

**Milwaukee County Employees' Retirement System (ERS)
Audit Committee Meeting
MINUTES**

Call to Order

Chairperson Vera Westphal called the Audit Committee meeting to order at 1:30 p.m. on Thursday, October 1, 2015 in the Commission Room (210) of the Milwaukee County Courthouse, 901 N. 9th Street, Milwaukee, WI 53233.

Board Members Present:

Laurie Braun
Brian Daugherty
D.A. Leonard
Vera Westphal

Others Present:

Mark Grady
Steven Huff
Marian Ninneman
Vivian Aikin

1. Topic: Optional Member Required Contributions

Ms. Ninneman explained that ERS has learned of problems concerning payroll deductions of optional member pension contributions. Contributions were taken from the pay of three optional members who had not elected ERS enrollment. The reverse scenario occurred for two optional members who did elect ERS enrollment but contributions were not deducted as should have happened. Ms. Ninneman asked the Committee to provide direction on how to deal with both situations.

After discussion, the Committee concluded that refunds must be given to members who had contributions taken without their authorization. For the two members who opted into ERS but contributions were not taken, the Committee directed ERS to calculate the amount of contributions in question and work out a payment plan with each member. Messrs. Huff and Grady agreed that the back contributions must be taken and the repayments must come from the County pay of each member rather than any outside source. Mr. Huff also stated that ERS must include 8% interest on the refunds and must charge 5% interest on the underpayments.

Ms. Ninneman explained the New Employee Orientation ("NEO") process implemented recently by Human Resources should prevent future occurrences of this type of problem.

2. Topic: Option 1 and Option 7 Proposed Ordinance Amendment

Mr. Grady provided a bullet point summary and draft resolution regarding possible elimination of Option 1 and Option 7 pension benefits. Option 1 allows a member to elect to receive a reduced pension for his life with the member's beneficiary receiving the difference between the benefit amount paid to the member and the membership account balance at the member's retirement. The Option 7 benefit relates to the Pension Board granting "any other form of benefit" at its discretion. Mr. Grady explained the historical context of the Option 1 and Option 7 benefits. After discussion, the Committee recommended this topic be placed on the October agenda for the full Board to consider.

3. Topic: Normal Retirement Age 64 Early Retirement Calculation

The Committee discussed the question of appropriately calculating an early retirement benefit for a member with a normal retirement age of 64 as opposed to 60. Ordinance §201.24(4.2) and (5.2) provide for early retirement at age 55 and 15 years of service with a five percent reduction for each full year between the date the pension begins and normal retirement date. However, the normal retirement age was 60 at the time the Ordinance was written. After discussion, the Committee decided to revisit this topic at a future meeting.

4. Topic: Data Clean Up

In response to a question from Ms. Westphal at an earlier Board meeting, Ms. Ninneman explained to the group the factors that have necessitated extensive cleansing of computer system data. Since the V3 system does not have the same fields as the County's legacy Genesys system, the 8000+ records converted when V3 went live all required varying degrees of "clean up" to insure accuracy. In addition, the ongoing import of data from the County's payroll system is also not "clean". An additional factor is the occasional discovery of errors in old calculations performed by ERS staff. As audits are performed and clean up items are found, they are corrected. Over time, ERS anticipates the number of errors identified will dwindle and the clean up process will diminish accordingly.

The Audit Committee meeting adjourned at 2:25 p.m.