



Legislation Details (With Text)

| | | | | | |
|------------------------|---|----------------------|---|--------------|--|
| File #: | 18-0105R | Version: | 0 | Name: | Legislative Oversight Hearing - Employees' Retirement System and Retirement Savings Plan |
| Type: | City Council Resolution | Status: | | | Withdrawn |
| File created: | 10/15/2018 | In control: | | | City Council |
| On agenda: | | Final action: | | | 6/24/2019 |
| Enactment date: | | Enactment #: | | | |
| Title: | Legislative Oversight Hearing - Employees' Retirement System and Retirement Savings Plan For the purpose of requesting the Employees' Retirement System Board of Trustees chairs and members from the current term of office and last term of office and the Retirement Savings Plan Board of Trustees chairs and members from the current term of office and last term of office, the current and preceding executive directors of the Employees' Retirement System and the Retirement Savings Plan, the Operations Manager of the Retirement Savings Plan, the Chief Investment Officer of the Employees' Retirement System, and the City Solicitor to report to the City Council on the workings of the Employees' Retirement System and the Retirement Savings Plan; to clarify how pension funds are managed; and to identify measures that can be implemented to make both the Employees' Retirement System ("ERS") and the Retirement Savings Plan ("RSP") more transparent to the employees of Baltimore City. | | | | |
| Sponsors: | President Young, Bill Henry, Sharon Green Middleton, Brandon M. Scott, Eric T. Costello, Leon F. Pinkett, III, Ryan Dorsey, Kristerfer Burnett, Zeke Cohen, Robert Stokes, Sr., Shannon Sneed, Mary Pat Clarke, Edward Reisinger, John T. Bullock, Isaac "Yitzzy" Schleifer | | | | |
| Indexes: | Employees Retirement System, Legislative Oversight Hearing, Retirement Savings Plan | | | | |
| Code sections: | | | | | |
| Attachments: | 1. 18-0105R~1st Reader, 2. Complete File 18-0105R - Withdrawn | | | | |

| Date | Ver. | Action By | Action | Result |
|------------|------|--|--|--------|
| 6/24/2019 | 0 | City Council | Withdrawn | |
| 10/18/2018 | 0 | The City Council | Refer to Retirement Savings Plan Board of Trustees | |
| 10/18/2018 | 0 | The City Council | Refer to Dept. of Finance | |
| 10/18/2018 | 0 | The City Council | Refer to Inspector General | |
| 10/18/2018 | 0 | The City Council | Refer to Office of the Comptroller | |
| 10/18/2018 | 0 | The City Council | Refer to City Solicitor | |
| 10/18/2018 | 0 | The City Council | Refer to Employees' Retirement System | |
| 10/15/2018 | 0 | City Council | Assigned | |
| 10/15/2018 | 0 | City Council | Introduced | |
| 10/15/2018 | 0 | Judiciary and Legislative Investigations | Scheduled for a Public Hearing | |

* **Warning:** This is an unofficial, introductory copy of the bill.
The official copy considered by the City Council is the first reader copy.

Introductory*

City of Baltimore
Council Bill
(Resolution)

R

Introduced by: President Young

A Resolution Entitled

A Council Resolution concerning

Legislative Oversight Hearing - Employees' Retirement System and Retirement Savings Plan

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

Recitals

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

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

In September 2018, the Inspector General released a report finding that an official from the RSP approved \$218,213.20 from retirement forfeiture accounts to renovate the RSP offices. The OIG recommended amending Article 22A to define how forfeiture funds can be used. The OIG also recommended RSP Board of Trustees' oversight of all RSP expenses as well as consideration by the Board of adoption for the City of guidelines similar to those applicable to private employers under the Employee Retirement Income Security Act of 1974 as best practice for the RSP.

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

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

Now, therefore, be it resolved by the City Council of Baltimore, That the City Council requests that the Employees' Retirement System Board of Trustees chairs and members from the current term of office and last

term of office and the Retirement Savings Plan Board of Trustees chairs and members from the current term of office and last term of office, the current and preceding executive directors of the Employee Retirement System and the Retirement Savings Plan, the operations manager of the Retirement Savings Plan, the Chief Investment Officer of the Employees' Retirement System, and the City Solicitor report to the City Council on the workings of the Employees' Retirement System and the Retirement Savings Plan; clarify how pension funds are managed; and identify measures that can be implemented to make both the Employees' Retirement System (ERS) and the Retirement Savings Plan (RSP) more transparent to the employees of Baltimore City.

And be it further resolved, That a copy of this Resolution be sent to the Employees' Retirement System Board of Trustees, the Retirement Savings Plan Board of Trustees, and the Mayor's Legislative Liaison to the Baltimore City Council.