

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

MINUTES OF A SPECIAL DECEMBER 28, 2011 PENSION BOARD MEETING

1. Call to Order

Chairman Mickey Maier called the meeting to order at 2:00 p.m. in Room 201-B of the Milwaukee County Courthouse, 901 North 9th Street, Milwaukee, Wisconsin 53233.

2. Roll Call

Members Present

Keith Garland
Dean Muller
Rex Queen
David Sikorski
Mickey Maier (Chairman)
Linda Bedford (Vice Chair)

Members Excused

Dr. Sarah Peck
Guy Stuller

Others Present

Marian Ninneman, CEBS, CRC, Interim ERS Manager
Mark Grady, Deputy Corporation Counsel
Matthew Hanchek, Interim Director of Employee Benefits
Dale Yerkes, ERS Fiscal Officer
Annette Olson, ERS
Steven Huff, Reinhart Boerner Van Deuren s.c.

3. 2012 Budget

The Chairman discussed the status of the 2012 ERS Budget. He noted that the Pension Board has been unable to pass the Budget thus far and suggested that a discussion be held regarding the Board members' current positions.

Mr. Grady stated that he understood that the some members of the Pension Board opposed certain items in the Budget, but that the Pension Board has a duty to ensure that the System continues to operate and that members receive their benefits. In order to comply with that duty and voice opposition to any objectionable line items, Mr. Grady suggested approving the funds necessary to continue running the System and then take a separate vote to approve or disapprove disputed items.

In response to Mr. Grady's suggestion, Mr. Garland stated that a disputed item is the Salaries and Benefits line. Mr. Garland proposed that the Salaries and Benefits line be restored to a level which includes the employment positions set to be eliminated and that the approved Budget be presented to the County with a request to restore the eliminated employment positions.

Mr. Sikorski noted that the Salaries and Benefits line was decreased by 26% and the Outside Consultants line was increased by 26%. Mr. Sikorski expressed his concern that money was being funneled from salaries of employees to outside consultants who may not have the same dedication to the work and the County. In response to this concern, Mr. Yerkes explained that outside consultant expenses were increased because a team was hired to perform the work previously done by Vitech. Mr. Yerkes further explained that this increase is offset by the \$570,000 decrease in capital purchases and retirement software.

Mr. Queen stated that enhanced technology, such as V3, allows for staff reduction because fewer employees are required to perform the same amount of work. Mr. Queen acknowledged the difficulty in determining whether or not to eliminate staff positions in a budget, but also stated that the 2012 Budget is sound and should be approved.

The Chairman then stated that he would entertain a motion to approve the 2012 ERS Budget without regard to the Salary and Benefits line and the Outside Consultants line.

After further discussion regarding which budget line items would be excluded from the motion, the contemplated motion was revised to approve the 2012 ERS Budget, without the Salary and Benefits line, the Outside Consultants line and the Temporary Employees line.

The Pension Board unanimously adopted the 2012 ERS Budget with the exception of the Salary and Benefits line, the Outside Consultants line and the Temporary Employees line. Motion by Ms. Bedford, seconded by Mr. Queen.

In response to a question from the Chairman, Mr. Garland expressed his concern with the Salaries and Benefits line and asked to raise the amount of that line to the 2011 budget level.

Mr. Sikorski stated that his main concern is employee retention and avoiding the hiring of temporary employees and outside consultants to perform the duties of ERS staff.

In response to Mr. Sikorski's concerns and a question from Ms. Bedford, Ms. Ninneman explained that the outside consultants have a different skill set than the current employees and would not be performing the same duties as the ERS staff. Ms. Ninneman further explained that temporary

employees would not be engaged in the work of experienced employees, but instead be performing clerical work and research.

In response to a question from the Chairman, Mr. Garland stated that he would like to replace the Salaries and Benefits line in the 2012 Budget with the 2011 Salaries and Benefits amount, as if all current employees remained employed.

Mr. Garland stated that co-development was acceptable, if it is reducing Vitech costs. However, Mr. Garland expressed his concern with eliminating employees to bring in temporary employees or consultants to perform the same tasks as County employees because outside consultants and temporary employees do not have the same level of responsibility for the work as permanent employees. Mr. Garland stated his acceptance of the hiring of consultants if it improves the System's overall functionality, but has reservations about accepting the workforce reduction if the County arbitrarily eliminated staff positions.

Mr. Grady clarified for Mr. Garland that the outside consultants were brought on to complete the work on V3 at a lower rate than what Vitech was charging for the same work. Mr. Grady distinguished this expense from the staff reductions on the first line of Salaries and Benefits and explained that current staff's salaries and benefits were not being reduced to pay outside consultants. Mr. Grady also stated that temporary employees have consistently been utilized throughout the years and that expense is also unrelated to the reduction in staff. Mr. Grady further stated that, with the exception of a single \$50,000 charge, the current staff will complete the work previously performed by the eliminated positions, not temporary employees or consultants.

Mr. Garland stated his concern that when the V3 project was approved it was agreed that there would be a co-development team that would include

ERS employees to build expertise and that team is now being eliminated. Ms. Ninneman stated that she would review the discussion regarding implementation of V3, but that the co-development team was not being eliminated. Ms. Ninneman stated that a pension information system specialist position was created for this project and an individual hired and trained for that position. Mr. Garland stated his concern about having only one individual outside of the consultant familiar with the computer system.

In response to a question from the Chairman, Mr. Hanchek stated that in order to fill any County employment position, ERS must have the authority to hire for the position and the approval to finance the position. He further stated that the Pension Board could increase the budget for salaries and provide the financial ability to pay the employees, but ERS would still not have the authority to actually hire someone for that position. Accordingly, Mr. Hanchek stated that unless there is a change in position authority at the County level, the alteration of the Salaries and Benefits line is not going to result in additional staff positions because the number of staff will not be revised from what the County Board and County Executive have authorized.

The Chairman then stated he would entertain a motion regarding the balance of the Budget.

Mr. Garland asked to raise the funding level for Salaries and Benefits to the 2011 level of \$1.4 million and then discuss reinstating the positions with the County. After clarification, Mr. Garland moved to approve a Salary and Benefits line of \$1.4 million with the Outside Consultants and Temporary Employees lines remaining as originally proposed.

The Pension Board unanimously approved the Salary and Benefits line in the 2012 ERS Budget as increased to \$1,400,981 and the Outside

Consultants and Temporary Employees lines of the 2012 ERS Budget.

Motion by Mr. Garland, seconded by Ms. Bedford.

4. Adjournment

The meeting adjourned at 2:35 p.m.

Submitted by Steven D. Huff,
Secretary of the Pension Board