


Roselyn H. Spencer

FROM	NAME & TITLE	Roselyn H. Spencer, Executive Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	EMPLOYEES' & ELECTED OFFICIALS' RETIREMENT SYSTEMS 7 East Redwood Street - 12 th Floor		
	SUBJECT	City Council Bill 11-0736 Retirement Systems – Trustees - Conflicts		

DATE: September 30, 2011

TO

The Honorable President and Members of the Baltimore City Council
Attention: Karen Randle, Executive Secretary
Room 409 City Hall

Dear Mr. President and City Council Members:

The Board of Trustees of the Employees' Retirement System (ERS) has reviewed Council Bill 11-0736. The Bill is proposed for the purpose of stating expressly the applicability of the City Ethics Code to the Boards of Trustees for the Employees' Retirement System, the Elected Officials' Retirement System, the Fire and Police Employees' Retirement System, and their respective members and staff; establishing certain additional ethics standards, restrictions, and requirements for members and staff of these Boards of Trustees; correcting, clarifying and conforming related provisions, deleting certain obsolete provisions, and generally relating to the avoidance of improper influence or even the appearance of improper influence on Trustees.

The Board **SUPPORTS** Council Bill 11-0736, **WITH RECOMMENDED AMENDMENTS**. The Board respectfully offers the following recommendations:

1. Page 3, line 41.

The Bill provides as follows:

"4. No funds of this System or of any system, plan or trust administered by the Board of Trustees may be used to pay for the attendance of a Trustee or Board employee at any conference, seminar, or similar meeting, or for related food, travel, lodging, or entertainment, unless that attendance has first been approved by the Board of Estimates."

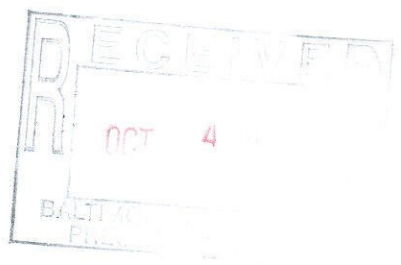
The City's Administrative Manual, at AM-240-3, allows agencies to reimburse for employee travel expenses of less than \$800 without seeking prior Board of Estimates approval. The ERS Board recommends clarifying the Bill to confirm that the Administrative Manual's \$800 threshold will apply to ERS.

2. Board Qualifications.

Article 22, Section 5(b)(3) provides that the ERS Board shall include "2 Citizens of the City of Baltimore who are not employees within the meaning of this subtitle, 1 of whom shall be a responsible officer of a bank authorized to do business within the State of Maryland, or a person with similar experience, to be appointed by the Mayor, with the consent of the City Council, ..."

The Board believes that its appointed members should satisfy minimum requirements comparable to those typically applicable to membership on Boards of Directors of financial institutions such as banks, savings and loan associations, credit unions, etc. The Board respectfully suggests that the Council take this opportunity to develop and include similar requirements in Article 22 and that the Bill be amended accordingly.

RHS/dsb
Attachment – Executive Summary
CC: Angela Gibson, Mayor's Legislative Liaison to the City Council
Board of Trustees – Employees' & Elected Officials' Retirement System



F/A

EXECUTIVE SUMMARY – COUNCIL BILL 11-0736

The following is a summary of the pertinent parts of Council Bill 11-0736:

§5. Administration; Board of Trustees.

§5(5) (I) ERS Trustees and staff are explicitly subject to the standards of the City Ethics Law.

§5(5) (II):

1. ERS Trustees or staff may not do business with any City benefit plan. "City benefit plan" includes: ERS, EOS, F&P, OPEB and Deferred Compensation Plan.
2. Trustees or staff may not be employed by or have a financial interest in any entity doing business or seeking to do business with the City.
- 3.A. Trustees or staff cannot accept any gift, payment, free admission or reimbursement for conference expenses from a trade association that has members marketing a service to a City benefit plan.

Trustees or staff cannot accept any gift, payment free admission or expense reimbursement from any entity providing a product or service that the Trustee knows or has reason to know has been marketed to a City benefit plan.

This section also prohibits acceptance of an honoraria for a speaking engagement.

3.B. Exceptions to the gift prohibitions:

- Food and beverage received and consumed in presence of donor
- Gifts or awards of insignificant monetary value
- Gifts exempted by the Ethics Board
- Gifts from relatives

Exceptions do not apply to any gift that would tend to impair the recipient's impartiality and independent judgment.

3. All Trustee and staff travel to attend any conference, seminar, or similar meeting must be approved by the Board of Estimates.
4. Trustees or staff may not engage in any activity requiring registration as a lobbyist.