



# San Diego City Attorney Jan I. Goldsmith

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## NEWS RELEASE

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### **CITY WINS DROP CASE UPHOLDING REDUCTION IN INTEREST RATE**

**San Diego, CA:** The City of San Diego successfully defended yet another pension/DROP case brought to test the legality of reforms. In *Bowlin v. City of San Diego*, Superior Court Judge Joel Pressman ruled on January 10 in favor of the City and dismissed a complaint filed by nine plaintiffs. Each of the plaintiffs was an employee enrolled in the City's Deferred Retirement Option Plan (DROP) program and filed the lawsuit to challenge the reduction of interest rate from 7.75% to 3.54%.

The Court dismissed the case, in part, relying upon releases in the DROP agreement signed by the employees when they elected to participate in DROP and terminate their employment with the City.

The Court found the language of the releases and waivers to be valid:

*"[E]ach plaintiff in this action has released and waived any and all claims related to their participation in DROP, known or unknown against City. (see Complaint Exhs.C through K.) Plaintiffs' complaint fails to allege facts sufficient to overcome the plain language of these voluntary releases and waivers and these releases".*

"The City honors its contractual obligations and employees must honor theirs," said City Attorney Jan Goldsmith. "DROP participants enter the program at their own risk. For example, interest rates change as the market changes."

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