ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item
Meeting of December 15, 2007

DATE: December 3, 2007

SUBJECT: Adopt amendments to Chapter 46 of the Arlington County Code, Retirement System.

C. M. RECOMMENDATION:

Adopt the proposed amendments to Chapter 46 of the Arlington County Code, Retirement System to clarify the requirements for election as a trustee to the Arlington County Retirement System, for attendance at scheduled meetings, and for terms of trustees.

ISSUES: Should the County Board approve the attached amendments to clarify the administration of the Retirement System Board of Trustees?

SUMMARY: These amendments would clarify the intent of the Code such that only active employees who are members of the Retirement System are eligible to be elected as trustees to the Retirement Board to represent active employees and that to represent retirees a trustee must be an Arlington County retiree themselves. It would also expand the ability of the Retirement Board to recommend removal of a trustee for non-attendance at meetings. And finally, shorter trustee terms would provide greater opportunity for employees and the board to evaluate their elected and/or appointed representatives.

BACKGROUND: Currently the Retirement Code is not clear on the requirements to be elected a trustee or substitute trustee to the Retirement Board. This language would clarify the intent of the Code that trustees and substitute trustees elected to the Retirement Board should in fact be members of the group that they represent. In addition, the Retirement Board would have the ability to recommend removal of a trustee or substitute trustee who does not regularly attend scheduled board meetings, to insure that trustees have consistent information and are sufficiently engaged to carry out their fiduciary responsibilities. Finally, shorter terms mean elections for employee representatives would be held on a more frequent basis to permit greater oversight and review of the elected representatives by their constituents. In addition, the Board would have more opportunity to review their appointments.

DISCUSSION: Currently, the Retirement Ordinance is essentially silent on whether an elected trustee must be a member of the Retirement System. However, the intent of the Code is evident

County Manager: _____

County Attorney: _____

Staff: Marcy Foster

in that language in §46-12((b) states that: ”If an elected trustee or a substitute trustee elected after November 1, 2000 ceases to be an active employee, that trustee will forfeit the office.” This language was written before the restructuring of the board to include representation of retirees on the board, but the implied intent of the language is that elected trustees representing active employees should be active employees and members of the retirement system.

In researching other retirement systems, we found that in almost all cases, elected trustees were required to be active employees or retirees of the system. Trustees who are active employees or current retirees share a common vested interest with their constituents in insuring the financial health and well being of the retirement funds. That is not to say that someone who is not an employee is not equally committed to carrying out the important fiduciary responsibilities to which they might be appointed or elected. That is why there is a mix of elected trustees and trustees appointed from outside the County workforce – to provide a balance of interest and experience. Based on the original intent of the Code, it is recommended that the Board clarify the language to insure that this balance is maintained and to insure that the intent of the Code is re-established.

Additionally, language has been added to empower the Retirement Board to recommend removal of trustees or substitute trustees who do not attend board meetings on a regular basis, defined as missing more than three meetings out of the twelve that are scheduled each year. The language does not <u>require</u> removal but recognizes that regular attendance is essential in carrying out the fiduciary responsibilities.

Finally, trustees currently serve four (4) year terms. That length of time, while common, provides limited opportunity for employees and the Board to review their representation. The change to two (2) year terms will allow employees and the Board to more frequently assess the performance of their representatives and appointees. Future terms would end on January 31 to clarify trustee attendance at the annual February meetings.

We have also taken the opportunity as part of these amendments to also eliminate language that is outdated in order to simplify and clarify the language in the code.

FISCAL IMPACT: None