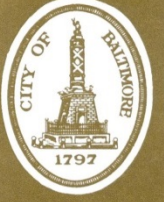


<b>FROM</b>	NAME & TITLE	N. Anthony Calhoun, Executive Director <i>N. Calhoun</i>	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Fire and Police Employees' Retirement System 7 E. Redwood Street, 18th Floor		
	SUBJECT	<b>City Council Bill 22-0222</b>		

**TO**

DATE:

April 19, 2022

The Honorable President and Members  
of the Baltimore City Council  
Attn: Natawna Austin, Executive Secretary  
Room 409, City Hall  
100 N. Holliday Street  
Baltimore, Maryland 21202

**Re: City Council Bill 22-0222 – Fire and Police Employees’ Retirement System – Definition of Regular Interest for Valuation Purposes**

Dear Mr. President and City Council Members:

City Council Bill 22-0222 has been introduced at the request of the Fire and Police Employees’ Retirement System (“F&P”) to amend F&P law to decrease the definition of regular interest for valuation purposes from 7.25% to 7.0%, for determining F&P funding contributions made by the City on July 1, 2022. The Bill also proposes a decrease in regular interest to 6.95%, for determining F&P funding contributions on July 1, 2023, and to 6.9%, for determining F&P funding contributions on July 1, 2024.

This adjustment of F&P’s assumed future rate of return was recommended by the plan’s actuary, Cheiron, and approved by the F&P Board of Trustees for valuation purposes. The FY2021 Valuation Report for F&P approved by the F&P Board used the 7.0% assumed rate of investment return to derive the City’s 7/1/22 contribution to F&P; that contribution was certified by the F&P Board of Trustees to the Department of Finance to be \$154 million. Passage of the Bill will not increase the City’s certified contribution.

Decrease in the F&P’s assumed rate of investment return is consistent with data derived by the City’s actuary from F&P’s investment experience and future investment results projected by F&P’s investment advisor, NEPC. A significant number of governmental pension plans have similarly reduced their assumed rates of investment return to more accurately reflect investment market data.

At their meeting of April 19, 2022, the F&P Board of Trustees approved of the Bill and resolved to issue a favorable report to the City Council, with the following amendment:

The Bill’s title (page 1, line 2) should be changed to read “Fire and Police Employees’ Retirement System – **Regular Interest**”.

I will be available to provide testimony at the hearing scheduled for CC Bill 22-0222. Please call me at 410.497.7929 if you would like additional information