

**INTEROFFICE COMMUNICATION
COUNTY OF MILWAUKEE**

DATE: June 15, 2012

TO: Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM: Mark A. Grady, Deputy Corporation Counsel,
for the Employee Benefits Workgroup

SUBJECT: Proposed modification of backdrop pension benefit

The Employee Benefits Workgroup (“Workgroup”) has received a copy of the resolution and ordinance amendment sponsored by Supervisor Lipscomb that proposes a modification of the backdrop benefit. Because of the transition that has occurred in the Board of Supervisors, and because the Workgroup has previously facilitated the review of this subject with outside consultants, the Workgroup thought that a brief summary memo might be useful to policymakers and others. I would ask that you forward this memo to the various bodies to whom the proposal is being referred (I am assuming that would be the Committee on Personnel, the Committee on Finance and Audit, the Pension Study Commission and the Pension Board).

Background

The 2011 Adopted Budget provided:

The Employee Benefits Workgroup will study what steps must occur in order to cap the backdrop pension benefit at a future point in time. This includes legal guidance as to how best to proceed and an actuarial study of the impact of such an action.

The Workgroup obtained the necessary funding from the County Board in March of 2011. The Workgroup then obtained the analyses necessary to comply with the Budget directive from consultants. Thus, legal guidance from outside counsel was obtained concerning possible modifications to the backdrop benefit. That legal guidance has been presented to the Committee on Personnel and the Committee on Finance and Audit. Actuarial analysis has also been obtained and presented to the Committees.

Supervisor Lipscomb is now sponsoring a proposed modification of the backdrop pension benefit. This memo will briefly summarize the proposal.

Preliminarily, it should be noted that Milwaukee County must collectively bargain any pension benefit changes with unions representing public safety workers. Thus, the attached resolution cannot and does not affect members of the Milwaukee County

Marina Dimitrijevic

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Firefighters Association. In addition, members of the Milwaukee Deputy Sheriffs Association are not eligible for a backdrop pension benefit and therefore this proposal does not affect MDSA members. The proposal does apply to all other members of the Employees Retirement System that are eligible for a backdrop upon retirement.

Proposed policy

The proposed date for the effectiveness of this change is September 1, 2012. The proposal caps the monthly amount that can be used to calculate the lump sum backdrop payment at the monthly amount that an employee would be eligible to receive as of September 1, 2012, based on the employee's final average salary, service credit and applicable multiplier(s) accrued as of that date, regardless of any back drop date that is later than September 1, 2012 and that is ultimately selected by the employee.

An employee who is already eligible to retire and receive a backdrop pension benefit and who selects a backdrop date *prior* to September 1, 2012 will not be affected by this modification. However, an employee who becomes eligible to retire and receive a backdrop pension benefit at some future date after September 1, 2012 will be eligible for a lump sum backdrop benefit only under this modified provision.

Example

Each employee's situation will be different, but an example will illustrate the proposed modification. For example, assume an employee decides to retire on September 1, 2032. Assume the employee is eligible for and decides to elect a backdrop benefit based on a backdrop date as of September 1, 2027 (a five year "drop"). The monthly pension annuity that the employee will receive during retirement will be calculated under this proposal, just as it is currently, based on the employee's final average salary, service credit and applicable multiplier(s) on September 1, 2027, as though the employee had retired on that date. The proposal does not change this monthly annuity portion of the backdrop benefit. The proposal does change the calculation of the lump sum backdrop payment.

Under current ordinances, the lump sum backdrop benefit is calculated by taking that same monthly amount, calculated as of September 1, 2027, and multiplying it by the number of months of backdrop. In this example, that monthly amount is multiplied by 60 (twelve months per year times the five years of backdrop from 2032 to 2027). In addition, the formula includes factors for the assumed rate of return for the pension fund (currently 8%) and the annual cost of living increase. Under the proposal, in this example, the monthly amount that is utilized to calculate the lump sum backdrop payment is the monthly amount that the employee would have been eligible to receive on September 1, 2012 rather than the monthly amount on the backdrop date chosen by the employee (in this example September 1, 2027). That monthly amount, calculated as of September 1, 2012, is then multiplied by 60, together with the applicable interest rate and cost of living increase as under the current calculation.

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Thus, the proposal has a greater potential effect on an employee who is further away from possible retirement than an employee who is closer to retirement. Additions to an employee's pension service credit and any increases in an employee's final average salary that occur during the employee's continuing employment after September 1, 2012 will not be considered in the calculation of the lump sum backdrop payment.

It should also be noted that an employee who does not choose to receive a backdrop pension benefit and who chooses to receive only a normal monthly retirement benefit will not be affected by this proposal in any manner. In the example, if the employee does not choose a backdrop benefit and retires with a monthly pension annuity as of September 1, 2032, the employee will receive a monthly pension calculated as of September 1, 2032, in the same manner as currently.

Codification of eligibility from union contracts

Last, the proposal contains ordinance amendments (in paragraph 5.16(1)) to codify into the ordinances the various provisions from collective bargaining agreements that establish which union members are eligible to elect a backdrop benefit based on their date of membership in the pension system. As with other recent codifications of other pension benefit provisions from collective bargaining agreements, the Workgroup favors these particular amendments for ease of future reference given that most union contracts now cannot address pension benefits. These proposed amendments do not change current eligibility requirements, but merely codify them from the union contracts into the ordinances.

cc: Steve Cady
Carol Mueller
Jodi Mapp
Amber Moreen

1 By Supervisor Lipscomb

File No.

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(Journal,)

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A RESOLUTION/ORDINANCE

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to amend Section 201.24(5.16) of the Milwaukee County Code of General Ordinances as it pertains to the “backdrop benefit.”

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WHEREAS, the backdrop pension benefit has cost Milwaukee County significant amounts in increased contributions to the Employees Retirement System; and

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WHEREAS, Milwaukee County eliminated the backdrop pension benefit for all employees whose membership in the retirement system began after various dates, depending on the employee’s union status at retirement; and

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WHEREAS, Milwaukee County sued the actuarial firm that provided advice at the time of the adoption of the backdrop benefit and obtained a settlement amount of \$45 million; and

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WHEREAS, 2011 Wis. Act 10 prohibits Milwaukee County from collective bargaining concerning pension benefits, except with collective bargaining units representing public safety workers, and therefore allows Milwaukee County to modify pension benefits for non-public safety worker employees; and

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WHEREAS, Milwaukee County must collectively bargain any changes in the backdrop pension benefit with members represented by the Milwaukee County Firefighters Association and therefore the changes set forth herein do not apply to such members; and

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WHEREAS, because of the past, current and future costs to Milwaukee County and its pension fund related to the backdrop, it is appropriate and desirable to modify the backdrop benefit to reduce those costs, to the extent legally permissible; and

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WHEREAS, the proposed modification of the backdrop benefit does not affect the benefit of any employee currently eligible to retire and receive a backdrop benefit and, further, it does not reduce the benefit that has been accrued by any other employee as of September 1, 2012; and

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WHEREAS, the Pension Study Commission reviewed the actuary’s report on _____, _____, 2012 and has recommended the County Board adopt the proposed changes (Vote X-X); and

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WHEREAS, the Pension Board was provided an opportunity to comment on the proposed change and its response has been received; now, therefore,

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BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby amends Section 201.24(5.16) of the Milwaukee County Code of General Ordinances by adopting the following:

AN ORDINANCE

The County Board of Supervisors of the County of Milwaukee does ordain as follows:

SECTION 1. Section 201.24(4.1) of the General Ordinances of Milwaukee County is amended as follows:

5.16 Back drop pension benefit.

(1) The provisions of this section shall apply to any member whose application to retire is filed and effective after January 1, 2001, but shall not apply to any member of the retirement system who

- (a) is an elected official, or who was in a position that was not in a certified collective bargaining unit on June 29, 2011, and who began membership in said system on or after March 15, 2002.
- (b) was in a position in a certified collective bargaining unit represented by the American Federation of State, County and Municipal Workers on June 29, 2011 and who began membership on or after February 1, 2007.
- (c) was in a position in a certified collective bargaining unit represented by the Milwaukee Building and Construction Trades Council on June 29, 2011 and who began membership on or after February 21, 2006.
- (d) was in a position in a certified collective bargaining unit represented by the Association of Milwaukee County Attorneys on June 29, 2011 and who began membership on or after January 1, 2006.
- (e) was in a position in a certified collective bargaining unit represented by the International Association of Machinists or by the Technicians, Engineers and Architects of Milwaukee County on June 29, 2011 and who began membership on or after November 4, 2005.
- (f) was in a position in a certified collective bargaining unit represented by the Federation of Nurses and Health Professionals on June 29, 2011 and who began membership on or after December 16, 2005.
- (g) was in a position in a certified collective bargaining unit represented by the Milwaukee County Firefighters Association on June 29, 2011 and who began membership on or after June 19, 2007.
- (h) ~~or to a member who~~ was formerly a represented deputy sheriff and who was appointed to a non-represented position effective after June 30, 2009.
- (i) ~~or who~~ is eligible for a deferred pension benefit under section 201.24(4.5) or a disability pension benefit under sections 201.24(5.3), (5.31) or (5.4)-or

84 (j) ~~The "back drop" pension benefit under this section 5.16 shall not~~
85 ~~apply to any~~ is an elected official whose membership began prior to March
86 15, 2002, if such elected official consents irrevocably in writing filed with
87 the system to waive the right to elect to receive a "back drop" pension
88 benefit.

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90 (2) Upon retirement, the provisions as hereafter described shall be the sole
91 method for calculating retirement benefits under this section. A member eligible
92 under paragraph (1) may opt for a "back drop" pension benefit as follows:
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94 (a)~~(1)~~ A member may request a "monthly pension benefit" based on
95 accrued pension service credit and final average salary calculation as of a
96 specific date in the past which shall be referred to as the "back drop date." The
97 "back drop date" may not be prior to the earliest date that the member was
98 eligible to retire, and shall not be less than one (1) year prior to the date the
99 member leaves active county service. The monthly pension benefit the member
100 was eligible to receive as of the "back drop date" shall be referred to as the
101 "monthly pension drop benefit."
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103 (b)~~(2)~~ In addition to the monthly pension benefit set forth in paragraph (a),
104 a member will receive a "total drop benefit" equal to ~~t~~The total amount of the
105 "monthly drop benefit" payments, as defined in paragraph (c), the member would
106 have received (including the annual two (2) percent pension increase) between
107 the "back drop date" and the date the member is removed from the county
108 payroll due to actual retirement (after exhausting all accrued time balances as
109 documented by an ETCR form), plus interest earnings (compounded monthly)
110 equal to the pension fund rate of return used by the ERS actuary, shall be
111 referred to as the "total drop benefit."
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113 (c)(1) If the backdrop date requested by the member is on or after
114 September 1, 2012, then the "monthly drop benefit" utilized for calculating the
115 "total drop benefit" in paragraph (b) shall be the monthly amount calculated
116 based on the member's final average salary, service credit and applicable
117 multiplier(s) as of September 1, 2012. If such a member was not employed on
118 September 1, 2012, but returns to county employment thereafter, then the
119 "monthly drop benefit" shall be the monthly amount calculated based on the
120 member's final average salary, service credit and applicable multiplier(s) as of his
121 or her last day of employment prior to September 1, 2012.
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123 (2) If the backdrop date requested by the member is prior to September 1,
124 2012, then the "monthly drop benefit utilized for calculating the "total drop
125 benefit" in paragraph (b) shall be the "monthly pension benefit" in paragraph (a)
126 on the "back drop date" requested by the member.

127 (3) Notwithstanding subparagraphs (c)(1) and (2), if the member is
128 represented at the time of retirement by the Milwaukee County Firefighters
Association, then the "monthly drop benefit utilized for calculating the "total drop

129 benefit" in paragraph (b) shall be the "monthly pension benefit" in paragraph (a)
130 on the "back drop date" requested by the member.

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132 (3) If the member opts for a "back drop" pension benefit:

133 a. ~~The~~ "total drop benefit" shall be paid to the member with appropriate
134 deductions for state and federal taxes; or if permitted by IRS regulations, the
135 member may "roll over" all or a portion of the "total drop benefit" to an IRA.

136 b. ~~The "monthly drop benefit" shall be paid to the member.~~

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138 (4) The standard pension options shall be available to a member who opts for a
139 "back drop benefit", and the retention incentives incorporated into the pension
140 benefit effective January 1, 2001, shall be included when calculating the "monthly
141 pension benefit" or the "monthly drop benefit." Therefore, a member who opts for
142 a "back drop benefit" with a "back drop date" prior to January 1, 2001, shall be
143 eligible for the retention incentives which became effective as of January 1, 2001,
144 based on continued service after January 1, 2001.

145

146 (5) A member who opted for a "back drop benefit" upon retirement and later
147 returns to active service and is eligible to earn additional pension service credit,
148 shall cease receiving the monthly ~~pension drop~~ benefit until the member once
149 again terminates active service. Upon once again retiring, the member shall have
150 any new service credit added to the service credit used to calculate the "monthly
151 ~~pension drop~~ benefit", and the member's final average salary shall be
152 recalculated to incorporate the most recent earnings.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: May 1, 2012

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: A resolution/ordinance to modify the backdrop benefit related to the Employees' Retirement System.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input checked="" type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|---|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure		
	Revenue		
	Net Cost	See	Attached
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

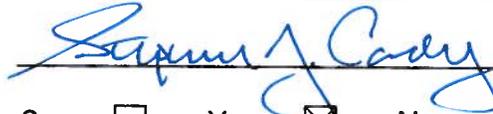
In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

Approval of this resolution/ordinance will result in a decrease in County and employee contributions to the Employees' Retirement System. Please see the attached fiscal analysis from Buck Consultants outlining the changes to the backdrop benefit and the anticipated savings expected if adopted.

Department/Prepared By Steve Cady, Fiscal and Budget Analyst, County Board

Authorized Signature

_____

Did DAS-Fiscal Staff Review? Yes No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

May 1, 2012

Mr. Mark Grady
Deputy Corporation Counsel
Milwaukee County Employees' Retirement System
901 N. 9th St., Room 303
Courthouse
Milwaukee, WI 53233

RE: Actuary's Review of Possible Backdrop Modification

Dear Mr. Grady:

We have reviewed a possible modification to the backdrop benefit. As summary of the modification is as follows:

- Under this proposal, if and when a member becomes eligible for, and elects, a backdrop at some future date, the monthly benefit that would be used for purposes of calculating the amount of the backdrop would be limited to the monthly pension benefit that the member would be eligible to receive as of September 1, 2012. This modification would have no impact on members who are eligible for a back-drop and have reached their eligible retirement date prior to September 1, 2012, as long as that member chooses a back drop date which is on or before September 1, 2012. Thus, for calculation of the backdrop benefit at any backdrop date in the future, the monthly benefit amount will be limited to the service credit, final average salary and multiplier for that member no later than 9/1/12. However, the actual monthly annuity that the member would be paid would be calculated as of the backdrop date selected by the member. Thus, the monthly annuity paid to the member would be based on the member's service credit, final average salary and multiplier in effect as of the actual backdrop date. This modification would result in a difference between the currently calculated formula of back-drop date annuity (after September 1, 2012) versus September 1, 2012 annuity.

Actuarial Analysis

To determine the actuarial impact of the proposed modification, we developed actuarial projections based on the proposed modification and compared them to the current actuarial position of Milwaukee County Employees' Retirement System. For calculation purposes, we utilized an effective date of 1/1/12 rather than the proposed date of 9/1/12. This difference does not result in a significant change in our conclusions. The figures labeled "Change in Present Value of Future Benefits" represents the present value of the anticipated contribution savings for the proposed modification. The anticipated present value of the *savings* is \$15.7 million dollars for the proposed modification. At the bottom of the exhibit is the "Change in Total contributions". This is the impact on the current year contributions under the proposed modification. The estimated *savings* in contributions is \$1.2 million under this proposed modification.

The savings shown above are the total savings. The state has mandated that retirement system members and the County share in the contributions to the Milwaukee County Employees' Retirement System. (Refer to our letter dated July 11, 2011 for more information on this analysis). Because the members share in increases in contributions, they also share in contribution decreases. The percent of the total contributions that the County pays will vary from year to year. It is anticipated that the county will realize 60% to 70% of the savings shown above, with the members realizing the remainder of the savings.

Basis for the Analysis

Unless otherwise noted in this analysis, we have based this analysis on the data, assumptions and methods used for the preliminary results of the January 1, 2011 actuarial valuation. There are 4,448 active members in the January 1, 2011 actuarial valuation. Of these 3,041 are eligible for DROP benefits. Of those eligible for DROP 859 are eligible to retire as of January 1, 2012.

For purpose of this analysis, current provisions include the provisions included for the January 1, 2011 actuarial valuation, updated for the following:

- State-Mandated Employee Pension Contributions (refer to our letter dated July 11, 2011)
- The decrease in the multiplier from 2.0% to 1.6% for current members' future service & future hires' total service, and the increase the normal retirement age to 64 for future hires only for certain employee groups (refer to our letter dated July 19, 2011)

The undersigned is a Member of the American Academy of Actuaries and meets the Academy's Qualification Standards to issue this Statement of Actuarial Opinion.

Sincerely,



Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

LFL:pl
19150/C7317RET01-Poss-Backdrop-Mod.doc

Milwaukee County
January 1, 2011 Cost Study Results
Actuary's Review of Possible Backdrop Modification*

Exhibit

Item	1) January 1, 2011 Actuarial Valuation	2) January 1, 2011 Actuarial Valuation updated for Current Provisions	3) Proposed Modification - DROP lump sum based on benefit as of 1/1/2012
Valuation Results			
1. Present Value of Future Benefits			
a) Active Participants	\$ 770,715,962	\$ 750,952,768	\$ 735,262,508
b) Participants with Deferred Benefits	69,435,621	69,435,621	69,435,621
c) Participants Receiving Benefits	1,379,441,317	1,379,441,317	1,379,441,317
d) Total	<u>\$ 2,219,592,900</u>	<u>\$ 2,199,829,706</u>	<u>\$ 2,184,139,446</u>
Change in Present Value of Future Benefits			\$ (15,690,260) *
2. Present Value of Future Normal Cost	\$ 127,666,249	\$ 108,178,184	\$ 104,883,312
3. Actuarial Accrued Liability: (1 - 2)	\$ 2,091,926,651	\$ 2,091,651,522	\$ 2,079,256,134
4. Actuarial Value of Assets	\$ 1,929,427,864	\$ 1,929,427,864	\$ 1,929,427,864
5. Funded Status: (4 / 3)	92.2 %	92.2 %	92.8 %
6. Unfunded Actuarial Accrued Liability: (3 - 4)	\$ 162,498,787	\$ 162,223,658	\$ 149,828,270
7. Normal Cost Rate	8.457 %	7.166 %	6.948 %
8. Normal Cost for the Plan Year	\$ 18,744,724	\$ 15,883,655	\$ 15,477,176
Change in Normal Cost			\$ (406,479)
Total Actual Funding Contribution and Annual Required Contribution for Fiscal Year			
9. Actual Funding Contribution Calculated by Actuary			
a) Normal Cost with Interest	\$ 19,480,089	\$ 16,506,778	\$ 16,084,353
b) Net Annual Amortization Payments	7,327,948	7,310,778	6,537,214
c) Total Contribution: ((a + b), not less than zero)	<u>\$ 26,808,037</u>	<u>\$ 23,817,556</u>	<u>\$ 22,621,567</u>
Change in Total Contributions			\$ (1,195,989) *

* The savings shown above are the total savings. The state has mandated that retirement system members and the County share in the contributions to the Milwaukee County Employees' Retirement System. (Refer to our letter dated July 11, 2011 for more information on this analysis). Because the members share in increases in contributions, they also share in contribution decreases. The percent of the total contributions that the County pays will vary from year to year. It is anticipated that the county will realize 60% to 70% of the savings shown above, with the members realizing the remainder of the savings.

**INTEROFFICE COMMUNICATION
COUNTY OF MILWAUKEE**

DATE: May 1, 2012
TO: Marina Dimitrijevic, Chairwoman, County Board of Supervisors
FROM: Mark A. Grady, Deputy Corporation Counsel *MAG*
SUBJECT: Addition of MDSA member to Pension Board

Please refer the attached resolution to the Committee on Personnel and to the Pension Study Commission.

In late 2011, Milwaukee County ratified a 2009-12 collective bargaining agreement with the Milwaukee Deputy Sheriffs Association. Section 3.20(3) of that agreement provides:

Effective as soon as administratively practicable after the ratification/adoption of this agreement, Milwaukee County will add one (1) member to the Milwaukee County ERS Board. The new member will be a member of the Milwaukee Deputy Sheriffs' Association.

The attached resolution and ordinance amendment effectuates that agreement. This will result in a ten (10) member Pension Board: three members appointed by the County Executive, two members appointed by the Chair of the County Board, three members elected from active employees, one member elected by the retired members and one member appointed by the MDSA.

The MDSA member is proposed to be selected by the Executive Board of the MDSA and to be an active county employee member of the MDSA. It is proposed that members of the MDSA will not be eligible to run for, or vote in, the elections for the three other elected employee member positions on the Pension Board. The MDSA member will be subject to all of the other qualifying provisions that are applicable to the elected employee members, such as term limits and the absence of ethics convictions.

Encl.

cc: Steve Cady
Jodi Mapp
Amber Moreen

A RESOLUTION

To amend Section 201.24(8.2) of the Milwaukee County Code of General Ordinances as it pertains to membership on the Pension Board.

WHEREAS, the Pension Board includes three members elected from amongst the active employees, and

WHEREAS, Milwaukee County ratified a collective bargaining agreement with the Milwaukee Deputy Sheriff's Association (MDSA) that provides for a member of the MDSA to be added as a member to serve on the Pension Board, and

WHEREAS, Milwaukee County and the MDSA agreed during negotiation that this MDSA member is intended to be appointed by the Executive Board of the MDSA from amongst the active County employee members of the MDSA, and

WHEREAS, the Pension Study Commission reviewed this proposal at its meeting on _____, 2012 and voted X-X to recommend the resolution,

NOW THEREFORE,

BE IT RESOLVED, that in order to implement provisions of the 2009-12 collective bargaining agreement with the MDSA, the Milwaukee County Board of Supervisors hereby amends Section 201.24(8.2) of the Milwaukee County Code of General Ordinances by adopting the following:

AN ORDINANCE

The County Board of Supervisors of the County of Milwaukee does ordain as follows:

Section 1. Section 201.24(8.2) of the General Ordinances of Milwaukee County is amended as follows:

8.2 Membership

(1) Members shall not serve more than two (2) consecutive, full, three-year terms; however, a member's service for a partial term of less than three full years in order for that member to complete the balance of a three year term of a prior member is not included in this limitation. Members may not continue to

43 serve after the completion of any term, unless re-appointed and confirmed or re-
44 elected. A member having served two (2) terms may be eligible for re-election or
45 re-appointment after not having been a member for at least three (3) years from
46 the last date of service on the board. If re-appointed or re-elected, the members
47 must adhere to the same term limitation of two (2) consecutive three-year terms.
48 A member may not continue to serve if at any time the member does not possess
49 the qualifications that would be applicable to the member at the time of the
50 member's appointment, election, re-appointment or re-election. The board shall
51 determine any question arising under this section 8.2 concerning a member's
52 qualification or eligibility to continue to serve as a member.

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54 (2) None of the appointed members of the pension board nor any
55 family members of the appointed members of the pension board shall be
56 participants in, or beneficiaries of, the Milwaukee County Employee Retirement
57 System. None of the appointed members of the pension board shall have
58 relationships or ties to any provider of services to the Milwaukee County
59 Retirement System, Milwaukee County Pension Board, or the Milwaukee County
60 Pension Study Commission.

61
62 (3) No member shall be eligible to serve, or to continue serving, on the
63 pension board who has been found or determined by any Wisconsin
64 governmental unit or agency to have violated any provision of an applicable
65 ethics or lobbying code or who has been convicted of any crime of misconduct in
66 office or any crime involving dishonesty or theft.

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68 (4) The membership of the board shall consist of the following:

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70 (a) Three (3) members to be appointed by the county executive
71 (subject to confirmation by two-thirds (2/3) or more of the members-
72 elect of the county board), for a term of three (3) years.

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74 (b) Two (2) members appointed by the county board
75 chairperson (subject to the confirmation of the county board and to
76 county executive approval or veto, with proceedings on veto), for a
77 term of three (3) years.

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79 (c) ~~Four (4)~~ Three (3) ~~elected members consisting of three (3)~~
80 employee members who are not members of the Milwaukee
81 Deputy Sheriffs Association and one (1) retiree member. The
82 employee board members who shall be members of the system
83 and who shall be elected by members of the system, other than
84 members of the Milwaukee Deputy Sheriffs Association. except
85 for the retiree member who shall be elected by retired members
86 only for terms of three (3) years. Effective for employee elections
87 occurring after April 1, 2012, employees who work for the
88 Employees Retirement System, Department of Human Resources

89 or Corporation Counsel are not eligible for election to, or service
90 on, the pension board. The board may adopt rules and
91 regulations governing such election including a division of county
92 employees into groups for the purpose of electing one (1)
93 employee member of the board from among the employees of
94 each group. However, no such group may include members of the
95 Milwaukee Deputy Sheriffs Association.

96
97 (d) One retiree member who shall be a member of the system and
98 who shall be elected by retired members.

99
100 (e) One employee member of the Milwaukee Deputy Sheriffs
101 Association for a term of three (3) years who must be an active
102 County employee upon appointment and throughout his or her
103 term(s). This member shall be appointed by the Executive Board
104 of the Milwaukee Deputy Sheriffs Association utilizing a method
105 for selection that the Executive Board deems appropriate. Once
106 appointed, this member may not be removed by the Executive
107 Board of the Milwaukee Deputy Sheriff Association.

108
109 (f) Appointing authorities shall ensure that the employee members of
110 the pension board are released from their work assignments to
111 attend meetings of the pension board and any other meeting
112 related to pension board business for which public notice is
113 required which occurs during their regularly scheduled work shift.

114
115 **Section 2.** This amendment shall be effective upon passage and publication.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: May 1, 2012

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Addition of MDSA member to Pension Board.

FISCAL EFFECT:

No Direct County Fiscal Impact Increase Capital Expenditures

Existing Staff Time Required

Increase Operating Expenditures
(If checked, check one of two boxes below)

Decrease Capital Expenditures

Increase Capital Revenues

Absorbed Within Agency's Budget

Decrease Capital Revenues

Not Absorbed Within Agency's Budget

Decrease Operating Expenditures

Use of contingent funds

Increase Operating Revenues

Decrease Operating Revenues

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. **Attach additional pages if necessary.**

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

Approval of this Resolution will result in a member of the MDSA being added as a member of the Pension Board. Any additional trustee expenses, such as for education or parking, will be funded by the Employees Retirement System.

Department/Prepared By Corporation Counsel

Authorized Signature Mark A. Hoody

Did DAS-Fiscal Staff Review? Yes X No

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.