



BALTIMORE CITY COUNCIL EDUCATION, WORKFORCE AND YOUTH

Mission Statement

The Committee on Education, Workforce and Youth (EWY) is responsible for creating opportunities for our young people, ensuring economic opportunity and prosperity for Baltimore's workforce, and supporting our most vulnerable neighbors. The committee's areas of jurisdiction include public education, labor relations, workforce development, employment, public parks, recreation, and youth affairs. Issue areas include, but are not limited to: education, including adult education, higher education, workforce development, labor, senior affairs, veterans, childcare, accessibility and disability issues, recreation and parks, and historical landmarks.

**Robert Stokes
Chairman**

PUBLIC HEARING

**THURSDAY, JUNE 9, 2022
10:00 A.M.**

CLARENCE "DU" BURNS COUNCIL CHAMBERS

CC22-0222

**Fire and Police Employees' Retirement System - Technical
Amendments**

CITY COUNCIL COMMITTEES

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Sharon Green Middleton, Chair
John Bullock – Vice Chair
Mark Conway
Ryan Dorsey
Antonio Glover
Odette Ramos
Robert Stokes
Staff: Jennifer Coates (410-396-1260)

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Eric Costello, Chair
Krisferfer Burnett
Ryan Dorsey
Danielle McCray
Sharon Green Middleton
Isaac "Yitzy" Schleifer
Robert Stokes
Staff: Marguerite Currin (443-984-3485)

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Staff: Samuel Johnson (410-396-1091)

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Ryan Dorsey
Phylicia Porter
James Torrence
Isaac "Yitzy" Schleifer
Staff: Matthew Peters (410-396-1268)

RULES AND LEGISLATIVE OVERSIGHT (OVERSIGHT)

Isaac "Yitzy" Schleifer, Chair
Krisferfer Burnett
Mark Conway
Eric Costello
Sharon Green Middleton
Odette Ramos
James Torrence
Staff: Richard Krummerich (410-396-1266)



BILL SYNOPSIS

Committee: Education, Workforce, and Youth

Bill CC22-0222

Fire And Police Employees' Retirement System - Technical Amendment

Sponsor: *President Mosby (The Administration) **

Introduced: *April 4, 2022*

Purpose:

For the purpose of amending provisions of the Fire and Police Employees' Retirement System law pertaining to the definition of regular interest for valuation purposes; providing for a special effective date; and generally relating to the Fire and Police Employees' Retirement System of the City of Baltimore.

Effective: On the date it is enacted.

Agency Reports

Department of Law	Favorable
Department of Finance	No Objection
Fire and Police Employees' Retirement System	Favorable/Amend

Analysis

Current Law

Article 28 - Taxes
Section 10-1.1 (c), 10-1.1(k)
Baltimore City Code (Edition 2000)

In short, the legislation, City Council Bill 22-0222, provides technical amendments to the definition of regular interest for valuation purposes from 7.25% to 7.0%, for determining the F&P funding contributions made by the City on July 1, 2022. In addition, the legislation proposes a decrease in regular interest to 6.95% for determining F&P funding contributions on July 1, 2023. And lastly, a 6.9% for determining F&P funding contributions on July 1, 2024. The adjustment of F&P future rate of return is recommended by the plan's actuary, Cheiron, and approved by the F&P Board of Trustees for valuation purposes.

According to reports, there is no fiscal impact to the city because the recommended adjustments were used to determine the City's contribution for fiscal year 2023 budget.

Additional Information

Fiscal Note: Not Available

Information Source(s): Agency Reports

Analysis by: Larry E. Greene
Analysis Date: May 10, 2022

Direct Inquiries to: 410-396-7215

**CITY OF BALTIMORE
COUNCIL BILL 22-0222
(First Reader)**

Introduced by: The Council President

At the request of: The Administration (Fire and Police Employees' Retirement System)

Introduced and read first time: April 4, 2022

Assigned to: Education, Workforce, and Youth Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Finance, Fire and Police Employees' Retirement System

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Fire and Police Employees' Retirement System - Technical Amendments**

3 FOR the purpose of amending provisions of the Fire and Police Employees' Retirement System
4 law pertaining to the definition of regular interest for valuation purposes; providing for a
5 special effective date; and generally relating to the Fire and Police Employees' Retirement
6 System of the City of Baltimore.

7 BY repealing and re-ordaining, with amendments,

8 Article 22 - Retirement Systems

9 Section 30(9)

10 Baltimore City Code

11 (Edition 2000)

12 **SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE**, That the
13 Laws of Baltimore City read as follows:

14 **Baltimore City Code**

15 **Article 22. Retirement Systems**

16 **Fire and Police Employees' Retirement System**

17 **§ 30. Definitions.**

18 In this subtitle, unless a different meaning is plainly required by the context, the following
19 words and phrases have the meanings indicated:

20 . . .

21 (9) "Regular interest" means interest compounded annually for the reserves and items listed
22 at the following rates:

23 (i) the Annuity Savings Reserve: 3.0%.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.

Council Bill 22-0187

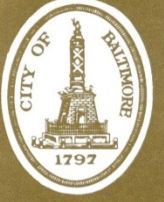
1	(ii) for valuation purposes:	[7.25%]
2	(A) FOR DETERMINING SYSTEM FUNDING	
3	CONTRIBUTIONS TO BE MADE BY THE	
4	CITY ON OR AFTER JULY 1, 2022:	7.0%.
5	(B) FOR DETERMINING SYSTEM FUNDING	
6	CONTRIBUTIONS TO BE MADE BY THE	
7	CITY ON OR AFTER JULY 1, 2023:	6.95%.
8	(C) FOR DETERMINING SYSTEM FUNDING	
9	CONTRIBUTIONS TO BE MADE BY THE	
10	CITY ON OR AFTER JULY 1, 2024:	6.9%.
11	(iii) for determining actuarial equivalents:	5.0%.

12 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
13 enacted.

**EDUCATION, WORKFORCE, AND
YOUTH COMMITTEE**

**AGENCY
REPORTS**

CC Bill #22-0222

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

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

FROM	NAME & TITLE	Robert Cename, Budget Director <i>R. C. C.</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 22-0222 – Fire and Police Employees’ Retirement System – Technical Amendments		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

May 4, 2022

Position: Does Not Oppose

The Department of Finance is herein reporting on City Council Bill 22-0222, Fire and Police Employees’ Retirement System-Technical Amendments, the purpose of which is to amend provisions pertaining to the definition of regular interest for valuation purposes.

Background

This legislation provides technical amendments to the definition of regular interest and corresponding percentages that are compounded annually for the annuity savings reserve, valuation purposes, and determining actuarial equivalents for 2022-2024.

Fiscal Impact

The Department of Finance does not anticipate a cost for the City as a result of this legislation because these changes were used to determine the City’s contribution in the Fiscal 2023 budget.

Conclusion

The Department of Finance will attend the hearing for this bill and respond to any fiscal inquiries.

For the reasons stated above, the Department of Finance does not oppose City Council Bill 22-0222.

cc: Henry Raymond
Natasha Mehu
Nina Themelis

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
JAMES L. SHEA
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

June 2, 2022

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

Re: City Council Bill 22-0222 – Fire and Police Retirement System- Regular Interest

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 22-222. Bill 222 modifies the definition of “regular interest” for valuation purposes and conforms it to current actuarial practices.

Article II, Section 24 gives authority to the Mayor and City Council to establish a pension system and provide for conditions for the applicability and operation of the system. City Council Bill 22-0222 is an appropriate exercise of that authority.

Accordingly, the Law Department approves Council Bill 22-0222 for form and legal sufficiency.

Sincerely yours,

A handwritten signature in cursive script that reads "Elena DiPietro".

Elena R. DiPietro
Chief Solicitor

cc: Natasha Mehu
Nikki Thompson
Nina Themelis
Matt Stegman
Hilary Ruley
Ashlea Brown
Jeff Hochstetler
Dereka bolden
Michele Toth

**AMENDMENTS TO COUNCIL BILL 22-0222
(1st Reader Copy)**

By: Fire and Police Employees' Retirement System
{To be offered to the Education, Workforce, and Youth Committee}

Amendment No. 1

On page 1, in line 2, strike “**Technical Amendments**” and substitute “**Regular Interest**”.