

**LRB – FISCAL REVIEW SECTION ANALYSIS**

**DECEMBER 18, 2002 AGENDA**

**ITEM 10, FILE 020952**

**FINANCE & PERSONNEL COMMITTEE**

**JAMES CARROLL**

File No. 020952 is a substitute resolution authorizing an intergovernmental cooperation agreement between the City of Milwaukee and the Employees' Retirement System/Annuity and Pension Board.

**Background**

1. The Global Pension Settlement (file #991585) enacted major changes to Chapter 36 of the City Charter effective January 19, 2001. Changes included both enhancements to pension benefits and a major change in the funding of the expenses of the retirement system. The changes facilitated the dissolution of separate funds within the system and the establishment of one combined fund from which all administration and operation expenses (from January 1, 2000 forward) of the ERS are to be paid.
2. An Intergovernmental Cooperation Agreement between the City of Milwaukee and the Employees' Retirement System/Annuity and Pension Board covered the period from January 1, 2000 to January 19, 2001.

**Discussion**

1. This Intergovernmental Cooperation Agreement covers the period from January 19, 2001 going forward.
2. From January 19, 2001 through August 31, 2002, ERS has reimbursed the City approximately \$29 million. Under the agreement, ERS will also reimburse the City 9.2% of direct salaries (\$111,918) for indirect charges (building maintenance, Treasurer Services, Comptroller costs, etc.) through August 31 2002. ERS will also pay the City for budget authorized funds for the administration and operation of ERS which are advanced by the City from September 1, 2002 through December 31, 2002. The indirect charge will also apply for this period.
3. After 2002, ERS will advance to the City 1/12<sup>th</sup> of the current year calendar budget expenses no later than 15 days prior to the end of each month.
4. Under the agreement, ERS will reimburse the City 9.2% of direct salary changes for indirect charges for 2003 through 2007. A new rate will be negotiated after 2007.
5. The agreement also provides the processing of contingency requests through the adoption of an amendment to s. 36-08-3-a of the City Charter. Under the amendment, the Annuity and Pension Board may authorize the payment of

contingency expenses, if the payment of the expenses is authorized by a resolution adopted by a three-quarters vote of the Common Council.

**Fiscal Impact**

1. The agreement formalizes the provisions the Global Pension System regarding the use of the Combined Fund for the payment of all ERS administration and operation expenses.

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