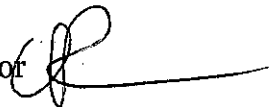




To: Eric Sabatini, Compensation Manager

From: *Roland* Roland McElrath, Finance Director
Quintin Robinson, Human Resources Director 

Date: October 18, 2011

Re: Internal Memo Salary

The City of Memphis government has implemented a 4.6 percent (4.6%) pay reduction during FY2012. This reduction applies to all City of Memphis employees.

The reduction does apply to overtime¹, accumulated² and all compensated pay. This reduction in pay also reduces the final payout upon retirement.

However, the reduction in salary will not impact an employee's monthly pension annuity upon retirement from the City of Memphis³.

¹ Overtime pay is a future benefit to be determined by the necessity of your employer. The overtime pay is calculated at the rate of pay of the employee at the time the work is completed.

² Accumulated pay is calculated at the rate of an employee's pay upon use or retirement. The payout is not based on an employee's rate of pay when earned.

³ A Memphis City Council Ordinance approved on October 18, 2011, protects retiree pensions from the unintended consequence of the 4.6% pay reduction.