

Milwaukee County Employees' Retirement System (ERS)

Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Call to Order:

Guy Stuller, Chairman, called the Audit Committee Meeting to order at 1:00 pm, on 10-7-10, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

Roll Call:

Board Members Present:

Guy Stuller
Keith Garland
Marilyn Mayr

Others Present:

Gerald Schroeder David Arena
Steve Huff Dale Yerkes

Four (4) handouts were provided to the Audit Committee members and others:

- 2011 Pension Budget (Executive Summary)
- 2011 RFP List
- Deferred Vested Notification (Early Retirement) Paper
- Protective Survivorship Option (PSO) Notification Paper

1. Topic: 2011 Pension Board Budget – Executive Summary

The draft 2011 Pension Board Budget was introduced and summarized for the committee. The budget was prepared to allow for new V-3 Releases, Upgrades, enhancements and a shift to local ERS ownership of on-site system maintenance. The ERS emphasis will be on off-site records storage, OBRA implementation, electronic procedures.

Key budget line items were highlighted, with Investment Manager Fees decreasing \$1,036,000 and Cash Management Fees decreasing \$75,000. Salaries and Benefits increased \$180,000 and Legal Fees decreased \$90,000. Amortization and Depreciation increased \$317,000 and Outside Consultants increased \$159,000.

The 2010 Budget was \$10,383,800 and the 2011 Budget is \$9,806,748. This translates into a \$577,052 decrease.

2. Topic: 2010/2011 RFP List - Draft

The Audit Committee in September requested ERS to draft a 2011 RFP time-line for review. It was suggested that Legal Services be moved up in the time-line, with Banking moved down. The revised RFP List reflects the following target dates:

<u>SERVICE</u>	<u>RFP ISSUED</u>	<u>CONTRACT</u>
Legal Services	December 1, 2010	April 1, 2011
Actuarial Services	February 1, 2011	June 1, 2011
Banking Services	March 1, 2011	July 1, 2011

This revised RFP List will be further reviewed by Corporation Counsel, with a final decision rendered next month. The committee asked ERS to compile a list of major contracts needing to be periodically put out for bid.

3. Topic: Deferred Vested Notification (Early Retirement) - Discussion

The Pension Board in September requested that the Audit Committee review the current Deferred Vested (Early Retirement) notification practice. This was referred back to committee, based on the Board approving Deferred Vested notification for normal retirements.

Notification was discussed based on no legal requirement, but an ethical commitment may be a consideration. There remains 56 deferred vested members who qualify for early retirement. They may or may not be aware of their eligibility. If they were to die in this status, no pension benefits would be paid out.

There remains a V-3 cost to modify the system to accommodate this notification process. It was pointed out that ERS sends out annual Benefit Statements to active employees and deferred vested individuals. Therefore, some sort of annual notification does go out to these individuals. ERS recommends doing nothing at this time and discussing it in the future. The committee recommended holding this issue over to the November meeting when Corporation Counsel could also address the issue.

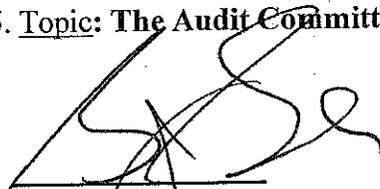
4. Topic: **PSO Notification (Employees) - Discussion**

A discussion took place concerning Protective Survivorship Option (PSO) notification. It was pointed out that the ERS Brochure series addresses notification, as well as the County Intranet system. The V-3 system identifies 909 retirement-eligible members still in active service. They may or may not be aware of the PSO ramifications.

It was pointed out that V-3 is currently able to notify employees of the PSO process. Employees with no spouse and no signed PSO, run the risk of having no pension benefits left to their beneficiary.

This topic was held over to the next meeting for further discussion and Corporation Counsel input.

5. Topic: **The Audit Committee adjourned at 2:30 PM**



Submitted by
Gerald J. Schroeder
ERS Manager