Legislation Details (With Text)

File #:	160062	**Version:** 0	**Name:**		
Type:	Resolution		**Status:**	LAPSED	
File created:	1/21/2016		**In control:**	Committee on Law and Government	
On agenda:			**Final action:**		

Title: Proposing an amendment to the Philadelphia Home Rule Charter so that there shall be imposed upon the City of Philadelphia's Pension and Retirement Systems financial discipline by amending "Section 3-803" of "ARTICLE III - EXECUTIVE AND ADMINISTRATIVE BRANCH - ORGANIZATION," "CHAPTER 8 - INDEPENDENT BOARDS AND COMMISSIONS," to re-balance the membership of the Board of Pensions and Retirement by adding independent experts; and by adding a new "Section 6-602" to "ARTICLE VI - EXECUTIVE AND ADMINISTRATIVE BRANCH - POWERS AND DUTIES - Director of Finance, Financial Departments, Boards and Commissions, City Treasurer, Procurement Department, and Board of Pensions and Retirement," "CHAPTER 6 - BOARD OF PENSIONS AND RETIREMENT," to require that the City contribution for each of the Pension and Retirement Systems of the City shall be no less than the Annual Required Contribution as defined by the Governmental Accounting Standards Board, limit assumed investment rate of return, and promote transparency by requiring website reporting of Systems performance and other important information; and providing for the submission of the amendment to the electors of Philadelphia.

Sponsors: Councilmember Oh

Indexes: PHILADELPHIA HOME RULE CHARTER, RETIREMENT SYSTEM

Code sections:

Attachments: 1. Resolution No. 16006200.pdf

Date	Ver.	Action By	Action	Result	Tally
1/21/2016	0	CITY COUNCIL	Introduced and Referred	Pass	

Proposing an amendment to the Philadelphia Home Rule Charter so that there shall be imposed upon the City of Philadelphia's Pension and Retirement Systems financial discipline by amending "Section 3-803" of "ARTICLE III - EXECUTIVE AND ADMINISTRATIVE BRANCH - ORGANIZATION," "CHAPTER 8 - INDEPENDENT BOARDS AND COMMISSIONS," to re-balance the membership of the Board of Pensions and Retirement by adding independent experts; and by adding a new "Section 6-602" to "ARTICLE VI - EXECUTIVE AND ADMINISTRATIVE BRANCH - POWERS AND DUTIES - Director of Finance, Financial Departments, Boards and Commissions, City Treasurer, Procurement Department, and Board of Pensions and Retirement," "CHAPTER 6 - BOARD OF PENSIONS AND RETIREMENT," to require that the City contribution for each of the Pension and Retirement Systems of the City shall be no less than the Annual Required Contribution as defined by the Governmental Accounting Standards Board, limit assumed investment rate of return, and promote transparency by requiring website reporting of Systems performance and other important information; and providing for the submission of the amendment to the electors of Philadelphia.

WHEREAS, The pension and retirement systems of the City are becoming increasingly expensive, crowding out program funding, and are not financially sustainable; and

WHEREAS, Financial discipline is required to address the problems of the pension and retirement systems of the City; and

WHEREAS, Under Section 6 of the First Class City Home Rule Act (53 P.S. §13106), an amendment to the

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Philadelphia Home Rule Charter may be proposed by a resolution of the Council of the City of Philadelphia adopted with the concurrence of two-thirds of its elected members; now, therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA,

That the following amendment to the Philadelphia Home Rule Charter is hereby proposed and shall be submitted to the electors of the City on an election date designated by ordinance:

ARTICLE III
EXECUTIVE AND ADMINISTRATIVE BRANCH - ORGANIZATION

* * *

CHAPTER 8
INDEPENDENT BOARDS AND COMMISSIONS

* * *

§ 3-803. Board of Pensions and Retirement.

The Board of Pensions and Retirement shall consist of the Director of Finance, who shall be its chairman, the Managing Director, the City Controller, the City Solicitor, the Personnel Director and four other persons who shall be elected to serve on the Board by the employees in the civil service in such manner as shall be determined by the Board, and one non-voting member of the Board, appointed by the President of Council, who other than the power to vote shall have all rights, powers and duties of other members of the Board, including, but not limited to, the right to attend any executive session of the Board. *Also, the Board shall elect four professional persons who are not participants in the City pension and retirement systems as additional Board members, each of whom shall have an advanced degree and substantial experience in one of the following professions such that all these professions are represented on the Board: pension law, finance, accounting, or actuarial science.*

Until the elected members shall have been chosen, a majority of the Board at the time being shall constitute a quorum. Thereafter five members shall be a quorum.

* * *

ARTICLE VI
EXECUTIVE AND ADMINISTRATIVE BRANCH - POWERS AND DUTIES

Director of Finance, Financial Departments, Boards and Commissions, City Treasurer, Procurement Department, and Board of Pensions and Retirement

* * *

CHAPTER 6
BOARD OF PENSIONS AND RETIREMENT

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§ 6-600. Pension and Retirement System.

Within one year after the effective date of this charter, the Board of Pensions and Retirement shall prepare with the aid of the Law Department and submit to the Council for its consideration and enactment a comprehensive, fair and actuarially sound pension and retirement system covering all officers and employees of the City except that any system proposed and ordained shall not impair or diminish rights of officers and employees under any pension and retirement systems in force at the time of the adoption of this charter and except that separate systems shall be maintained for City policemen and firemen as long as payments by the Commonwealth of Pennsylvania of funds from taxes paid upon premiums by foreign casualty and fire insurance companies render it desirable.

§ 6-601. Administration of Pensions and Retirement Benefits.

The Board of Pensions and Retirement shall administer the pension and retirement systems of the City and shall examine and make recommendations as to the administration of any separate pension and retirement systems to which the City makes appropriations even though such systems are incorporated.

§ 6-602. Requirements.

(1) The following requirements are imposed upon the Pension and Retirement Systems of the City:

(a) The City contribution for each of the Pension and Retirement Systems of the City shall be no less than the Annual Required Contribution as defined by the Governmental Accounting Standards Board.

(b) The annual assumed investment rate of return for the pension and retirement systems of the City shall be no more than the average of:

1. the previous available average 10-year market yields published on an annualized basis by the United States Federal Reserve in the 5-year Constant Maturity Treasury Rate Series, quoted on an investment basis; and

2. the previous available average 10-year annualized total rates of return on the Standard & Poor's 500 Index.

(c) To promote transparency and the financial health, the performance of the pension and retirement systems of the City shall be reported on its website, including net investment returns for each of the last 10 fiscal years and 1-year, 3-year, 5-year, 10-year, 20-year, 30-year, and since-inception rolling rates of returns. These shall be compared with industry averages in a way that is clear and understandable. Also, the most assumed current rate of return shall be posted, as well as the assumed rates of return for the last ten fiscal years.

(d) To further promote transparency, and allow public input, all minutes of Board meetings, all financial reports, and primary contact information, shall be posted on the website of the City pension and retirement systems.

(2) Unless otherwise indicated, the effective date of this legislation shall be July 1, 2015.

Explanation:
[Brackets] indicate language deleted.
Italics indicate new language added.

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