

*BaltAC*

FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall		
	SUBJECT	City Council Bill 21-0066 – Retirement Systems – Precluded Investment and Divestment – Fossil Fuel Companies		

DATE:

TO

The Honorable President and  
Members of the City Council  
City Hall, Room 400

May 25, 2021

**Position: Defer to Employee’s Retirement Systems**

The Department of Finance is herein reporting on City Council Bill 21-0066, Retirement Systems – Precluded Investment and Divestment – Fossil Fuel Companies, the purpose of which is to prohibit the new investment of certain retirement funds in fossil fuel companies and requiring the divestment of certain retirement funds in fossil fuel companies within a certain timeframe.

**Background**

This legislation would preclude the investment and divestment of the retirement funds in fossil fuel companies. The City has instituted similar policies focused on divestment from South Africa and Sudan, passed in 1986 and 2007 respectively.

The Employees’ Retirement System (ERS), the Elected Officials Retirement System (EOS), and the Fire and Police Retirement System (F&P) were created to provide lifetime service retirement benefits, survivor benefits, and permanent disability benefits to eligible members and their beneficiaries. The Retirement System is governed by a Board of Trustees. As part of the Employee Retirement Services umbrella, the Retirement Savings Plan (RSP) is responsible for administering the City’s two defined contribution retirement plans: The RSP 401(a), which is the mandatory retirement plan for most employees hired on or after July 1, 2014, and the Deferred Compensation Plan, the City’s voluntary retirement plan.

**Fiscal Impact**

The Department of Finance defers to ERS on the fiscal impacts and analysis conducted by Marquette Associates, which is included in the ERS bill report.

**Conclusion**

The Department of Finance defers to the technical expertise of ERS in their findings on the fiscal impact of this legislation for the City.

**For the reasons stated above, the Department of Finance defers to ERS on City Council Bill 21-0066.**

cc: Henry Raymond  
Natasha Mehu  
Nina Themelis