

Roselyn H. Spencer

FROM	NAME & TITLE	Roselyn H. Spencer, Executive Director
	AGENCY NAME & ADDRESS	Employees' & Elected Officials' Retirement Systems 7 East Redwood Street, 12 th Floor
	SUBJECT	<i>Proposed Amendments to City Council Bill 13-0248</i>

CITY of
BALTIMORE
MEMO



TO

DATE: August 16, 2013

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

Dear Mr. President and City Council Members:

On July 15, 2013, City Council Bill 13-0248 (the "Bill") was introduced that amends the Employees' Retirement System ("ERS") and Elected Officials' Retirement System ("EOS") provisions of Article 22 of the Baltimore City Code. City Council Bill 13-0248 changes the actuarial method used to fund the ERS and the EOS, clarifies the due dates for the City's contributions to the ERS and the EOS, and clarifies certain provisions of the ERS relating to deferred vested pension benefits.

At its August 15, 2013 meeting, the Board of Trustees voted to approve the Bill, with the following amendments.

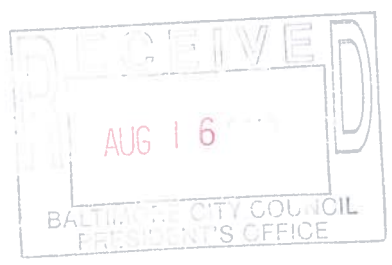
Background and Summary of Amendments.

1. Internal Revenue Code Requirement regarding Vesting on Plan Termination. In 2009, the ERS and EOS applied for favorable tax letters from the Internal Revenue Service that each system continues to comply with IRS tax rules. The IRS has recently said that it will issue a favorable letter if a technical revision is made to the ERS and EOS provisions of Article 22 of the Baltimore City Code. That revision would make explicit an Internal Revenue Code requirement that, if the City ever terminates the ERS or EOS, members would be immediately vested in their accrued benefit. The proposed amendment incorporates that revision.

2. Grammatical Clarification and Typographical Error. The proposed amendment makes a grammatical clarification and corrects a typographical error in City Council Bill 13-0248.

Cost Impact.

The changes described in paragraphs 1 and 2 will not affect ERS or EOS costs.



**Memo to: Honorable President and Members of the
Baltimore City Council**

August 16, 2013

I would be pleased to answer any questions or provide additional information about City Council Bill 13-0248.

RHS/dsb

Attachment

**cc: Honorable Carl Stokes, Councilman, 12th District
Andrew Smullian, Deputy Chief Of Legislative And Government Affairs
Larry Greene, Director, Office of Council Services
Sheila Wyche, Mayor's Office of Government Relations (via email)
Angela Gibson, Mayor's Legislative Liaison to the City Council
Harry E. Black, Director of Finance
Avery Aisenstark, Dept. of Legislative Reference
George Nilson, City Solicitor
The Honorable Joan M. Pratt, City Comptroller
Deborah Moore-Carter, Labor Commissioner
Ian Berger, ERS General Counsel**

**AMENDMENTS TO COUNCIL BILL 13-248
(1st Reader Copy)**

Proposed by: Employees' and Elected Officials' Retirement Systems
{To be offered to the Taxation, Finance, and Economic Development Committee}

Amendment No. 1

On page 1, in line 7, after the semicolon, insert "providing that, if the Employees' Retirement System or the Elected Officials' Retirement System is terminated, members of the terminated system become immediately vested in their accrued benefits, to the extent those benefits are funded;"; and, after line 14, insert:

"BY adding
Article 22 - Retirement Systems
Section(s) 9(u) and 22(p)
Baltimore City Code
(Edition 2000)".

Amendment No. 2

On page 3, in line 20, after "fixed term", insert "AND, EITHER VOLUNTARILY OR OTHERWISE,"; and, in line 21, strike ", either voluntarily or otherwise,".

Amendment No. 3

On page 4, after line 4, insert:

"(U) VESTING ON SYSTEM TERMINATION.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, ON THE EFFECTIVE DATE OF A TERMINATION OR PARTIAL TERMINATION OF THIS SYSTEM, AS DETERMINED UNDER APPLICABLE INTERNAL REVENUE SERVICE REGULATIONS AND RULINGS, ALL AFFECTED MEMBERS WHO ARE NOT ALREADY VESTED IN THEIR ACCRUED BENEFITS BECOME IMMEDIATELY VESTED IN THOSE BENEFITS, TO THE EXTENT THE BENEFITS ARE FUNDED."

Amendment No. 4

On page 4, after line 5, insert:

“§ 22. Benefits.

(P) VESTING ON SYSTEM TERMINATION.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, ON THE EFFECTIVE DATE OF A TERMINATION OR PARTIAL TERMINATION OF THIS SYSTEM, AS DETERMINED UNDER APPLICABLE INTERNAL REVENUE SERVICE REGULATIONS AND RULINGS, ALL AFFECTED MEMBERS WHO ARE NOT ALREADY VESTED IN THEIR ACCRUED BENEFITS BECOME IMMEDIATELY VESTED IN THOSE BENEFITS, TO THE EXTENT THE BENEFITS ARE FUNDED.”