

**INTERGOVERNMENTAL COOPERATION AGREEMENT
BETWEEN THE CITY OF MILWAUKEE
AND
EMPLOYEES' RETIREMENT SYSTEM AND
ANNUITY AND PENSION BOARD**

THIS AGREEMENT is made this ____ day of _____, 2002, by and between the City of Milwaukee (City), a municipal corporation, organized and existing under the laws of the State of Wisconsin and the Charter of the City of Milwaukee, and the Milwaukee Employees' Retirement System and Annuity and Pension Board (ERS), a body corporate and politic, organized and existing under the laws of the State of Wisconsin and the Charter of the City of Milwaukee.

I. RECITALS

A. The City, City Agencies, representatives of employee groups and retirees have entered into a memorandum of understanding calling for a global pension settlement.

B. Common Council Charter Ordinance File No. 991585, as amended, embodies the global pension settlement.

C. Under the terms of the global pension settlement, effective January 1, 2000, all expenses in connection with the administration and operation of the ERS, defined as those described in the letter dated April 29, 1999 (and attachments) attached to File No. 991585, which is attached to this Agreement as **Exhibit A**, including investment related expenses, computerization related expenses, and indirect related

expenses (overhead) shall be paid from the combined fund created under the global pension settlement.

D. Under the terms of File No. 991585 the charter ordinance was not to take effect until there was a determination by a court of competent jurisdiction final and binding on the rights of all members, retired members, survivors and beneficiaries of the ERS relative to the global pension settlement, declaring the charter ordinance to be legal and enforceable.

E. By Judgment dated November 16, 2000, the Circuit Court of Milwaukee County approved the charter ordinance and ordered the City to certify the effective date of the charter ordinance. The City Attorney of the City of Milwaukee has certified the charter ordinance to be effective as of January 19, 2001.

F. In an Intergovernmental Cooperation Agreement between the City and ERS dated February 20, 2001, it was agreed that the City advance to the ERS budget authorized funds for the administration and operation of the ERS to cover expenses incurred by the ERS from January 1, 2000 through January 18, 2001. ERS agreed to reimburse the City for the funds so advanced within 30 days following receipt by the ERS of a written request by the City to the ERS of an itemized statement showing the requested reimbursement amount. This Agreement covers the period from January 19, 2001 forward.

II. AGREEMENT

A. The period from January 19, 2001 through December 31, 2002. The City advanced to ERS, budget authorized funds for the administration and operation of the ERS as defined in s. 36-08-9-a of the Charter, to cover expenses incurred by the ERS from January 19, 2001 through August 31, 2002. Pursuant to requests of the City, ERS has reimbursed the City the liquidated sum of \$29,036,188.58 and will reimburse the indirect charges attributable to such sum in the amount of 9.2% of the liquidated sum in partial satisfaction of administration and operational obligations of ERS to the City through August 31, 2002. ERS agrees to pay the City for ERS budget authorized funds for administration and operation of ERS which are advanced by the City during the remainder of such period (September 1, 2002 through December 31, 2002) within 60 days following receipt of an itemized statement from the City showing each amount and purpose.

B. The period after December 31, 2002. ERS budgeted expenses for the administration and operation of the ERS as defined in s. 36-08-9-a of the Charter, incurred from and after January 1, 2003 shall, at the option of the City, be advanced by the ERS by paying the City 1/12th of current calendar year budgeted expenses no later than 15 days prior to the end of each month of the calendar year. Annually, prior to January 30th following the close of the calendar year, but in any event no later than the closing of the City's accounts for the calendar year, the parties shall execute a settlement for such calendar year, which shall constitute a full settlement for such

calendar year; provided, however, ERS shall be given at least thirty (30) days notice of any amount due in connection with such settlement to allow for liquidation of assets, if necessary, to pay such amount.

C. Indirect Rate. The indirect rate (including space rental charges) for calendar year 2002 shall be 9.2% of the direct salary charges. This rate shall apply to calendar years 2003 through 2007, unless the Annuity and Pension Board and the City Department of Administration agree in writing to a different indirect rate.

D. Contingency requests. The City will adopt an amendment to s. 36-08-3-a of the Charter, attached to this agreement as **Exhibit B**. All contingency requests shall be processed in accordance with the amendment.

III. DISPUTE RESOLUTION

A. This Agreement relates exclusively to expenses in connection with the administration and operation of the ERS defined as those described in the letter dated April 29, 1999 (and attachments) attached to File No. 991585, April 11, 2000; effective January 19, 2001, including investment related expenses, computer related expenses and indirect related expenses (overhead). Under the terms of s. 36-08-9-a, effective January 1, 2000, all such expenses shall be paid from the combined fund created under the Employees' Retirement Act.

B. In the event of a dispute between the City and the Annuity and Pension Board as to whether an item of expense is subject to the requirements of this Agreement, the parties hereby agree to submit the item of expense in dispute to final

and binding arbitration, by an arbitrator mutually agreed to by the parties and to be bound by the written determination of the arbitrator. Any arrearage owed by either party as of the settlement date shall bear interest at the statutory rate of 5% simple from and after the settlement date.

C. Any disputed item that may have an impact on the tax qualification status of the ERS Trust Fund shall be advanced by ERS to the City prior to its being submitted to the IRS by the City at the expense of the ERS for a determination before submitting the dispute to arbitration under this Agreement. If the IRS rules against the City on the disposition, or if the IRS rules in favor of the City on the disposition but the arbitrator rules against the City on the disposition, the funds advanced shall be returned to the ERS by the City together with interest at the statutory rate of 5% simple from and after the date of the advance.

D. For the purpose of this Article, the City shall be represented by the Director of Administration and the ERS by the Chairman of the Annuity and Pension Board. The costs of arbitration shall be split between the parties.

IV. TERMINATION

Either party may terminate this Agreement at the close of a calendar year by giving the other party ninety days advance written notice. If notice of termination is given, this Agreement will continue to cover ERS budgeted expenses incurred up to the date of termination (e.g. the close of such calendar year). For purposes of providing and receiving notices of termination under this paragraph, the City shall be represented

by the Director of Administration and the ERS shall be represented by the Annuity and Pension Board.

IN WITNESS WHEREOF, the parties have had their presence duly executed in their respective names by their respective officers as of the day and year first written above.

IN THE PRESENCE OF:

CITY OF MILWAUKEE

Date

John O. Norquist, Mayor

Date

Ronald D. Leonhardt, City Clerk

COUNTERSIGNED:

Date

W. Martin Morics, Comptroller

IN THE PRESENCE OF:

**ANNUITY AND PENSION BOARD
OF THE EMPLOYES' RETIREMENT
SYSTEM OF THE CITY OF
MILWAUKEE**

Date

W. Martin Morics, President
Employees' Retirement System

Date

Anne M. Bahr, Secretary
Employees' Retirement System



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Text File Report

File ID: 991585

Type: Charter Ordinance

Status: Passed

Version: 3

Introduced: 1/18/00

Controlling Body: FINANCE &
PERSONNEL
COMMITTEE

Sponsors: THE CHAIR

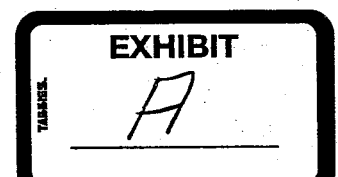
A substitute charter ordinance relating to a global pension settlement.

- Analysis -

In a series of court decisions the court of appeals for the first judicial district of the state of Wisconsin has held that certain benefit modifications and structural modifications to the employees retirement act enacted into law by the common council required the consent of individual members, retired members and beneficiaries of the employees' retirement system. As a result, the city, city agencies, unions representing the city and city agency employees, and representatives of retirees have entered into a memorandum of understanding calling for a global settlement of all outstanding pension issues and lawsuits. Under the global settlement there will be improvements in pension benefits. The expenses of the retirement system will be paid from retirement system earnings. The separate funds of the retirement system will be combined and the firemen and policemen's survivorship fund will be dissolved with the consent of its members. This charter ordinance implements all of the agreed upon changes, subject however to the approval of the members, retired members, beneficiaries and a court determination that the settlement is final and binding.

Inter alia this charter ordinance provides as follows:

- a. A combined fund is created. All new employees, current members and retired members and beneficiaries who consent to the change, and all others who do not consent to the change, but who are ordered to participate by the court, will be participating in the combined fund.
- b. Benefits are increased for employees' retirement system members, retirees and beneficiaries who participate in the combined fund. Increases (as a percentage of the present value of a member's projected benefits) range on average from approximately 12.8% to 14.7%. The increases take the following forms:
 1. Lump sum bonus payments payable at retirement.
 2. Improvements in the cost of living adjustment for general city employees and retirees.
 3. Reduced retirement age for fire fighters and police officers.
 4. Additional service credit (used in calculating the amount of a pension) for fire and police.
 5. Additional monthly installments for retirees.
- c. All retirement system administrative and investment expenses will be paid from combined fund assets and earnings.



Presently, the city and city agencies pay all retirement system expenses.

d. Generally, the provisions are effective January 1, 2000.

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 36-02-8.5 of the charter is created to read:

36-02. Definitions.

8.5. COMBINED FUND shall mean the fund created under s. 36-08-9.

Part 2. Section 36-02-17 of the charter is amended to read:

17. GENERAL CITY EMPLOYE shall mean: [[a.]] An employee [[of the city or a local exposition district board]] >>of the city or a city agency<< who is not a policeman or fireman.

[[b. For purposes of s. 36-05-2-d, 3-e, 7-a and 10-d, general city employee shall include employees of the school board, exposition center, vocational, technical and adult education district, housing authority and redevelopment authority.

c. For purposes of s. 36-05-1-h-4, 3-b-2, 3-g-0, and 6-d-2, general city employee shall include employees of the exposition center, the Milwaukee vocational, technical and adult education district, the Milwaukee metropolitan sewerage district and employees of the school board.

d. For purposes of s. 36-05-1-d-3, general city employee shall include employees of the Milwaukee vocational, technical and adult education district, the Milwaukee metropolitan sewerage district and employees of the school board.

e. For purposes of s. 36-05-3-i, general city employee shall include employees of the Milwaukee school board.]]

Part 3. Section 36-04-1-c of the charter is created to read:

36-04. Creditable Service.

1. SERVICE CREDITED.

c. The board shall allow one year of creditable service for each 3 years of active military service prior to enrollment in the retirement system to policemen represented by the MPA and firemen represented by Local 215, IAFF, who participate in the combined fund and who retire on a service retirement allowance between January 1, 1998 and December 31, 2002, and policemen represented by the MPSO and general city employees who participate in the combined fund and who retire on a service retirement allowance between January 1, 1999 and December 31, 2002. The creditable service awarded under this par. shall not exceed 3 years. To be eligible the member must be honorably discharged from the armed forces of the United States. To be eligible for inclusion in the calculation, a period of active military service must be a period of not less than 90 consecutive days spent in the active service of the armed forces of the United States and meet the requirements of 10 U.S. C. § 101(d)(1). If a member has accumulated less than 3 years of active military service, the member shall be allowed additional months of service credit on a pro rata basis calculated as the product of the full months of active military service under this par. multiplied by a fraction, the numerator of which is one and the denominator of which is 3. The additional service credit earned under this par. shall be taken into account for purposes of determining the amount of the service retirement allowance, but shall not be taken into account for any other purpose including, but not limited to determining eligibility for a service retirement allowance under s. 36-05-1-d or f, a deferred retirement allowance under s. 36-05-6-b-2 or 6-d-2, an early retirement allowance under s. 36-05-6-b-3 or 6-c, or eligibility for additional imputed service credit under sub. 4.

Part 4. Section 36-04-4 of the charter is created to read:

4. IMPUTED SERVICE CREDIT. a. A fireman in active service as of January 1, 2000, who participates in the combined fund

and who has attained 20 years of creditable service in the retirement system as a fireman or policeman shall be allowed 1.5 years of additional imputed creditable service toward the computation of his or her service retirement allowance. A fireman in active service as of January 1, 2000, who participates in the combined fund and who applies for a service retirement allowance without first having attained 20 years of creditable service as a fireman shall be allowed additional imputed creditable service under this sub. on a pro rata basis calculated as the product of 1.5 multiplied by a fraction, the numerator of which is the full years of the member's creditable service as a fireman (excluding imputed creditable service credited under sub. 1-c) to the date of retirement and the denominator of which is 20. A policeman in active service as of January 1, 2000 who participates in the combined fund who has attained 25 years of creditable service in the retirement system as a policeman or fireman or the minimum service retirement age under s. 36-05-1-b, shall be allowed 1.5 years of additional imputed creditable service toward the computation of his or her service retirement allowance. The imputed service credited under this par. shall not be included in determining eligibility for a retirement allowance under s. 36-05-1-f or in calculating the maximum service retirement allowance under s. 36-05-1-e. This par. does not apply to a retirement allowance authorized by s. 36-05-6-b-2, 6-d-2, 6-b-3 or 6-c. The imputed service credit under this par. shall be included in the deceased member's allowance when calculating the spouse survivor allowance under s. 36-05-7-b-4-a.

b. Firemen and policemen survivorship fund dissolution bonus. A policeman in active service as of January 1, 2000 who participates in the combined fund shall be allowed 2 years of additional service credit toward the computation of his or her service retirement allowance if he or she applies for a service retirement allowance after having attained 25 years of creditable service in the retirement system as a policeman or fireman or the minimum service retirement age under s. 36-05-1-b. A policeman retired on a disability retirement allowance as of January 1, 2000 who participates in the combined fund shall be allowed 2 years of additional service credit toward the computation of his or her service retirement allowance upon conversion from a duty disability allowance to a service retirement allowance if he or she is an active member in good standing in the fireman or policeman's survivorship fund as of January 1, 2000. The imputed service credit under this par. shall not be included in determining the eligibility for a retirement allowance under s. 36-05-1-f or in calculating the maximum service retirement allowance under s. 36-05-1-e. This par. shall not apply to a retirement allowance authorized by s. 36-05-6-b-2, 6-b-3, 6-c or 6-d-2. The imputed service credit under this par. shall not be included in calculating the bonus under s. 36-05-11-a and b.

Part 5. Section 36-05-1-f of the charter is amended to read:

36-05. Benefits.

1. SERVICE RETIREMENT ALLOWANCE.

f. Firemen or Policemen [[, Age 52]]. A fireman or policeman who has attained the age of 52 years and has completed 25 years of creditable service in the employees' retirement system in that capacity will be eligible for a service retirement allowance as computed under par. e[[of this section]]. >>A fireman represented by Local 215, IAFF, in active service on or after January 1, 1998, or a fireman who is not represented by Local 215, IAFF, in active service on or after January 1, 2000 shall be eligible for a service retirement allowance as calculated under par. e. if he or she participates in the combined fund and attains the age of 49 years and completes 22 years of creditable service as a fireman or policeman. A policeman represented by the MPA, in active service on or after January 1, 1998, a policeman represented by MPSO, in active service on or after January 1, 1999, or a policeman who is not represented by the MPA or MPSO in active service on or after January 1, 2000 shall be eligible for a service retirement allowance as calculated under par. e. if he or she participates in the combined fund and completes 25 years of creditable service as a policeman or fireman.<< A fireman, including a person who was a fireman prior to June 1, 1989, shall have all service in a position whose duty it is to provide emergency medical service included in the computation of creditable service for purposes of determining eligibility for a service retirement allowance under this paragraph and for purposes of computing creditable service under subs. 6-e and 7-b-4.

Part 6. Section 36-05-1-h-4 and-h-5 is consolidated, renumbered to 36-05-1-h-4, and amended to read:

h. Escalator.

h-4. General city employees who retire on a service retirement allowance under sub. 1-b or 1-d-3, [[school board employees, who retire on a service retirement allowance under sub. 1-b]] on or after January 1, 1993 (on or after August 16, 1994 for employees represented by the Milwaukee Building and Construction Trades Council, AFL-CIO), and retired general city

employees [[and school board employees]] receiving a duty disability retirement allowance, who have attained the minimum service retirement age and convert to service retirement allowance on or after January 1, 1993 (on or after August 16, 1994 for employees represented by the Milwaukee Building and Construction Trades Council, AFL-CIO), shall be eligible for a pension escalator of 2% effective with the installment next following the 8th annual anniversary of service retirement and an additional 2% pension escalator in each successive year effective on each subsequent anniversary of the first adjustment. Each successive adjustment shall be computed on the service retirement allowance as previously adjusted. General city employees [[and school board employees]] receiving retirement benefits under sub. 6-b-2 and 3, 6-c or 6-d-2 shall not be eligible for a pension escalator under this subdivision. If a member who is eligible for an adjustment under >>this<< subd. [[4]] dies without receiving an adjustment prior to death, a beneficiary who is eligible for a spouse survivor allowance under sub. 7-b-2 shall be eligible for a pension escalator in the amount of 2% effective with the installment in which the member would have received an adjustment had the member lived. If the member has received an adjustment under >>this<< subd. [[4]] prior to death, a beneficiary who is eligible for a spouse survivor allowance under sub. 7-b-2 shall be eligible for a pension escalator in the amount of 2% effective with the installment in which the member next would have received an adjustment had the member lived. If a general city employee who has elected a protective survivorship option under sub. 7-b-4 dies on or after January 1, 1993, while in active service, a beneficiary who is eligible for a spouse survivor allowance under sub. 7-b-2 shall be eligible for a pension escalator in the amount of 2% effective with the installment next following the 8th annual anniversary of the commencement of the spouse survivor allowance. After the first adjustment to the spouse survivor allowance, there shall be an additional 2% escalator to the spouse survivor allowance in each successive year effective on each subsequent anniversary of the first adjustment to the spouse survivor allowance. Each successive adjustment to the spouse survivor allowance shall be computed on the spouse survivor allowance as previously adjusted. Beneficiaries, other than spouses receiving survivor benefits under sub. 7-b-2 and 4, shall not be eligible for a pension escalator. >>After January 1, 2000 this subd. shall not apply to members, retired members (or spouse survivors if the member or retired member is deceased) who participate in the combined fund and spouse survivors of members and retired members who participate in the combined fund.<<

Part 7. Section 36-05-1-h-5 of the charter is created to read:

h-5. A general city employee in active service on or after January 1, 2000, who participates in the combined fund shall be eligible for an annual pension escalator of 1.5% effective with the installment next following the second, third and fourth anniversary of his or her retirement, and an annual pension escalator of 2% effective with the installment next following the fifth and each successive anniversary of his or her retirement if he or she retires on a service retirement allowance under par. b or d, a deferred retirement allowance under sub. 6-b-2 or d-2, or an immediate allowance under sub. 6-b-3 or c. Each successive annual increase to the member's allowance under this subd. shall be calculated on the retirement allowance as previously increased. If a member eligible for an adjustment under this subd. retires on a duty disability retirement allowance and converts to a service retirement allowance, the member's adjustment following conversion shall be first payable with the installment next following the second anniversary of his or her conversion and the percentage increase of the annual escalator payable on each anniversary following conversion shall be calculated by reference to the member's date of conversion to a service retirement allowance rather than by reference to the member's date of retirement on disability. If a member who is eligible for an adjustment under this subd. elects a retirement option under sub. 7-b-1, b-2 or b-3 with a spouse survivor allowance payable to the member's surviving spouse after the member's death in proportionate share to the member's reduced retirement allowance, and the member dies after receiving a retirement allowance, the spouse survivor allowance payable on the member's death shall be calculated as a proportionate share of the member's retirement allowance including adjustments under this subd. up to the date of death and the spouse survivor allowance shall be increased by an annual pension escalator payable at the same time and in the same percentage as the increase the member would have received, had the member lived. If a member who is eligible for an adjustment under this subd. elects a protective survivorship option under sub. 7-b-4, with a spouse survivor allowance payable on the member's death in proportionate share to the member's reduced retirement allowance and the member dies while in active service, the spouse survivor allowance payable on the member's death, shall be increased by an annual pension escalator to the spouse survivor allowance payable at the same time and in the same percentages as the increases the member would have received had the member retired on the date of the member's death. Each successive annual increase to the spouse survivor allowance under this subd. shall be calculated on the spouse survivor allowance as previously increased.

Part 8. Section 36-05-1-h-6 of the charter is amended to read:

h-6. Firemen or policemen in active service on or after January 1, 1993, who become eligible to retire on a service retirement

allowance under sub. 1-b or f on or after January 1, 1993, firemen or policemen who retire on a duty disability retirement allowance of 75% of current annual salary for their position under sub. 3-c-1-a between January 1, 1993 and December 31, 1994 and thereafter convert to a service retirement allowance under sub. 3-c-3-c, policemen in active service on or after January 1, 1995 who separate from service with 25 years of creditable service as a policeman and elect a deferred retirement allowance under sub. 6-e, [[and]] firemen or policemen who retire on a duty disability allowance of 75% of current salary for their position under sub. 3-c-1-a on or after January 1, 1995 and who are eligible to elect between a service retirement allowance and a duty disability allowance under sub. 3-c-3-f, >>firemen or policemen who participate in the combined fund and who separate from service on or after January 1, 2000, and elect a deferred retirement under sub. 6-b-2, d-2 or e, and firemen or policemen who participate in the combined fund and who separate from service on or after January 1, 2000 and elect an immediate allowance under sub. 6-b-3 or c<< shall have the monthly service retirement pension installment which they received in the preceding December increased by the cost of living increase as measured by the increase in the Consumer Price Index (All Urban Consumers - CPI-U) U.S. Cities Average as reported by the U.S. Department of Labor, Bureau of Labor Statistics, for the preceding calendar year, but in no event shall such increase be in an amount which exceeds 3% of such installment. For firemen or policemen who become eligible to retire on service retirement allowance between January 1, 1993 and December 31, 1994, and firemen or policemen who retire on a duty disability allowance between January 1, 1993 and December 31, 1994 and subsequently convert to service retirement allowance, the first increase in the monthly installment shall occur on March 1 of the calendar year following the first full calendar year of the member's service retirement or conversion to a service retirement and subsequent increases in the monthly installment shall occur in the installment next following each subsequent anniversary on March 1 of each calendar year thereafter. For firemen or policemen who retire or become eligible to retire on a service retirement allowance on or after January 1, 1995, policemen who separate from active service on or after January 1, 1995 and elect a deferred retirement allowance under sub. 6- [[e or]] >>f,<< firemen or policemen who retire on a duty disability allowance on or after January 1, 1995, >>and firemen and policemen who participate in the combined fund and who separate from active service on or after January 1, 2000 and elect a deferred retirement under sub. 6-b-2, d-2 or e, or an immediate allowance under sub. 6-b-3 or c,<< the first increase shall occur in the monthly installment next following the first full year of the member's service retirement, deferred retirement, >>immediate allowance<< or election between a service retirement or duty disability retirement and subsequent increases in the monthly installment shall occur in the installment next following each annual anniversary thereafter. If a member who is eligible for an increase under this subd. selects a retirement option under sub. 7-b-1, b-2, b-3 or b-4 with a spouse survivor allowance payable to the member's surviving spouse after the member's death in a proportionate share to the member's reduced service retirement allowance, the spouse survivor allowance payable on death shall be computed based on the amount of the member's service retirement allowance including increases under this subd. at the date of death and the monthly survivor allowance installment shall be increased by the cost of living as calculated in the manner provided for the member under this subd. If the member dies after service retirement but prior to receiving an increase pursuant to this subd., the spouse survivor allowance shall be increased effective with the pension installment in which such member would have received an increase had the member lived. If the member dies after having received an increase prior to death under this subd., the spouse survivor allowance shall be increased effective with the pension installment in which the member would have received the next increase had the member lived. If the member has selected a retirement option under sub. 7-b-4 and dies in active service on or after January 1, 1993, the spouse survivor allowance shall be increased effective with the pension installment payable March 1 of the calendar year next following the first full calendar year after the member's death. After the first increase to the spouse survivor allowance monthly installment, there shall be an additional increase for the cost of living in the spouse survivor allowance calculated in the manner provided for the member under this subd. in each successive year effective with the pension installment on the anniversary of the previous increase to the survivor allowance. >>Except as otherwise specifically provided herein,<< [[This]] >>this<< subd. shall not apply to firemen or policemen or the spouse survivors of firemen or policemen who receive a retirement allowance authorized under sub. 6-b-2, 6-b-3, 6-c or 6-d-2.

Part 9. Section 36-05-1-h-7 of the charter is created to read:

h-7. A fireman represented by Local 215, in active service on or after January 1, 1998, a policeman represented by the MPA, in active service on or after January 1, 1998, a policeman represented by the MPSO, in active service on or after January 1, 1999, or an unrepresented policeman and fireman in active service on or after January 1, 2000 (and his or her spouse survivor if the member is deceased), shall receive a minimum annual cost of living adjustment at the time of their annual cost of living adjustment under subd. 6 of not less than 2% if the member participates in the combined fund and retires on a service retirement allowance under par. b or f, or if the member participates in the combined fund and dies in active service after electing a protective survivor option with a spouse survivor receiving a proportional share of the member's pension. The minimum annual cost of living adjustment shall be calculated on the service retirement allowance or spouse survivor

allowance as previously increased.

Part 10. Section 36-05-1-i-1-0 of the charter is amended to read.

i. Employees retired prior to January 1, 1993.

i-1. The benefits payable under this paragraph are not deferred compensation for services performed by retired members. Any provision of ch. 36 to the contrary notwithstanding, the benefits payable under this paragraph and the terms and conditions under which they are payable are neither contractually guaranteed by the city and the board nor vested in any beneficiary thereof. The city expressly reserves the unilateral right to amend or repeal this paragraph without notice and hearing to or consent of any beneficiary. Members and survivors who separated and received benefits under [[subs.]] >>sub.<< 6-b-2, b-3, c, d-2 or e shall not be eligible for benefits under this paragraph. >>This subd. shall not apply on or after January 1, 2000 to retired members and spouse survivors who participate in the combined fund.<<

Part 11. Section 36-05-1-i-1-a and b of the charter is consolidated and renumbered 36-05-1-i-1-a.

Part 12. Section 36-05-1-i-2-a and 36-05-1-i-2-b of the charter is consolidated, renumbered to 36-05-1-i-2-a, and amended to read:

i-2-a. Members who retired prior to January 1, 1993 on a service retirement allowance under par. b or f and members who retired on a duty disability allowance and converted to a service retirement allowance under sub. 3-b or 3-c-3 prior to January 1, 1993 shall be eligible for a pension escalator to their service retirement allowance of up to 2% effective with the installment next following the later of the 8th annual anniversary of service retirement or January 1, 1996 and an additional pension escalator of up to 2% in each successive year effective on each subsequent anniversary of the first adjustment. The first escalator shall be computed on the service retirement allowance as previously adjusted under subd. 1-a. Each successive escalator shall be computed on the service retirement allowance as previously escalated. The payment of each pension escalator or successive escalator first payable in 1997 or in a year subsequent to 1997 shall be subject to the limitations of s. 36-08-2-1. Beneficiaries other than spouses receiving survivor benefits or protective survivor benefits under sub. 7-b-2 shall not be eligible for benefits under this subparagraph. If a member, who elected a spouse survivor option and retired prior to January 1, 1993 on a service retirement allowance under par. b or f, dies, a surviving spouse who is eligible for a spouse survivor allowance under sub. 7-b-2 shall be eligible for a spouse survivor pension escalator to their survivor allowance of up to 2% effective with the installment next following the later of the eighth anniversary of the member's service retirement or January 1, 1996. If a member elected a protective survivor option and died prior to January 1, 1993 while in active service, a surviving spouse who is eligible for a spouse survivor allowance under sub. 7-b-2 shall be eligible for a spouse survivor pension escalator to their spouse survivor allowance of up to 2% effective with the installment next following the later of the eighth anniversary of the member's death or January 1, 1996. A spouse receiving a spouse survivor pension escalator shall be eligible for an additional escalator of up to 2% in each successive year effective on each subsequent anniversary of the first escalator to the spouse survivor allowance. The first escalator shall be calculated on the spouse survivor allowance as previously adjusted under >>this<< subd. [[1-b]]. Each successive escalator to the spouse survivor allowance shall be computed on the spouse survivor allowance as previously escalated. The payment of each escalator or successive escalator first payable in 1997 or in a year subsequent to 1997 shall be subject to the limitations of s. 36-08-2-a. >>After January 1, 2000 this subpar. shall not apply to members, retired members or spouse survivors (if the member or retired member is deceased) who participate in the combined fund and spouse survivors of members and retired members who participate in the combined fund.<<

Part 13. Section 36-05-1-i-2-b of the charter is created to read:

i-2-b. Effective January 1, 2000, the annual escalator payable under par. h-5 shall be extended to a general city employee, fireman or policeman, retired on a service retirement allowance under par. b, d-3 or f, a general city employee, a fireman or policeman, retired on a duty disability retirement allowance who converted to a service retirement allowance or a general city employee, a fireman or policeman, separated from service who retired on a deferred retirement allowance under sub. 6-b-2, 6-d-2 or 6-e or an immediate allowance under sub. 6-b-3 or 6-c and their spouse survivor eligible to receive a proportionate share of the member's allowance if the member (or spouse survivor if the member is deceased) is a participant in the combined fund and the member is a general city employee retired on a service retirement allowance, duty disability retirement allowance or separated from service prior to January 1, 2000 or a fireman or policeman retired on a service retirement

allowance, duty disability retirement allowance or separated from service prior to January 1, 1993. If a member eligible for an escalator under this subpar. was eligible for an annual escalator under subpar. a prior to January 1, 2000, the annual escalator payable under this subpar. shall be effective upon the anniversary of the escalator payable under subpar. a if such anniversary is different from the anniversary of the installment next following service retirement. If a member referred to above retires on a duty disability retirement allowance and converts to a service retirement allowance the conversion date shall be used for purposes of determining both the eligibility and the percentage increase of the annual escalator to which the member or spouse survivor is eligible. Effective January 1, 2000, the annual escalator payable under par. h-6 shall be extended to a fireman and policeman who retired on a duty disability retirement allowance of 75% of current salary for their position under sub. 3-c-1-a between October 17, 1992 and December 31, 1994 if he or she is eligible to elect between a service retirement allowance and a duty disability allowance under sub. 3-c-3-f effective with the installment next following one year after eligibility for an election to convert to a service retirement. Effective January 1, 2000 the annual escalator payable under par. h-6 shall be extended to a fireman or policeman who separated from service between January 1, 1993 and December 31, 1999 and retired on a deferred retirement allowance under sub. 6-b-2 or 6-d-2 or separated from service between January 1, 1995 and December 31, 1999 and retired on a deferred retirement allowance under sub. 6-e or separated from service between January 1, 1993 and December 31, 1999 and retired on an immediate allowance under sub. 6-b-3 or c and his or her spouse survivor eligible to receive a proportionate share of the member's allowance if the member (or spouse survivor if the member is deceased) is a participant in the combined fund and the member separated from service prior to January 1, 2000. If a member who is eligible for an increase under this subpar. dies on or after January 1, 2000 his or her spouse's proportionate share of spouse survivor allowance shall be computed based on the amount of the deceased member's allowance including increases at the date of death and the spouse survivor shall be eligible for an annual escalator to his or her spouse survivor allowance at the same time and in the same percentages as the deceased member would have received had the deceased member continued to live.

Part 14. Section 36-05-2-e of the charter is created to read:

2. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

e. Effective January 1, 2000, the annual escalator payable under sub. 1-h-5 shall be extended to a general city employee who retires or is retired before January 1, 2000, on an ordinary disability retirement allowance and a fireman or policeman who retired prior to January 1, 1993 and on an ordinary disability retirement allowance and his or her spouse survivor receiving a proportionate share of the member's pension if the member (or spouse survivor if the member is deceased) is a participant in the combined fund. Effective January 1, 2000, the annual escalator payable under sub. 1-h-6 shall be extended to a fireman or policeman who retires on or after January 1, 1993 on an ordinary disability retirement allowance and his or her spouse survivor receiving a proportionate share of the member's pension if the member (or spouse survivor if the member is deceased) is a participant in the combined fund. If a member who is eligible for an increase under this sub. dies while on ordinary disability on or after January 1, 2000, his or her spouse's proportionate share spouse survivor allowance shall be computed based on the amount of the member's ordinary disability retirement allowance including increases at the date of death. The annual escalator shall be payable to the member or spouse survivor at same times and in the same percentages as the increases the member would have received had the member retired on a service retirement allowance on the date of his or her ordinary disability retirement.

Part 15. Section 36-05-3-b-3 of the charter is created to read:

3. DUTY DISABILITY RETIREMENT ALLOWANCE.

b-3. Effective January 1, 2000, the annual escalator payable under sub. 1-h-5 shall be extended to a general city employee who retires and is receiving a duty disability allowance and his or her spouse survivor receiving a proportionate share of the member's pension if the member (or spouse survivor if the member is deceased) participates in the combined fund. If a member who is eligible for an increase under this sub. dies while on duty disability on or after January 1, 2000, his or her spouse's proportionate share spouse survivor allowance shall be computed based on the amount of the member's duty disability retirement allowance including increases at the date of death. The annual increase shall be payable to the member or spouse survivor at the same times and in the same percentages as the increases the member would have received had the member retired on a service retirement allowance on the date of his or her duty disability retirement.

Part 16. Section 36-05-3-c-1-a of the charter is amended to read:

c. Firemen and Policemen Duty Disability.

c-1-a. Recommendations. Such member shall be examined by a medical panel and such medical panel shall make the examination, determination and certification required under this act in accordance with the form prescribed by the board. If the panel recommends that such person is entitled to duty disability retirement allowance provided for in this section, the board shall thereupon grant such allowance. Except as otherwise provided in [[sub. 3-c-f]] >>subd. 3-f<<, any fireman or policeman who shall become disabled as the direct result of injury incurred in the performance of one or more specific acts of duty shall have a right to receive duty disability benefit during the period of such disability of an amount equal to 75% of the current annual salary for such position which he held at the time of such injury. Except as otherwise provided in [[sub. 3-c-3-f]] >>subd. 3-f<<, the surviving spouse of such member after his or her death but only during the period prior to remarriage shall receive 70% of the amount of the duty disability which the member received at the time of his or her death, and such percentage shall thereafter be based upon the salary of the position of such member at the time of his or her death. Periodic medical examinations of such person shall be made at least once each year but the heads of the respective departments may direct more frequent examinations. >>Effective January 1, 2000, the annual escalator payable under sub. 1-h-5 shall be extended to the allowance received by the surviving spouse of a retired fireman or policeman who retired on a duty disability retirement allowance under this subpar. prior to January 1, 1993 and died while receiving a duty disability retirement allowance if the member (or the surviving spouse if the member is deceased) participates in the combined fund. Effective January 1, 2000, the annual escalator payable under sub. 1-h-6 shall be extended to the allowance received by the surviving spouse of a retired fireman or policeman who retired on a duty disability allowance under this subpar. on or after January 1, 1993 and dies while receiving a duty disability retirement allowance if the member (or the surviving spouse if the member is deceased) participates in the combined fund. The annual escalator shall be payable to the surviving spouse at the same times and in the same percentages as the increases the member would have received had the member retired on a service retirement allowance on the date of his or her death.<<

Part 17. Section 36-05-3-d of the charter is amended to read:

d. Special Fund. Duty disability retirement allowances >>for retirees who are not participants in the combined fund<< shall be paid specifically from a special fund created for that purpose and the city shall be liable for contributions to such fund in order that it may be adequate to meet the required payments. City agencies that are also covered by this act shall be required to contribute to such fund the cost of duty disability allowances for members in their employment who are entitled thereto.

Part 18. Section 36-05-5-a-1 of the charter is amended to read:

5. ACCIDENTAL DEATH BENEFIT.

a. Spouse or Child's Annuity.

a-1. His widow or her widower to continue during his or her widowhood [[: or]] >>. Effective January 1, 2000, the annual escalator payable under sub. 1-h-5 shall be extended to such widow or widower of a general city employee who died at any time or of a fireman or policeman who died prior to January 1, 1993 if the member (or widow or widower if the member is deceased) participates in the combined fund. Effective January 1, 2000, the annual escalator payable under sub. 1-h-6 shall be extended to such widow or widower of a fireman or policeman who dies on or after January 1, 1993 if the member (or widow or widower if the member is deceased) participates in the combined fund. The annual escalator shall be payable to the widow or widower at the same times and in the same percentages as the increases the member would have received had the member retired on a service retirement allowance on the date of his or her death.<<

Part 19. Section 36-05-8-a-1 of the charter is amended to read:

8. SURVIVORSHIP BENEFITS.

a. Firemen or Policemen, Death While in Active Service.

a-1. In addition to other benefits provided for in the employees' retirement act, >>a fireman or policeman in active service prior

to January 1, 2000, who is not a participant in the combined fund<< [[a member, who is either a fireman or policeman covered under this subsection]] and who shall die prior to the time of his retirement from active service and who has had at least 30 days of creditable service prior to the time of his death, shall be covered by the provisions of this subsection. In such instance, the widow and other dependents hereinafter specified of such member, meeting the conditions herein set forth, shall be entitled to survivorship benefits which shall commence immediately upon the death of such member.

Part 20. Section 36-05-8-a-2 of the charter is amended to read:

a-2. Any >>fireman or policeman who is not a participant in the combined fund and<< [[member]] who retires after July 1, 1967 because of an approved disability shall be eligible to participate in survivorship benefits provided for herein if such member continues to make his same contribution as required by this section. It is intended that if such member retired under an approved disability and because thereof is no longer a member, he shall nevertheless be considered as a member for the purposes of the benefits provided for under the survivorship provisions until he shall reach the minimum service retirement age established by this chapter.

Part 21. Section 36-05-8-b-12 of the charter is amended to read:

b. Dependents.

b-12. For beneficiaries of policemen whose date of death occurs on or after October 5, 1973, and for beneficiaries of firemen whose date of death occurs on or after July 28, 1974, survivorship benefits payable in the amount of \$115 per month shall be increased to \$140 per month and payable in the amount of \$230 per month shall be increased to \$280 per month under the terms and conditions set forth in subd. 11. For beneficiaries of firemen whose date of death occurs on or after March 1, 1979, survivorship benefits payable in the amount of \$140 per month shall be increased to \$175 per month and payable in the amount of \$280 per month shall be increased to \$350 per month under the terms and conditions set forth in subd. 11. For beneficiaries of firemen whose date of death occurs on or after March 1, 1981, survivorship benefits payable in the amount of \$175 per month shall be increased to \$200 per month, and payable in the amount of \$350 per month shall be increased to \$400 per month under the terms and conditions set forth in subd. 11. For beneficiaries of policemen whose date of death occurs on or after September 19, 1981, survivorship benefits payable in the amount of \$140 per month shall be increased to \$200 per month and payable in the amount of \$280 per month shall be increased to \$400 per month under the terms and conditions set forth in subd. 11. For beneficiaries of firemen whose date of death occurs on or after March 1, 1984, and policemen whose date of death occurs on or after January 1, 1985, survivorship benefits payable in the amount of \$200 per month shall be increased to \$300 per month, and payable in the amount of \$400 per month shall be increased to \$600 per month under the terms and conditions set forth in subd. 10. >>Effective with the installment next following January 1, 2000 for those widows, widowers and children who began receiving survivorship benefits before January 1, 2000 or who are eligible to receive survivorship benefits in the future due to a death occurring prior to January 1, 2000, and who participate in the combined fund, survivorship benefits shall be increased to \$300 per month for widows or widowers age 57 without children and a single child under age 18 (no widow or widower) and \$600 per month (for widows or widowers with children under age 18 and 2 children under age 18, no widow or widower).<<

Part 22. Section 36-05-8-b-13 of the charter is created to read:

b-13. Any other provision of sub. 8 notwithstanding, survivorship benefits shall not be paid to beneficiaries of firemen or policemen who participate in the combined fund and die on or after January 1, 2000.

Part 23. Section 36-05-8-d of the charter is amended to read:

d. Firemen and Policemen's Survivorship Fund. There is created a fund known as the firemen and policemen's survivorship fund. Into such fund there shall be paid by a member who is a fireman or policeman covered by this act 0.87% of his >>or her<< annual salary, limited, however, to the sum of \$6,000 for the purpose of computing the member's contribution. The city shall contribute an equal sum into such fund. The proceeds of such fund shall be used solely and exclusively for paying survivorship benefits herein provided for. All contributions made by each employee to the firemen and policemen's survivorship fund shall remain in such fund and shall not be returned to such member in the event of separation from the city's service. In the event that social security is provided to firemen and policemen covered by this act, then the balances in such fund over and above any and all liabilities created or existing shall be used for the payment of social security taxes of

the members who may thereafter participate in such a plan. >>Effective January 1, 2000, no contributions shall be required on behalf of active or retired firemen and policemen who are members of the combined fund and any amounts contributed by members of the combined fund after January 1, 2000 shall be set aside and returned.<<

Part 24. Section 36-05-11 of the charter is created to read:

11. LUMP SUM BONUS.

a. The following persons shall be eligible for a lump sum bonus if they participate in the combined fund: a member in active service as of January 1, 2000; a spouse survivor (under a protective survivorship option) of a member in active service as of January 1, 2000 if the member dies prior to retirement; an accidental death surviving spouse beneficiary of a member in active service as of January 1, 2000 if the member dies prior to retirement; a retired member, spouse survivor or accidental death surviving spouse beneficiary who is receiving a retirement or accidental death benefit allowance as of January 1, 2000; or a member separated from service prior to January 1, 2000 who is eligible for a deferred retirement allowance commencing on or after January 1, 2000. The bonus shall be paid to active members and members eligible for deferred retirement allowance at the time of commencement of their retirement allowance and to spouse survivors and accidental death surviving spouse beneficiaries of members in active service as of January 1, 2000 at the time of commencement of their spouse survivor allowance or accidental death benefit allowance. The bonus for those receiving a retirement or survivor allowance or accidental death benefit allowance as of January 1, 2000, shall be paid as soon as administratively feasible after January 1, 2000, and shall be 5% of the last full monthly installment payable prior to January 1, 2000, or if no full monthly installment was payable prior to January 1, 2000, the first full monthly installment payable immediately following January 1, 2000, multiplied by 12 times the appropriate lump sum factor. The bonus for members in active service as of January 1, 2000, members separated from service prior to January 1, 2000, who are eligible for a deferred retirement allowance commencing on or after January 1, 2000, spouse survivors of members in active service as of January 1, 2000 and accidental death beneficiaries of members in active service as of January 1, 2000, shall be 5% of the accrued annual retirement benefit (without a reduction on account of an election under sub. 7, or adjustment for cost of living), 5% of the accrued annual spouse survivor allowance (without an adjustment for cost of living) or 5% of the accrued annual accidental death benefit allowance (without adjustment for cost of living) multiplied by the appropriate lump sum factor. The appropriate lump sum factors are as follows:

Attained Age	Factor	Attained Age	Factor	Attained Age	Factor
15	12.1075	44	11.3842	73	7.5404
16	12.0994	45	11.3235	74	7.3474
17	12.0906	46	11.2586	75	7.1531
18	12.0810	47	11.1891	76	6.9565
19	12.0706	48	11.1151	77	6.7563
20	12.0593	49	11.0365	78	6.5512
21	12.0481	50	10.9531	79	6.3413
22	12.0364	51	10.8647	80	6.1274
23	12.0242	52	10.7711	81	5.9115
24	12.0116	53	10.6720	82	5.6961
25	11.9984	54	10.5674	83	5.4845
26	11.9847	55	10.4570	84	5.2783
27	11.9692	56	10.3406	85	5.0788
28	11.9516	57	10.2182	86	4.8870
29	11.9320	58	10.0896	87	4.7030
30	11.9106	59	9.9551	88	4.5257
31	11.8873	60	9.8147	89	4.3527
32	11.8625	61	9.6685	90	4.1814
33	11.8361	62	9.5166	91	4.0088
34	11.8077	63	9.3591	92	3.8326
35	11.7774	64	9.1961	93	3.6518
36	11.7448	65	9.0280	94	3.4698
37	11.7099	66	8.8553	95	3.2898
38	11.6724	67	8.6779	96	3.1157
39	11.6322	68	8.4955	97	2.9496

40	11.5891	69	8.3084	98	2.7901
41	11.5430	70	8.1178	99	2.6289
42	11.4937	71	7.9253	100	2.4623
43	11.4408	72	7.7327		

b. Firemen and Policemen Survivorship Fund Dissolution Bonus. The following persons shall be eligible for an additional lump sum bonus if they participate in the combined fund: a fireman in active service as of January 1, 2000; a fireman retired on a disability retirement allowance as of January 1, 2000 who is an active member in good standing of the firemen and policemen's survivorship fund as of January 1, 2000; a spouse survivor (under a protective survivorship option) of a fireman in active service as of January 1, 2000 if the member dies prior to retirement; or an accidental death surviving spouse beneficiary of a fireman or policeman in active service as of January 1, 2000 if the member dies prior to retirement. A policeman in active service as of January 1, 2000 who is a participant in the combined fund, a policeman retired on a disability retirement allowance as of January 1, 2000 who is a participant in the combined fund or a spouse survivor (under a protective survivorship option) of a policeman in active service as of January 1, 2000 who is a participant in the combined fund (if the member dies prior to retirement) shall be eligible for an additional lump sum bonus if the policeman is an active member in good standing of the firemen and policemen's survivorship fund as of January 1, 2000 and is ineligible for additional service credit under s. 36-04-4-b. The bonus for members other than members who either are retired on a disability allowance as of January 1, 2000 or retire on a disability allowance thereafter shall be paid at the time of commencement of their service retirement allowance, spouse survivor allowance or accidental death benefit allowance. The bonus for members who retire before or after January 1, 2000 on a disability retirement allowance shall be payable at the time of the installment next following attainment of their conversion age. If a member is retired on a disability retirement allowance and is ineligible for conversion to a service retirement allowance, the bonus shall be payable in the installment next following the attainment of age 63 or January 1, 2000 whichever shall come last. The bonus for active members shall be 8.3% of the accrued annual service retirement allowance (without reduction on account of an election under sub. 7, or adjustment for cost of living) multiplied by the appropriate lump sum factor as set forth in par. 1. The bonus for spouse survivors (under a protective survivorship option) shall be 8.3% of the accrued annual spouse survivor allowance (without adjustment for cost of living) multiplied by the appropriate lump sum factor as set forth in par. 1. The bonus for retired members on a disability retirement allowance who are eligible to convert to a service retirement allowance shall be 8.3% of their accrued service retirement allowance (without adjustment for cost of living) at conversion age multiplied by the appropriate factor as set forth in par. 1. The bonus for retired members on a disability retirement allowance who are ineligible for conversion shall be 8.3% of the annual service retirement allowance at age 63 (without adjustment for cost of living) multiplied by the appropriate lump sum factor as set forth in par. 1. If a member retired on a disability retirement allowance who is ineligible for conversion to a service retirement allowance is older than age 63 as of January 1, 2000 the bonus shall be 8.3% of the member's disability retirement allowance payable for the year immediately prior to January 1, 2000 multiplied by the appropriate factor as set forth in par. a. This par. shall not apply to a retirement allowance authorized by s. 36-05-6-b-2, 6-b-3, 6-c or 6-d-2.

c. Military Service Credit Bonus. Each member who served and was honorably discharged from the military service prior to first being enrolled in the retirement system and who retired on a service retirement allowance prior to January 1, 2000 shall be eligible for a military service credit bonus if he or she is a participant in the combined fund and is ineligible for military service credit under s. 36-04-1-c. The bonus shall be computed by multiplying the sum of \$1,000,000 by a fraction, the numerator of which is the member's eligible active military service credit and the denominator of which is the total eligible active military service credit of all retirees eligible under this paragraph. Military service shall have the same meaning as under sec. 36-04-1-c. To be eligible for inclusion in the calculation a period of active service must be a period of not less than 90 consecutive days spent in active military service. The retirement system shall determine the appropriate military documentation for crediting such military service. In order to be eligible for a military service credit bonus, each retired member must apply to the retirement system no later than January 1, 2001.

d. Retiree Special Bonus. Every retiree, spouse survivor and accidental death beneficiary who participates in the combined fund and who is receiving a retirement allowance or accidental death benefit as of January 1, 2000 shall be eligible to receive a lump sum payment. The bonus shall be paid as soon as administratively feasible after January 1, 2000 and shall be equal to the full monthly installment payable for the month immediately prior to January 1, 2000, or if no monthly installment was payable prior to January 1, 2000, the first full monthly installment payable after January 1, 2000, multiplied by the following multiplier factor:

Status at Retirement	Year of Retirement	Multiplier
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or Death	or death	
General City	1997-1999	2
1996	3	
1995	4	
1994	5	
1993	6 1/2	
1992 and prior	8	
Firemen and Policemen	all years	8

If a retiree or spouse survivor eligible to receive a lump sum payment under this par. has received an overpayment of catch-up or COLA payable under s. 36-05-1-i in 1996 or 1997, then, in lieu of the repayment of such overpayment through an adjustment of future benefit payments prescribed in this section, such retiree or spouse survivor shall repay all or a portion of such overpayment by offsetting dollar for dollar the lump sum payable under this section by the amount of the overpayment or 3 times the monthly installment identified in this section whichever is less. If a retiree who died prior to January 1, 2000, elected a spouse survivor who is eligible to receive a lump sum payable under this section the overpayment to such retiree in an amount not to exceed the lesser of the amount of overpayment to such retiree or 3 monthly installment identified in this section (excluding overpayments) payable to the retiree immediately prior to his or her death, shall be set off dollar for dollar against the lump sum payable to the spouse survivor under this section. If the amount of the overpayment exceeds the amount of the dollar for dollar set off applied under this section the excess of the amount of the overpayment over the amount set off shall become an obligation of, and paid from, the combined fund. If a retiree died prior to January 1, 2000, and either did not elect a spouse survivor who is eligible to receive a lump sum payable under this section or elected a spouse survivor who predeceased the retiree the amount of the overpayment to such retiree shall become an obligation of, and paid from, the combined fund.

Part 25. Section 36-08-2-a-0 of the charter is amended to read:

36-08. Method of Financing.

2. RETIREMENT FUND.

a. Contributions. The retirement fund shall be the fund into which all member and city or city agency contributions >>made with respect to members, retired members, survivors, and beneficiaries who are not participants in the combined fund<<, together with investment income [[net of investment expenses]] >>attributable to the retirement fund<<shall be paid except as hereinafter otherwise provided. There shall also be paid into the retirement fund all other amounts received by the board >>with respect to members, retired members, survivors, and beneficiaries who are not participants in the combined fund<< as directed by it. All retirement allowances, death benefits, separation benefits and other benefits except as hereinafter otherwise provided shall be paid from the retirement fund >> for members, retired members, survivors, and beneficiaries who are not participants in the combined fund<<.

Part 26. Section 36-08-2-a-1 of the charter is repealed.

(Note: The provisions being repealed read as follows:

a-1. There is created an account within the retirement fund to be known as the "retired life account." No later than December 29, 1995, there shall be allocated to such account an amount represented by the actuarial value of age and service retirement benefits including benefits under s. 36-05-1-i-1 and 2 in payment in 1996 on account of members who retired prior to January 1, 1993. Such actuarial value shall be computed as the present value of projected benefits discounted at the rate of 6.5% per annum. Commencing January 1, 1996, the retired life account shall be the exclusive source of all age and service benefits in payment as of January 1, 1996 for members retiring prior to January 1, 1993. The retired life account shall not be used for any other purpose until its purpose has been fulfilled by all such payments having been made. At such time as the purpose of such account is fulfilled, the retired life account shall cease to exist and the balance, if any, shall remain part of the retirement fund balance. City and agency contributions shall be determined separately in respect to the retired life account. All interest earned on the assets of the retired life account in excess of the annual assumed rate of return as determined by reference to the audited market value of assets as of the close of the fiscal year shall be deposited in a separate reserve within the retired life account to be known as the "COLA adjustment reserve." In determining employer contributions in years subsequent to 1996 to the retired

life account and in determining earnings to be deposited to the COLA adjustment reserve within such account, the board shall assume an interest rate of 2 full percentage points lower than the interest rate used in the actuarial valuation of benefits not funded in this account. All other tables shall be the same as the board employs for the retirement fund generally. The COLA adjustment reserve shall be the exclusive source for the annual escalator under s. 36-05-1-i-2-a and b first payable in 1997 or in years subsequent to 1997 for members retired prior to January 1, 1993. In the event the market value of the unencumbered COLA adjustment reserve as determined as of December 31 of any fiscal year is insufficient to pay the full amount of the escalator or a successive escalator under s. 36-05-1-i-2-a and b for the expected lifetime of the affected retired members and other beneficiaries, the escalator or a successive escalator shall be prorated based upon the ratio of the amount available to the amount actuarially required to be encumbered for the maximum escalator. In the event the market value in the unencumbered COLA adjustment reserve as determined as of December 31 of any fiscal year is in excess of the amount necessary to be encumbered to pay the full amount of the escalator or a successive escalator for the expected lifetime of the affected retired members and surviving spouses, the excess shall be encumbered and used to prospectively pay in full an escalator or successive escalator which originally had been authorized at less than the maximum allowed.)

Part 27. Section 36-08-2-b of the charter is amended to read:

b. Duty Disability Fund. The actuary for the board shall each year determine what funds are required to provide duty disability benefits under s. 36-05-3 and heart and lung law benefits under s. 891.45, Wis. Stats. >>with respect to members, retired members, survivors and beneficiaries who are not participants in the combined fund.<< He or she shall certify the contributions required of the city and the city agencies to pay for the duty disability benefits for firemen and policemen and general employees >>with respect to members, retired members, survivors and beneficiaries who are not participants in the combined fund<<; and also the contributions required of the city to pay benefits which arise and are allowed under the heart and lung law in excess of any disability and/or death benefits otherwise payable under the system. Benefits arising under the heart and lung law >>with respect to members, retired members, survivors and beneficiaries who are not participants in the combined fund<< shall be paid only from a fund established for such purpose and such heart and lung benefits shall not be paid out of any other funds of the retirement system. Effective January 1, [[1996]] >>2000<<, there shall no longer be separate determinations each year relative to the funds required to provide duty disability retirement benefits [[under s. 36-05-3]] >>for participants in the combined fund<<.

Part 28. Section 36-08-2-c of the charter is amended to read:

c. Duty Disability, Special Fund. The actuary shall annually determine the funds necessary to provide all duty disability benefits under s. 36-05>>with respect to members, retired members, survivors and beneficiaries who are not participants in the combined fund<<. He or she shall certify the contributions required of the city and the city agencies to provide such benefits. Benefits arising under s. 36-05-3-c >>with respect to members, retired members, survivors and beneficiaries who are not participants in the combined fund<< shall be paid only from a fund established for such purpose and such benefits shall not be paid from any other funds of the retirement system. It shall be a violation of law to do so. >>There shall not be a separate contribution under this par. for participants in the combined fund<<. Effective [[January]] >>February<< 1, 1996, the duty disability, special fund shall be merged with the retirement fund >>for members first enrolled on or after February 1, 1996<<. Thereafter, there shall no longer be separate determinations each year of the funds necessary to provide all necessary duty disability benefits under s. 36-05 >>for members first enrolled on or after February 1, 1996<< and benefits >>for members first enrolled on or after February 1, 1996<< arising under s. 36-05-3-c shall be paid from the retirement fund. Effective January 1, 2000 the retirement system shall transfer into the combined fund: (1) the liabilities of the duty disability special fund attributable to participants in the combined fund, (2) the proportionate share of the market value of assets in the duty disability special fund which is calculated by multiplying the market value of assets in the duty disability special fund by a fraction the numerator of which is the liabilities of the duty disability special fund attributable to participants in the combined fund and the denominator of which is the total liabilities of the duty disability special fund.<<

Part 29. Section 36-08-3-0 of the charter is amended to read:

3. EXPENSE FUND. The expense fund shall be the fund to which shall be credited all money >>deposited in accordance with s. 36-09-6<< to pay the expenses necessary in connection with the administration and operation of the retirement system and from which payments are made for those administrative expenses >>.<< [[, provided however, that the expenses for investing the assets of the retirement system shall be deducted from the invested assets in determining the net assets of the retirement system and shall not be funded by or paid from the expense fund.]] For purposes of this section, investment

expenses shall include all fees and costs associated with investment of the retirement system assets, including fees for investment managers, investment advisors and investment consultants, and the costs of buying and selling securities or other investments.

Part 30. Section 36-08-3-a of the charter is amended to read:

a. Annually, the board shall estimate the amount of money which shall be deemed necessary [[to be paid into the expense fund during the ensuing year]] to provide for the expense of operation of the retirement system. [[Amounts for expenses other than for investment managers, investment advisors and investment consultants shall be paid to the expense fund for this purpose by the city and city agencies.]]. On or before [[June 1]] >>the second Tuesday in May<< of each year the board shall file with the mayor a detailed statement of all estimated expenses which are to be incurred during the ensuing calendar year >><< [[and which are to be paid by the city and city agencies, and]] [[such]] >>Such<< statement shall be reviewed and approved as are all other budgetary requests under ch. 18.

Part 31. Section 36-08-4 of the charter is amended to read:

4. FIREMEN AND POLICEMEN'S SURVIVORSHIP FUND. The firemen and policemen's survivorship fund shall be the fund in which shall be accumulated all reserves from contributions by members and the city for the payment of survivorship benefits >>for members, retired members, survivors and beneficiaries who are not participants in the combined fund<< as provided for in this act. The funds for firemen and policemen's survivorship benefits may be invested as provided in s. 36-09. >>Effective January 1, 2000 the firemen and policemen's survivorship fund shall no longer be in existence for firemen and policemen and firemen and policemen retired on a disability allowance who participate in the combined fund.<<

Part 32. Section 36-08-6-a-0 of the charter is repealed and recreated to read:

6. CITY CONTRIBUTIONS.

a. Retirement Fund. On account of members, retired members, survivors, and beneficiaries who are not participants in the combined fund, there shall be paid annually into the retirement fund by the city and city agencies for the preceding fiscal year an amount equal to the "normal contribution" as that term is defined in subd. 1, plus the amount required under subd. 2; provided that the total amount contributed shall not be less than zero, and it shall also not be more than the amount required to bring the expected actuarial funded status of the retirement fund, as of the date the contribution is payable, to a percentage in excess of 100%.

Part 33. Section 36-08-6-a-1 of the charter is repealed and recreated to read:

a-1. The normal contribution for the retirement



Department of Administration
Budget and Management Division

John O. Norquist
Mayor

David Riemer
Administration Director

Laura J. Engan
Budget and Management Director

April 29, 1999

Ref: 99042

Mr. Bradley DeBraska
Milwaukee Police Association
1840 North Farwell Avenue
Milwaukee, WI 53202

Subject: ERS Administrative Expenses

Dear Mr. DeBraska:

At our April 23 meeting, you asked what administrative expenses other than investment-related expenses the city was proposing be paid from ERS fund assets.

The city's proposal is that all ERS expenses are to be paid from fund assets. I have attached a budget summary and detail budget that shows the various categories of administrative expenses and their amounts for the 1999 adopted budget. Note that the \$100,000 budgeted in the Special Fund category is for the information system and that about \$900,000 of the \$2,660,781 budgeted for operating expenditures is for the base portion of performance-related investment fee contracts. A total of \$10,000,000 for investment fees had been requested for 1999. In 1997, the latest year in which complete data is available, ERS spend approximately \$6,500,000 on investment fees.

In regard to your question about who would bear the cost of a new information system under a global settlement, the city's proposal is that the ERS fund should pick up those expenses as well since they are part of the cost of administering benefits. The cost of a new information system is unknown at this point but our estimate is that the cost will run between \$2.0 and \$3.0 million. You should keep in mind that the effective costs of the information system could be much lower, depending on the efficiencies achieved once the information system is implemented.

Please let me know if my office can be of further assistance

Sincerely,

Laura J. Engan
Budget and Management Director

Attachment
EDW:rme
Edwill\DeBraska.doc

BUDGET SUMMARY

	1997 ACTUAL EXPENDITURES	1998 ADOPTED BUDGET	1999 ADOPTED BUDGET	CHANGE 1999 ADOPTED VERSUS 1998 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	15.10	24.50	27.50	3.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	21	25	33	8
DLH - Operations and Maintenance	27,200	43,160	49,500	6,340
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$621,036	\$900,411	\$1,077,476	\$177,065
Fringe Benefits	192,908	288,131	366,342	78,211
Supplies and Materials	13,561	10,605	0	-10,605
Equipment and Facility Rent	308	2,500	0	-2,500
Services	3,697,178	1,534,086	0	-1,534,086
Operating Expenditures	0	0	2,660,781	2,660,781
Equipment	5,423	20,000	25,500	5,500
Special Funds	0	400,000	100,000	-300,000
TOTAL	\$4,530,414	\$3,155,733	\$4,230,099	\$1,074,366

REVENUES - None

CAPITAL PROJECTS - None

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
1	1.00	Management Accountant (Operating Funding \$30,372)	Perform pension estimates.
1	1.00	Administrative Services Coordinator (Operating Funding \$38,081)	Manage administrative support staff.
1	1.00	Network Specialist III (Operating Funding \$47,626)	Maintain computer network.
1		Assistant Executive Director	Funding contingent on review of ERS operations.
1		Membership Services Manager	
1		System Project Leader	
1		Information Officer	
1		Programmer Analyst	

ACCOUNT NUMBER	1997 EXPENDITURE		1998 BUDGET		LINE DESCRIPTION	1999 PAY BUDGET		
	DOLLARS	UNITS	DOLLARS			RANGE	UNITS	DOLLARS
EMPLOYEES' RETIREMENT SYSTEM								
BUDGETARY CONTROL UNIT (18CU=10U)								
(Funds for this System's Administration are Included in the Preceding Section Entitled "Provisions for Employee Retirement Funds - Budgets for Provisions for Employee Retirement")								
OUTCOME INDICATORS:								
	3.7%		0.5%		Percent difference between ERS return and Custom Index return.		0.5%	
	20.0%		100%		Implement a benefit history computerized database.			
	95.1%		95%		Percent of all death claims will be filed with the carrier within two working days of receipt of required documentation.		95%	
			90%		Percent of favorable ratings on customer satisfaction survey.		90%	
SALARIES & WAGES								
08 -450 -0		1	76,017		Emp. Retire. System - Exec. Dir.(Y)	13	1	85,775
		1	83,980		Pension Financial Manager (Y)	15	1	91,666
					Assistant Executive Director	11	1	
		1	49,006		Business Operations Manager	8		
MANAGEMENT SUPPORT SERVICES								
					Administrative Services Coordinator	4	1	38,081
					Pension Investment Analyst	6	1	40,415
					Analyst-Senior	7	1	43,082
					Administrative Assistant I	435	1	27,588
					Program Assistant I	460	1	30,254
					Administrative Assistant III	530	1	32,826
					Office Assistant II	410	1	22,769
					Office Assistant II	410	1	11,385
FISCAL SERVICES								
					Business Operations Manager	8	1	50,317
					Pension Accounting Specialist	6	2	109,764
					Management Accountant-Senior	4	1	35,575
					Management Accountant	2	1	31,316
					Management Accountant	2	1	30,372
					Accounting Assistant III	460	1	33,101
					Accounting Assistant II	445	1	28,205
					Accounting Assistant I	435	2	58,257
					Office Assistant III	425	1	25,292
					Program Assistant I	460	1	30,254

ACCOUNT NUMBER	1997	1998		LINE DESCRIPTION	PAY	1999	
	EXPENDITURE DOLLARS	UNITS	BUDGET DOLLARS		RANGE	UNITS	BUDGET DOLLARS
INFORMATION SYSTEMS							
				System Project Leader	8	1	
				Information Officer	6	1	
				Network Specialist III	598	1	47,626
				Programmer Analyst	596	1	
STENOGRAPHIC STAFF							
		1	27,260	Administrative Assistant I	435		
08 -450 -0		1	20,656	Office Assistant II	410		
				Clerk III	425		
		1	28,664	Program Assistant I	460		
		1	29,433	Administrative Assistant III	530		
		1	10,544	Office Assistant II	410		
INVESTMENTS & ACCOUNTING							
08 -450 -0		2	87,297	Pension Accounting Specialist	6		
08 -450 -0		1	34,648	Management Accountant - Senior	4		
08 -450 -0		1	33,350	Management Accountant	2		
08 -450 -0		1	25,992	Account Clerk II	445		
		1	29,433	Accounting Assistant II			
		2	54,520	Accounting Assistant I	435		
		1	26,137	Office Assistant III	425		
		1	27,943	Program Assistant I	460		
				Management Accountant	2		
		1	37,027	Pension Investment Analyst	6		
MEMBERSHIP SERVICES							
				Membership Services Manager	7	1	
08 -450 -0		1	40,482	Pension Counseling Supervisor	5	1	44,187
08 -450 -0		2	79,208	Pension Counselor - Senior	3	2	86,567
08 -450 -0		1	30,427	Pension Counselor	2	1	33,290
		1	39,470	Analyst-Senior	7		
		1	28,917	Medical Benefits Assistant III	445	1	30,529
08 -450 -0	621,036	25	900,411	Total Before Adjustments		33	1,098,493
08 -450 -0				Salary & Wage Rate Changes			
08 -450 -0 -6002				Overtime Compensated*			
08 -450 -0				Personnel Cost Adjustment			(21,017)
08 -450 -0				Other			
08 -450 -0	621,036	25	900,411	Gross Salary & Wages Total		33	1,077,476
08 -450 -0				Reimbursable Services Deduction			
08 -450 -0				Capital Improvements Deduction			
08 -450 -0				Grants & Aids Deduction			
08 -450 -0 -6000	621,036		900,411	NET SALARIES & WAGES TOTAL*			1,077,476
		24.50		O&M FTE'S		27.50	
				NON-O&M FTE'S			

ACCOUNT NUMBER	1997 EXPENDITURE		1998 BUDGET		LINE DESCRIPTION	1999 BUDGET	
	DOLLARS	UNITS	DOLLARS			PAY RANGE	UNITS DOLLARS
					(Y) Required to file a statement of economic interests in accordance with the Milwaukee Code of Ordinances Chapter 303- Code of Ethics.		
08 -450 -0 -6498	192,908		288,131		ESTIMATED EMPLOYE FRINGE BENEFITS* (Involves Revenue Offset-NO Transfers From This Account)		366,342
					SUPPLIES & MATERIALS		
08 -450 -0 -6101	10,669		6,127		Office Supplies & Materials		8,700
08 -450 -0 -6110	2,892				Small Tools & Implements		6,300
08 -450 -0 -6120					Fuel		
08 -450 -0 -6130					Machinery & Equipment Parts		
08 -450 -0 -6150			4,478		Operating Supplies & Materials		
08 -450 -0 -6180					Construction Supplies & Materials		
08 -450 -0 -6100	13,561		10,605		SUPPLIES & MATERIALS TOTAL*		
					EQUIPMENT & FACILITY RENT		
08 -450 -0 -6201	241		700		Automotive & Construction Equipment		721
08 -450 -0 -6250			400		Office Equipment		412
08 -450 -0 -6270			1,400		Land & Buildings		
08 -450 -0 -6280	67				Other Equipment & Facility Rent		
08 -450 -0 -6200	308		2,500		EQUIPMENT & FACILITY RENT TOTAL*		
					SERVICES		
08 -450 -0 -6301	2,969,233		608,500		Fees & Commissions		1,572,807
08 -450 -0 -6310	29,807		75,000		Trans., Communication & Postage		81,000
08 -450 -0 -6330	46,477		4,500		Repairs & Maintenance		4,700
08 -450 -0 -6350					Utilities		
08 -450 -0 -6360	26,500		45,000		Printing, Binding & Advertising		147,000
08 -450 -0 -6370	165,240		200,000		Insurance		275,000
08 -450 -0 -6380	459,921		601,086		Miscellaneous Services		564,141
08 -450 -0 -6300	3,697,178		1,534,086		SERVICES TOTAL*		
					OPERATING EXPENDITURES*		2,660,781
					ADDITIONAL & REPLACEMENT EQUIPMENT		
					Additional Equipment		
08 -450 -0					Paper Shredder	1	2,000
08 -450 -0					Photocopier	1	13,000
08 -450 -0 -6819					Voice Response Equipment	1	10,000
08 -450 -0					Microwave Oven	1	500
08 -450 -0 -6821	495				Time Stamp		
08 -450 -0 -6858	4,433				Computer Workstations		
08 -450 -0	4,928				Subtotal - Additional Equipment	4	25,500
					Replacement Equipment		
08 -450 -0 -6862					Chair		

ACCOUNT NUMBER	1997		1998		LINE DESCRIPTION	1999	
	EXPENDITURE DOLLARS	UNITS	BUDGET DOLLARS	PAY RANGE		BUDGET UNITS	BUDGET DOLLARS
08 -450 -0 -6863			20,000		File System		
08 -450 -0 -6861	495				Refrigerator		
08 -450 -0	495		20,000		Subtotal - Replacement Equipment		
					Other Previous Experience		
08 -450 -0	5,423		20,000		ADDITIONAL & REPLACEMENT EQUIPMENT TOTAL*	4	25,500
08 -450 -0 -8005			400,000		SPECIAL FUNDS Integrated Pension Management System		100,000
					Other Previous Experience		
			400,000		SPECIAL FUNDS TOTAL		100,000
08 -450 -0	4,530,414		3,155,733		EMPLOYEES' RETIREMENT SYSTEM BUDGETARY CONTROL UNIT TOTAL (1BCU=1DU)		4,230,099
					*Appropriation Control Account.		

ACCOUNT NUMBER	1997		1998		INTERNAL MANAGEMENT INDICATORS:	1999	
	UNITS	%	UNITS	%		UNITS	%
08 -450 -0 -0300					Membership Records & Accounts Maintenance		
	26,244	101.6	25,500		Total Members (P)		25,500
	16,919	100.6	16,200		Number of Active Members (Q-1)		16,200
	9,325	103.3	9,300		Number of Retired Members (Q-2)		9,300
08 -450 -0 -0310	12,500	100.9	13,300		Counseling Members Counseling Sessions (P)		14,000
08 -450 -0 -0320	184	100.0	360		Death Claim Preparation No. Death Claims Submitted (P)		360
08 -450 -0 -0340	11,766	101.1	13,550		Membership Maintenance-Group Life Number of Members in System (P)		13,550
	300	100.0	450		New Members Added (Q-1)		450
	450	100.0	300		Resignations & Withdrawals (Q-2)		300
08 -450 -0 -0350		101.2	8,600		Social Security Accounts Maintenance Member Accounts (P)		8,600
		100.0	600		Members Added or Terminated (Q-1)		600
08 -450 -0 -0770	6,000	111.1	6,000		Management & Administration Est. Direct Labor Hours (P)		6,000
	27,200		43,160		TOTAL DIRECT LABOR HOUR ALLOCATION		49,500

..Number

..Version

ORIGINAL

..Reference

..Sponsor

..Title

Charter ordinance amending s. 36-08-3-a of the charter relating to expenses of the Employees' Retirement System.

..Analysis

Under section 36-08-9 of the charter, effective January 1, 2000, all expenses in connection with the administration and operation of the retirement system are to be paid from the combined fund. Under section 36-08-3-a, annually the board shall estimate the amount of money which shall be deemed necessary to provide for the expense of the operation of the retirement system in the ensuing calendar year. The statement is to be reviewed and approved as are all other budgetary requests under ch. 18. This charter ordinance authorizes the board to pay expenses from the combined fund which were not contemplated at the time the budget was approved, provided that the expenditure is authorized by a resolution adopted by a three-quarter vote of the common council.

..Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

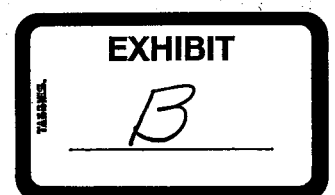
Part 1: Section 36-08-3-a of the charter is amended to read as follows:

a. Annually, the board shall estimate the amount of money which shall be deemed necessary to provide for the expense of operation of the retirement system. On or before the second Tuesday in May of each year the board shall file with the mayor a detailed statement of all estimated expenses which are to be incurred during the ensuing calendar year. Such statement shall be reviewed and approved as are all other budgetary requests under ch. 18. The Board may authorize the payment of expenses from the combined fund, which were not contemplated at the time the annual budget was approved, if the payment of such expenses is authorized by a resolution adopted by a three-quarter vote of the members-elect of the city common council.

Part 2. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.01(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

..LRB

APPROVED AS TO FORM



Legislative Reference Bureau
Date: _____

..Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney
Date: _____

..Requestor

..Drafter TEH/kf
 1127-2001-3612:55463
 7/11/2002