

Chairperson: Supervisor Paul M. Cesarz
Committee Clerk: Jodi Mapp, 278-4073
Research Analyst: Rick Ceschin, 278-5003

PENSION STUDY COMMISSION
Friday, June 12, 2009 – 8:30 a.m.
Milwaukee County Courthouse, Room 201-B

MINUTES

PRESENT: Supervisors Mayo, Larson, and Cesarz (Chair)
EXCUSED: Ms. Karen Eaton and Mr. Dean Muller

SCHEDULED ITEMS:

1. 08-322(a)(g) From the Pension Obligation Bond Workgroup requesting authorization to amend the Milwaukee County General Ordinance regarding current year contributions related to Pension Obligation Bond sale proceeds. **(Also to the Committees on Personnel and Finance and Audit.)**

APPEARANCES:

Scott Manske, Controller, Administration and Fiscal Affairs, DAS
Larry Langer, Principal, Retirement Consulting, Buck Consultants

- 00:34 Mr. Ceschin stated this is a change to the Ordinance that modifies the way that bond sale proceeds are handled. As it stands, bond sale proceeds are handled over a five-year amortization period. This change would modify the amortization period to thirty years.
- 01:24 Mr. Manske explained that originally, when Milwaukee County was considering Pension Obligation Bond (POB) proceeds, the presentations made to County Supervisors and the County Executive were based on an amortization period of thirty years. This would spread the proceeds over the time period similar to the payback of the bonds. The bonds are going to be paid back over a twenty-five-year period. These proceeds would be spread over a thirty-year period. Currently under Ordinance, these proceeds are considered a contribution, and contribution variances, which are amounts higher or lower than what was required by the actuary in the annual contribution requirement, would have to be spread over a five-year period. In recent years, based upon the actuary contribution requirements, the County has under contributed. Because contributions are treated that way, it was their intent that POB proceeds would be spread over a thirty-year period instead of five. If it was spread over a five-year period, there would be no contributions at all to the retirement system in the next five years. In essence, the entire benefit of the POBs would be used in the next five years, which is actually more like a six-and-a-half-year period. The only thing that would be paid is the interest and principal on the POBs and a contribution to a stabilization fund. The decision was made that the Ordinance needed to be revised, which

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would allow the POB proceeds to be spread over thirty years.

05:28 Mr. Langer gave an overview of his report providing the Committee with a comparison of the three options listed (Status Quo, Alternative A, and Alternative B) reviewing the numbers of these options in detail. Mr. Langer continued his presentation by emphasizing that Status Quo contribution numbers reflect continuing current practices without an amendment to the Ordinance. It is strongly recommended that Milwaukee County does not continue with Status Quo. The Pension Obligation Bond Workgroup recommends adoption of the proposed Ordinance and feels it is a reasonable way to proceed.

Questions and comments ensued.

30:03 Supervisor Larson asked if there were any in attendance who had objections to the report or any other matters that should be presented or discussed. No objections or other matters were raised in response.

ACTION BY: (Larson) Approve based on the Pension Study Commission's review of the actuarial report on the proposed amendment to the Milwaukee County General Ordinance governing current year contributions related to Pension Obligation Bond sale proceeds. 3-0

AYES: Mayo, Larson, Cesarz (Chair) – 3
NOES: 0

STAFF PRESENT:

Scott Manske, Controller, Administration and Fiscal Affairs, DAS
Rick Ceschin, Research Analyst, County Board

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 8:37 a.m. to 9:12 a.m.

Adjourned,

Jodi M. Kapp

Committee Clerk
Pension Study Commission