

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 1-12-10, 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
Dean Roepke
Keith Garland
Marilyn Mayr

Others Present:

Gerald Schroeder
Steve Huff
Mark Grady
Dale Yerkes

Six (6) handouts were provided to the Audit Committee members and guests:

- 2010 ERS Cross Coverage Charges Document - G. Schroeder
- 2009/2010 County Budget Fringe Benefit Document – D. Yerkes
- 2010 Annual Audit Report Timeline – D. Yerkes
- Uncashed Pension Checks as Unclaimed Property – S. Huff
- 1013. Optional Forms of Payment Document – S. Huff
- Section 201.24(8.1) Resolution – M. Grady

1. Topic: Benefits Director/ERS Cross Charges-Justification

The cross charges documentation was discussed from a tracking perspective. It was represented as a conservative summary of the Benefits Director's time. Within the Benefits Division, Life & Health have five (5) employees and ERS has 15. David Arena's time spent on retirement system matters is actually higher than the 2010 Pension Budget allocation of 50%. It was pointed out that Corporation Counsel does a split-out of time. It was pointed out that ERS's workload justification was more accurate, in that it was based on actual meetings, committees, panels, RFP's and documented administrative duties. It is possible that more Benefit Division staff may eventually request cross charging, based on ERS workload participation.

It was proposed that David Arena may want to do an ongoing time card split of cross charges, or a 90 day time card trial, to validate the justification document. The matter will be further researched and brought back to the next Audit Committee meeting on 2-8-10, as a carry-over agenda topic.

2. Topic: 2009/2010 Fringe Benefits Formula

The fringe benefit comparison document was highlighted, with the following key discussion points:

- Total Salaries, Wages & Benefits from 2009 to 2010 were \$1,205,485 and \$1,414,096 respectively.
- Change from 2009 Budget due to Rate Change is a decrease \$ (3,248).
- Change from 2009 Budget due to increase in FTE's is an increase \$ 105,470.

3. Topic: 2010 Annual Audit – Update

The revised timeline was discussed with a short actuarial report needed by Buck, by April 2010. The overall timeline is being moved up one month from the past couple years, but actually back to the appropriate schedule. The committee requested that Buck put a preliminary report together in April, to allow for a more fluid process. ERS will contact Buck to ensure good coordination.

4. Topic: Unclaimed Pension Benefits

The issue of what to do with uncashed pension checks was discussed. Currently we do not turn over such funds to the State, as is required by law. Claimants would then need to pursue retrieval of funds through the State and not ERS.

Key points to remember are:

- State Statutes require delivery of funds to the Wisconsin Treasury Department, when checks are uncashed for over 5 years.

- Members are entitled to receive checks and retrieve uncashed checks .
- Intangible property includes pension checks.
- The issue is one of defining the 5 year period. Is it a period tolled by a member cashing subsequent checks, or does it begin the day the uncashed check was issued.

Two options were presented as solutions to the problem:

Option #1 Uncashed checks are deemed abandoned 5 years after the member's last transaction with ERS.

Option #2 Uncashed checks are deemed abandoned 5 years after the date of issue.

Steve Huff recommended Option #2, based on the fact that it aligns with past precedent of workers compensation benefits. It also allows Milwaukee County to turn over funds more quickly, reducing accounting practices. The Direct Deposit system is not an issue here, so it only impacts approximately a 220 pool of paper checks per month, plus older paper checks.

The Audit Committee directed ERS to apply and adapt our fiscal process to Option #2. The Fiscal Officer Assistant indicated that ERS has approximately \$150,000 worth of uncashed checks.

5. Topic: Seasonal Employees in ERS & OBRA

Dean Roepke motioned to go into closed session, to discuss the topic. Three (3) Board members voted YES and one (1) abstained. The matter was discussed in closed session. No recommendation for Board action was made.

6. Topic: Possible ERS Rule Amendments

Possible amendments to Rule 1013 Optional Forms of Payment were summarized, with an emphasis on Buck's view on fiscal impact included. Two concepts were discussed: changing beneficiaries and designating multiple beneficiaries. Basically, changing beneficiaries with Options 1 and 6 has no fiscal impact due to the beneficiary payment being only calculated on the retiree's life expectancy. Options 2-5, are based on the beneficiary's life expectancy and would have a fiscal impact. Buck also recommended that if ERS were to go to multiple beneficiaries, that we should use a formula of equal portions to all beneficiaries and the payment stops when the person dies.

Discussion took place concerning the costs associated with Option 7, and the fees related to the process. ERS was directed to contact Buck and see if a table could be put together relating to multiple beneficiaries.

The committee requested that ERS compile a list of retirees by option-type, for the next meeting. This topic item will be carried over to February's meeting.

The topic of the Board Chair and Vice Chair being able to sign for the full Board was discussed. Steve handed out a proposed rule to codify the current practice of signing for the Board. The committee found the rule to be acceptable and a good documentation of practice. One recital in the preamble to the rule needs to be revised and an amendment will be sent to committee members for review. The committee recommends approval of the rule to the full Board.

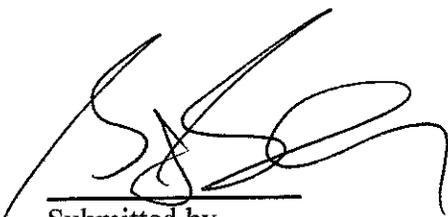
7. Topic: National Association of Pension Attorneys Meeting: February 2-5, 2010

The committee discussed Steve Huff going to the conference next month. Mark Grady will not be attending.

8. Topic: Accidental Disability Approval: Medical Board

This item was held over to a later meeting.

9. Topic: Adjournment: The Audit Committee adjourned at 4:00 pm.



Submitted by
Gerald J. Schroeder
ERS Manager