

2005 Budget Presentation

Employes' Retirement System



2003/2004 Accomplishments

- Issued a Request for Proposal for the backfile conversion of our paper records and awarded a contract to ATI Corporation. approximately 750,000 records have been scanned and 400,000 have been indexed to date.
- Continued implementation of a pension management information system (MERITS) which will include some member self service features. Expected go live date fall, 2005.
- Continued to improve member communications.
- Continued Monitoring of Investment Portfolio and hired new international manager, William Blair to replace Putnam.

Pension Management Information System (MERITS)

- Acquired software and hardware for the new system and installed the servers in a safe and secure environment with proper heating and ventilation.
- Completed a gap analysis in early 2004. Design and build of 17 separate components underway by Covansys. Unit testing of the new system is expected to begin later this year with system testing extending into 2005.
- Project is monitored by A & O Committee of the Board.
- Go live date fall, 2005.
- Member self service options will be available after ERS is satisfied that all aspects of the system are operating properly.

Improved Member Communications

- Continued production of monthly newsletter for retirees and an active newsletter to accompany year end statements.
- Expanded the number of retirement planning seminars including outreach to other member agencies.
- Developed additional brochures on member benefits and calculations.
- Updated web-based pension estimator available at www.cmers.com to include new option factors. (31,000 estimates done on-line during the past 2 years)
- Continued surveys for new retirees, comment cards, etc.

Portfolio Monitoring

- 1/1/2004 Valuation reflects funded status of 116% on an actuarial basis, and 121.1% on a market value basis.
- As of 10/8/04 estimated value of fund is \$4.13 billion up from 1/1/04 value of \$4.08 billion (market gains in excess of \$.187 billion). Since ERS is a mature fund we pay out more in benefits than we receive from the sponsoring agencies which accounts for the difference.
- Daily, monthly and quarterly monitoring of investment returns.
- Due Diligence trips to current and new managers.
- Investment Managers attend at least one investment committee meeting a year to discuss performance, staffing changes, economic outlook etc.

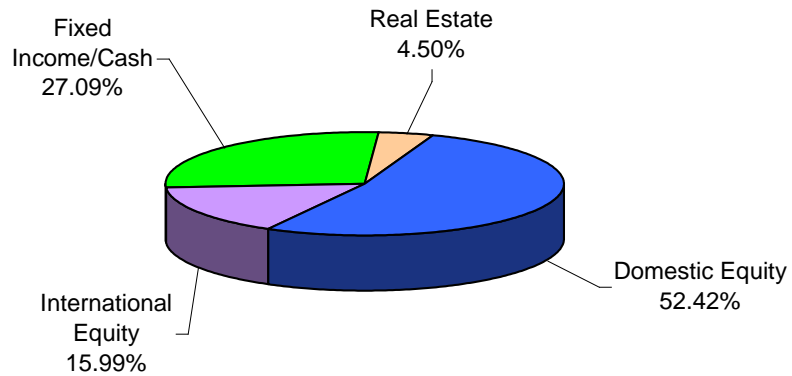
ERS Returns

PERIOD ENDING June 30, 2004

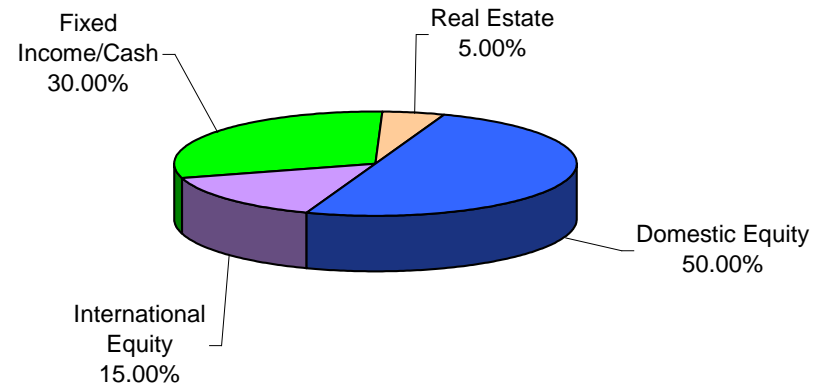
	Year to Date	1 Year	3 Years	5 Years	Since 1/1/79
Returns:					
Fund Return Gross of Fees	3.9%	19.1%	5.9%	5.1%	10.9%
Fund Return Net of Fees	3.8%	18.8%	5.6%	4.9%	10.3%
Median Public Fund over \$1 Billion	3.5%	17.5%	4.5%	4.1%	n/a
Benchmark Index	2.8%	15.3%	3.4%	2.2%	9.5%

ERS Portfolio

Actual Allocations

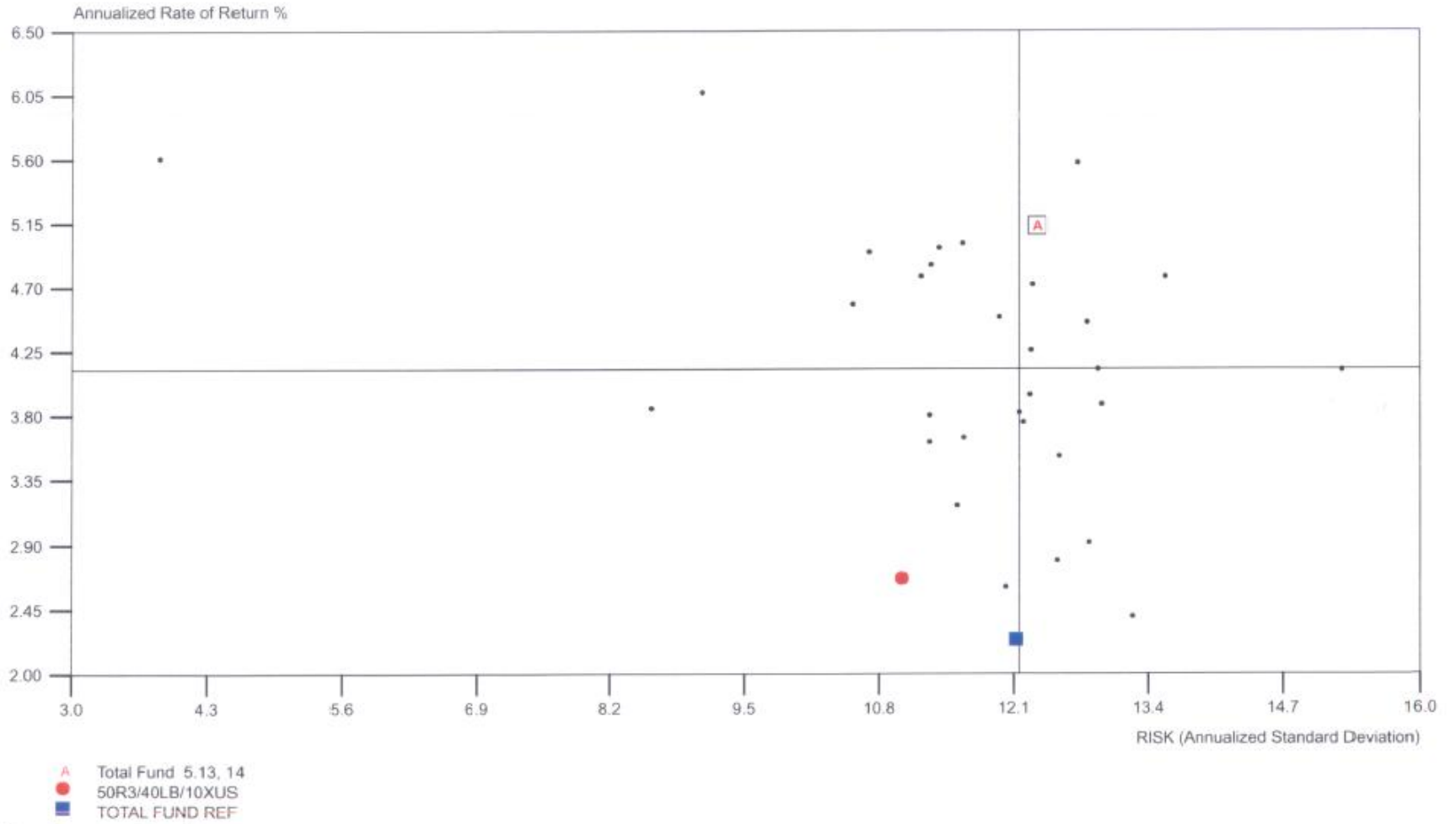


Policy Allocations



Total Funds Billion Dollar - Public

Risk-Return Comparisons
5 Years Ending June 30, 2004
31 Portfolios



Mercer Investment Consulting

2004/5 Proposed Activities

- Implement an internal audit process for the ERS.
- Conduct a fiduciary audit of the pension system.
- Continue work on MERITS, scheduled for 2005 implementation.
- Develop internal procedures for operating the electronic document management system.
- Finish work on the data remediation efforts for single data repository with sufficient detail to operate MERITS.
- Continue analysis of Private Equity as an additional asset class for the fund.