apart from the first one.

Councilman Boyd stated that he still goes back to his original inquiry - what is this Council going to do but turn the matter over to the Legislature?

Councilman Coddington asked if the resolution adopted by the Council last week isn't sufficient?

Mr. Clarkson stated it is not. The delegation cannot draw a bill stating what the System will pay unless it is figured by an actuary. He stated further that when the Act for the establishment of the System was passed in 1947, the firemen were enthusiastic about having a fund they could substantially contribute to that would provide worthwhile benefits upon retirement; that the firemen have contributed \$179,389.60 from their salaries and a total of \$126,828.48 from other sources, and the City has put in its 5%, or \$217,449.49. That they have put in so much that they do not want to see it wiped out. That the Actuaries propose a plan that is not thought feasible at this time. The so-called "Yancey Plan" is apparently not acceptable to either the Council or the Legislators. That the Legislators over the week-end asked that the firemen make a proposal, and they wish the Council to consider the proposal submitted to them. That there are 212 firemen involved in this matter and if the Council doesn't go along with this proposal the Legislature could put on the Statute Books that these men cannot retire until 65 years of age - under our plan not a fireman will retire for the next two years, and we are asking that you freeze the Fund. He suggested that the Committee of five citizens to make a study and recommendations on the System during the next two years, be appointed by the Resident Judge of the Superior Court.

Councilman Van Every remarked that at the end of the two years period, the System will still be unsound and the City will be expected to contribute the \$88,000.00 which it takes even now to make it sound. That he favors a more permanent plan.

Councilman Boyd stated he cannot conscientiously and honestly vote to put in an additional 5 percent for one group of employees and not for the others.

Mr. Clarkson stated that this is an incentive plan under which the firemen are giving a lot - they agree to freeze the retirements and to add to the fund through dances, benefits, et cetera and the City should be willing to lend its assistance.

A lengthy discussion followed, with Mayor Shaw stating he had hoped the Council would approve either Mr. Yancey's recommendation or that of Mr. Clarkson. He urged that the Council continue to consider the matter until a solution is found and not just throw the System out and have reason later to regret it.

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Councilman Coddington stated these 212 firemen have been living under the false impression that they had a good system and now find they have nothing.

Councilman Van Every moved that we accept Mr. Clarkson's proposal, with the exception of the City making a contribution of 5 percent, and that the Committee of five citizens to make the study of the system be appointed by the resident Judge. The motion did not receive a second.

Mr. Clarkson stated that neither he nor the Committee of firemen present could speak for the 212 firemen in the system as to any change in their proposal; and he thinks the City is making a mistake in not contributing to the system.

In response the inquiry of Mayor Shaw if the 5 percent requested contributed by the City would strengthen the system, Mr. Yancey replied that he believes everyone will agree that that is true.

Mr. Clarkson stated the Legislators have stated they will go along with the Firemen's proposal if the Council agrees; that it is an emergency measure, and, in his opinion, the system will eventually work itself out and then be actuarially sound.

Councilman Baxter stated that in his opinion the Council should not agree to providing additional funds to a system that has proved financially unsound.

Councilman Coddington asked if Mr. Clarkson would be willing to guarantee that the firemen will accept the Actuary's solution after a study is made? Mr. Clarkson replied that that was projecting into the future - that he had found the firemen to be most reasonable in his dealings with them and he felt they would accept any reasonable offer.

Councilman Boyd stated there are just two differences here - one, you ask for an additional 5 percent. Someone has to start giving in this matter. Every member of the Council wants to help the firemen but they are asking us to make a special contribution to a special group. That under Councilman Van Every's plan he is asking for a two year trial period during which the City will not be putting funds into a system that the actuaries say is unsound - why cannot the firemen let it go for two years under that plan? Mr. Clarkson replied that the answer is that the system has got to be strengthened and the added contribution by the City will do just that. That the firemen agree not only not to take out any funds for two years but ask that you have a study made - that in fact he does not understand Mr. Van Every's suggestion.

PLAN ADOPTED AMENDING FIREMEN'S RETIREMENT SYSTEM TO FREEZE BENEFITS FOR TWO YEARS EXCEPT TO FIREMEN REACHING 65 YEARS OF AGE AND THOSE TOTALLY DISABLED, AND INCREASING CITY'S CONTRIBUTION BY 5 PERCENT AND FIREMEN AGREEING TO ADJUST AT END OF TWO YEARS TO AGE LIMIT NOT EXCEEDING 58 YEARS AND BENEFITS WITHIN 10 PERCENT OF PRESENT BENEFITS AND COMMITTEE BE APPOINTED TO STUDY SYSTEM

Following a short period during which the Councilmen conferred with each other, Councilman Coddington moved that we approve Mr. Clarkson's proposal with the proviso that the Bill contain a provision that an Actuary be paid by the City of Charlotte to make a complete study as to what will make the System actuarially sound and if the firemen will agree to adjust at the end of two years to an age limit not to exceed age 58 and benefits within 10 percent of present benefits. The motion was seconded by Councilman Albea.

A substitute motion was offered by Councilman Van Every that we accept Mr. Clarkson's proposal, with the exception of the contribution of 5 percent by the City. The motion did not receive a second.

In the discussion of Councilman Coddington's motion, Mr. Clarkson asked if the proviso is that it would make a floor of 45 percent for retirement pay and a limit of 58 as the retirement age, and the City Attorney stated that is correct.

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Councilman Boyd stated if the proposal is to be approved, then it is assumed that the Council will go along with increases in the contributions to the Police and General Employees.

Councilman Van Every warned if it is found when the Actuary makes his report it still takes a large amount of money to make the system sound, this whole matter will start over again.

The vote was then taken on the motion, and carried, with the votes cast as follows:

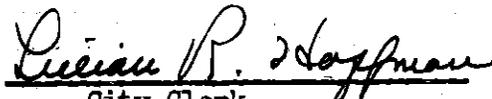
AYE: Councilmen Albea, Baxter, Boyd, Coddington and Dellinger.

NAY: Councilman Van Every.

Councilman Boyd stated that he voted for the motion with the understanding that the Council will take the necessary steps to add the same contribution to the Police and General City Employees Systems.

ADJOURNMENT.

Upon motion of Councilman Baxter, seconded by Councilman Dellinger, and unanimously carried, the meeting was adjourned.


City Clerk