

**CITY OF BALTIMORE  
COUNCIL BILL 18-0105R  
(Resolution)**

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Introduced by: President Young, Councilmembers Henry, Middleton, Scott, Costello, Pinkett,  
Dorsey, Burnett, Cohen, Stokes, Sneed, Clarke, Reisinger, Bullock, Schleifer

Introduced and read first time: October 15, 2018

Assigned to: Judiciary and Legislative Investigations Committee

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REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Employees' Retirement System, Office  
of Inspector General, Department of Finance, Office of the Comptroller, Retirement Savings Plan  
Board of Trustees

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A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Legislative Oversight Hearing – Employees' Retirement System**  
3 **and Retirement Savings Plan**

4 FOR the purpose of requesting the Employees' Retirement System Board of Trustees chairs and  
5 members from the current term of office and last term of office and the Retirement Savings  
6 Plan Board of Trustees chairs and members from the current term of office and last term of  
7 office, the current and preceding executive directors of the Employees' Retirement System  
8 and the Retirement Savings Plan, the Operations Manager of the Retirement Savings Plan,  
9 the Chief Investment Officer of the Employees' Retirement System, and the City Solicitor to  
10 report to the City Council on the workings of the Employees' Retirement System and the  
11 Retirement Savings Plan; to clarify how pension funds are managed; and to identify measures  
12 that can be implemented to make both the Employees' Retirement System ("ERS") and the  
13 Retirement Savings Plan ("RSP") more transparent to the employees of Baltimore City.

14 **Recitals**

15 The Employees' Retirement System Board of Trustees has fiduciary and plenary authority  
16 over the administration of the Employees' Retirement System's programs and investments. The  
17 Retirement Savings Plan Board of Trustees, formed in 2014, evaluates the investment  
18 performance of the Retirement Savings Plan fund line-up on a quarterly basis and also initiates  
19 and assesses the retirement readiness of Baltimore City's workforce.

20 Both systems hold significant sums of money, and there have been concerns about the  
21 management of the systems. In January of 2018, the Baltimore Sun reported that the pension  
22 fund for Baltimore City's elected officials, which is managed by the ERS Board, outperformed  
23 the pension funds for both city workers and for police and firefighters, also managed by the ERS  
24 Board. The pension fund for elected officials had a \$10 million surplus, while the pension fund  
25 for City workers had an unfunded liability of \$644 million, and the pension fund for police and  
26 firefighters had an unfunded liability of over \$1 billion.

27 In September 2018, the Inspector General released a report finding that an official from the  
28 RSP approved \$218,213.20 from retirement forfeiture accounts to renovate the RSP offices. The  
29 OIG recommended amending Article 22A to define how forfeiture funds can be used. The OIG

EXPLANATION: Underlining indicates matter added by amendment.  
~~Strike out~~ indicates matter deleted by amendment.

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1 also recommended RSP Board of Trustees’ oversight of all RSP expenses as well as  
2 consideration by the Board of adoption for the City of guidelines similar to those applicable to  
3 private employers under the Employee Retirement Income Security Act of 1974 as best practice  
4 for the RSP.

5 This month, the OIG’s office released a report finding that a member of the ERS Board had  
6 an undisclosed business relationship with an ERS official the Board member was significantly  
7 involved in hiring. The OIG also found conflicts of interest, absenteeism, and residency issues  
8 regarding the two individuals who were investigated. The Baltimore Sun published a front page  
9 article on the investigation and delved into the decades-long business relationship between the  
10 Board member and the ERS official.

11 It is of the utmost importance that Baltimore City employees trust the systems that manage  
12 their pensions. Since there has been controversy surrounding both the ERS and the RSP, an  
13 investigative hearing should be held so that former and current representatives of both systems  
14 can explain how the systems manage pensions and how the systems are being reformed so that  
15 past problems do not reoccur.

16 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the City  
17 Council requests that the Employees’ Retirement System Board of Trustees chairs and members  
18 from the current term of office and last term of office and the Retirement Savings Plan Board of  
19 Trustees chairs and members from the current term of office and last term of office, the current  
20 and preceding executive directors of the Employee Retirement System and the Retirement  
21 Savings Plan, the operations manager of the Retirement Savings Plan, the Chief Investment  
22 Officer of the Employees’ Retirement System, and the City Solicitor report to the City Council  
23 on the workings of the Employees’ Retirement System and the Retirement Savings Plan; clarify  
24 how pension funds are managed; and identify measures that can be implemented to make both  
25 the Employees’ Retirement System (ERS) and the Retirement Savings Plan (RSP) more  
26 transparent to the employees of Baltimore City.

27 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Employees’  
28 Retirement System Board of Trustees, the Retirement Savings Plan Board of Trustees, and the  
29 Mayor’s Legislative Liaison to the Baltimore City Council.