

Roselyn H. Spencer

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| 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>City Council Bill 13-0105R (Resolution)</i> |

CITY of
BALTIMORE
MEMO



TO

DATE:
April 9, 2013

The Honorable President and Members of the Baltimore City Council
Attention: Karen Randle, Executive Secretary
Room 400 City Hall

Dear Mr. President and Members of the City Council:

The Board of Trustees of the Employees' Retirement System (ERS) has reviewed Council Bill 13-0195R (Resolution). The Resolution calls upon the Baltimore City Retirement System Board to work with the City Council to have a bill readied for introduction by July 1, 2013 that would "transition the Baltimore City Employees' Retirement Systems away from the defined benefit pension system that is currently in place, and towards a modern and sustainable approach to retirement planning for future employees."

The Board wishes to convey that it has always cooperated with the Mayor and City Council in examining legislation and in providing necessary information as requested. On numerous occasions, it has been a party in developing legislation, but has never undertaken the responsibility to develop an entirely new plan. Furthermore, subject to Section 5(a)(1) of the Baltimore City Code, which states that, "The general administration and the responsibility for the proper operation of the Retirement Systems and for making effective the provisions of this subtitle, ...are vested in a Board of Trustees," the Board feels that its authority is limited to serving as the administrator of the Employees' and Elected Officials' Retirement Plans, and not as the developer of the plans.

The Board further notes that while there are many pension reform options to consider, any transition to a new ERS benefit structure must be implemented with great care so as to (i) comply with applicable tax and other legal requirements, (ii) assure proper consideration of plan design options, and (iii) assure that, from the outset, the new structure has in place prudent and appropriate investment and administrative systems.

In that context, The ERS Board **SUPPORTS** this Resolution and the Council's goal of moving promptly to consider changes to the ERS benefit structure. The Board looks forward to working with the Council.

- JK/dsb
CC: Angela Gibson, Mayor's Legislative Liaison to the City Council
Deborah Moore-Carter, Labor Commissioner
Harry E. Black, Director of Finance
Avery Aisenstark, Dept. of Legislative Reference

