


FROM	NAME & TITLE	Thomas P. Taneyhill, Executive Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Fire and Police Employees' Retirement System 7 E. Redwood Street, 19 th Floor		
	SUBJECT	City Council Bill 13-0224		

TO

DATE:

May 21, 2013

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

Re: City Council Bill 13-0224 - Post-Retirement Increases

Dear Madam President and City Council Members:

The purpose of City Council Bill 13-0224 is to substitute a new fixed 1.3% post-retirement increase for all Fire and Police Employees' Retirement System (F&P) retirees, regardless of age, in the event that the City loses its appeal in *Robert F. Cherry, Jr., et al. v. Mayor and City Council of Baltimore City, et al.*

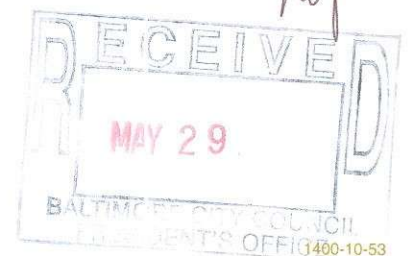
At their meeting of May 21, 2013, the F&P Board of Trustees reviewed CC Bill 13-0024 and the cost impact prepared by the F&P's actuary. The F&P Board takes no position on CC Bill 13-0224.

On September 20, 2012, the United States District Court for the District of Maryland ruled that the amendment tiered cost-of living adjustment ("COLA") established by Ordinance 10-306 was unconstitutional because it implemented a COLA under which older retirees would receive a higher percentage than younger retirees, some of whom would receive no increase for a period of time. In the court's opinion, the Constitution requires that all F&P retirees receive the same, or substantially the same, COLA. Consequently, the proposed bill would substitute the tiered COLA with a flat, fixed annual COLA of 1.3% for all retirees, regardless of age, but only subsequent to and in the event that the court's opinion is upheld on appeal.

Attached please find the May 9, 2013, cost impact prepared by F&P's actuary regarding City Council Bill 13-0224.

Essentially, the actuary estimates that the changes proposed by the Bill would save the City \$1.3 million in the first year of implementation. No cost estimate is provided as to future years due to the volatility of payment patterns over time.

Tropas



Along with Abe Schwartz, F&P General Counsel, I will be available to provide testimony at the hearing scheduled for CC Bill 13-0224. Please call me or Mr. Schwartz at 410.497.7927 if you would like additional information.

TPT/df

cc: Angela Gibson, Mayor's Legislative Liaison to the City Council