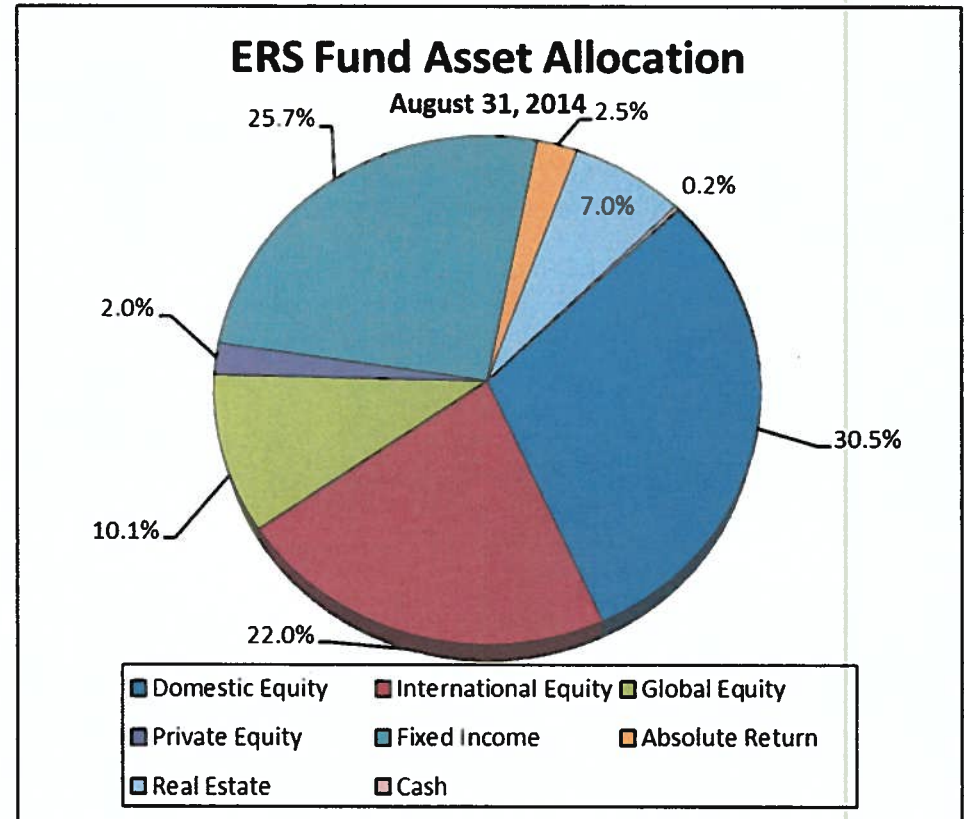

2015 Budget Presentation

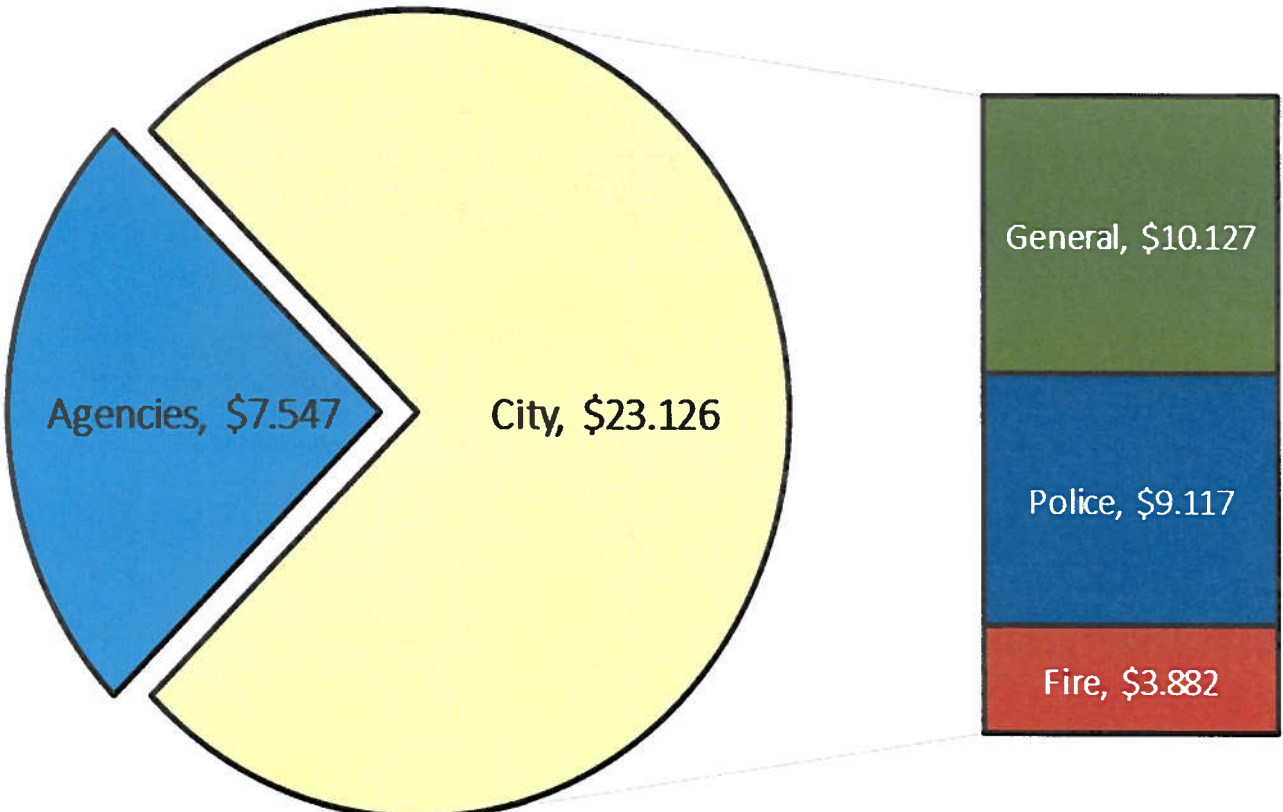
Employes' Retirement System
October 9, 2014

General Pension Fund Statistics

- **Fund Value: \$5.06 billion** (as of Aug. 31, 2014)
- **Membership Breakdown** (per 2014 valuation):
 - Actives: 10,675
 - Deferred: 3,643
 - Retirees / Beneficiaries: 12,468
- **Actuarial Funded Status: 94.8%** (per 2014 actuarial valuation; 102.4% based on market value)
- **Total Annual Pension Payroll: \$328.3 million** (est. for 2014 based on actuals through Aug. 2014)
- **Total Annual Pensionable Wages : \$507.2 million** (est. for 2014 based on YTD actuals through pay pd.17)
- **Total Annual Member Contributions: \$30.7 million** (est. for 2014 based on YTD actuals through pay pd.17)



Total Annual Member Contributions
(in millions)
(projected for 2014)

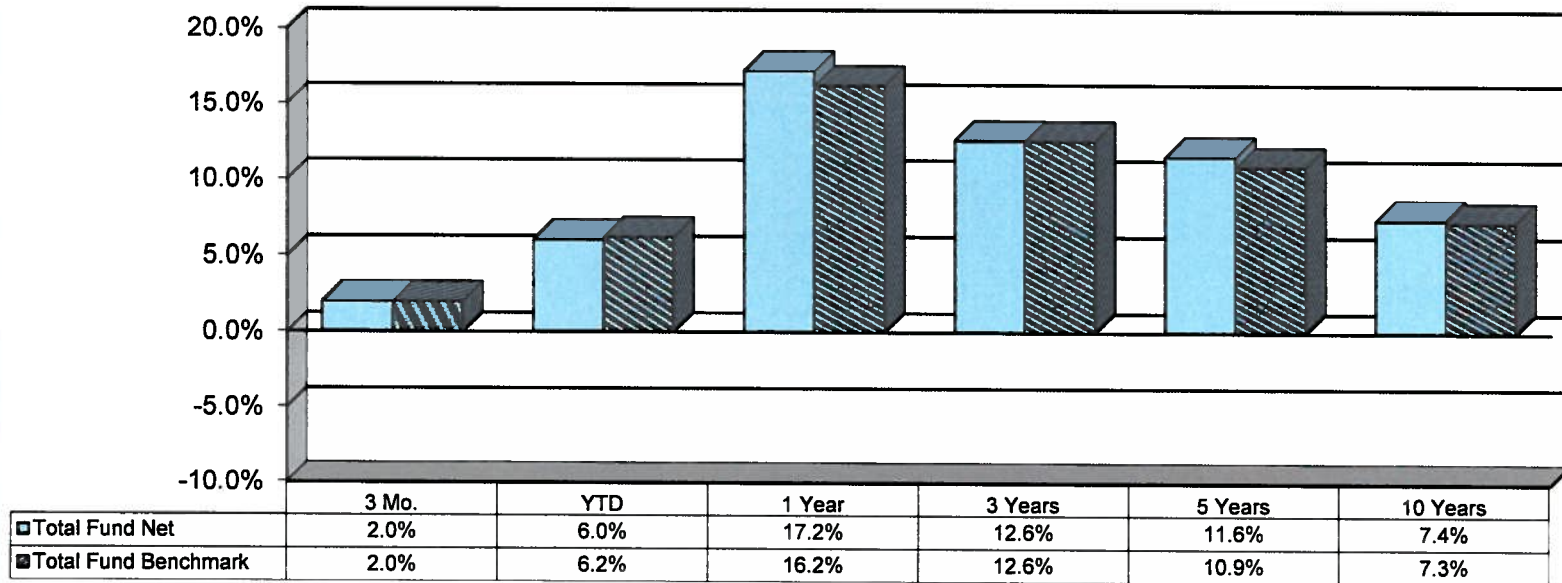


Total Contributions = \$30.673 million

Unit	Collected Through PP17-2014				Straight Line Projections for 2014			
	Payroll Size	Employer Paid	Member Paid	Total	Payroll Size	Employer Paid	Member Paid	Total
City - General	121,856,770	5,420,733	1,200,974	6,621,707	186,369,178	8,290,533	1,836,784	10,127,317
City - Police	85,156,614	5,706,217	254,746	5,960,963	130,239,528	8,727,155	389,612	9,116,767
City - Fire	36,258,086	2,384,862	153,204	2,538,066	55,453,543	3,647,436	234,312	3,881,748
City - Total	243,271,470	13,511,812	1,608,924	15,120,736	372,062,248	20,665,124	2,460,707	23,125,832
Agencies	88,361,031	229,710	4,704,821	4,934,531	135,140,400	351,321	7,195,609	7,546,930
Total	331,632,501	13,741,522	6,313,745	20,055,267	507,202,649	21,016,445	9,656,316	30,672,761

Unit	1.6% Contributions	
	Collected Through PP17-2014	Projected For 2014
City - General	243,806	372,880
City - Police	N/A	N/A
City - Fire	N/A	N/A
City - Total	243,806	372,880
Agencies	6,850	10,476
Total	250,656	383,356

CMERS Investment Performance History Periods Ending August 31, 2014

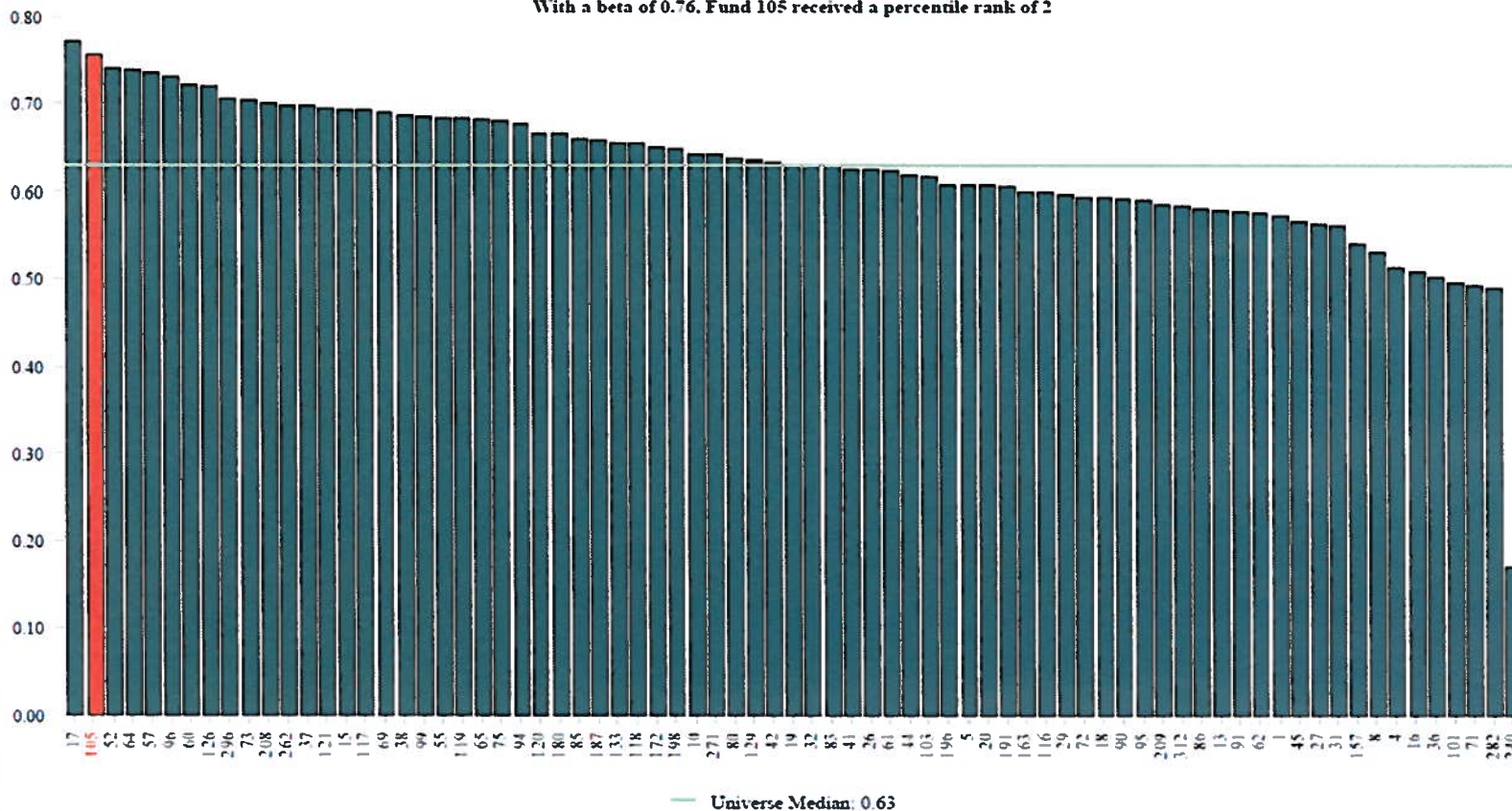


10 Year Total Fund Beta

As of December 31, 2013

Fund Number: 105

75 of 79 funds provided Total Fund returns for this time period
 With a beta of 0.76. Fund 105 received a percentile rank of 2

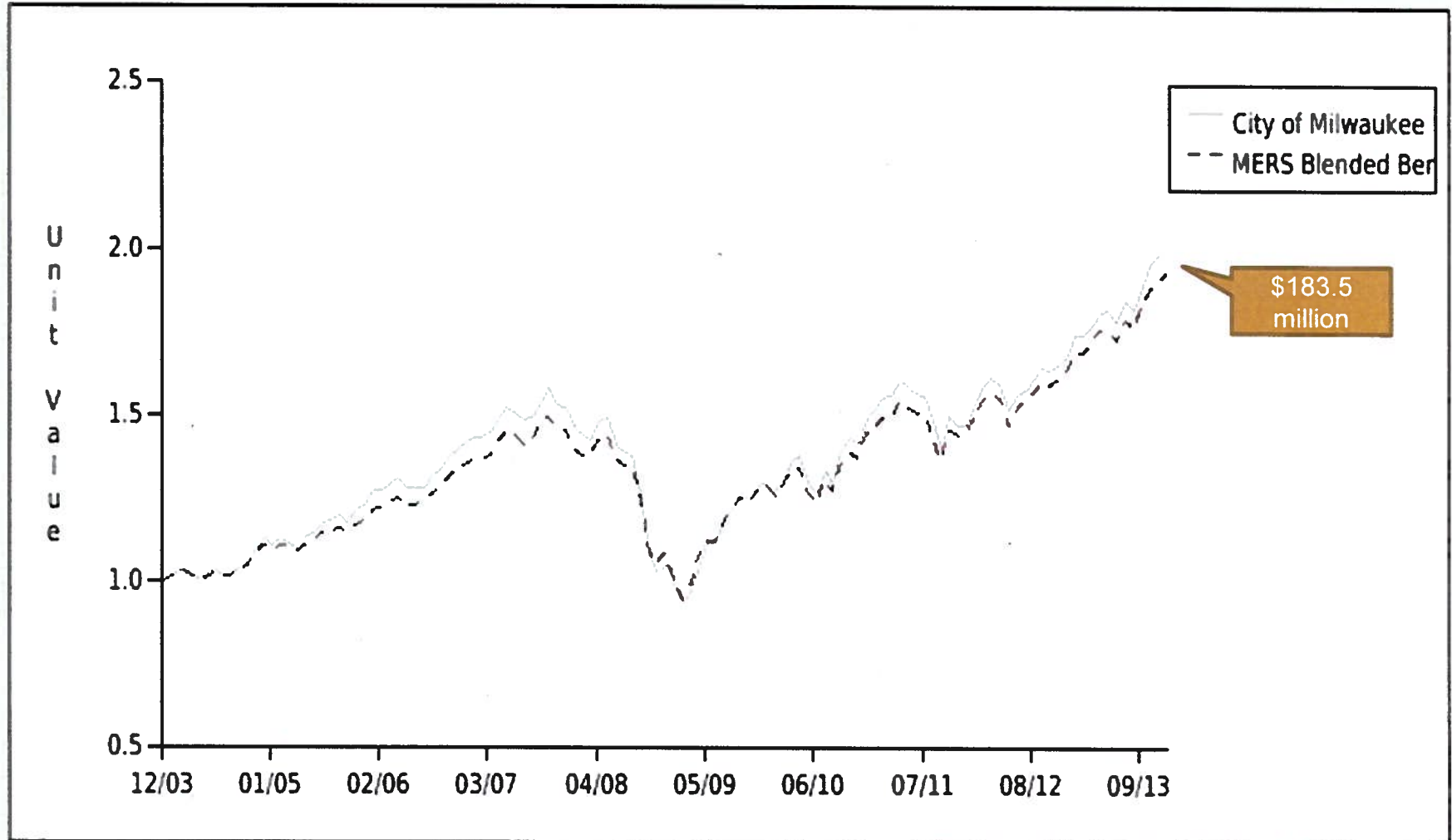


Funds with less history than the specified time period will not appear in the chart. Benchmark used is the S&P 500 Index (Cap Wtd).

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CMERS Investment Return: Value of \$1 Invested 10 years ended Dec. 2013



Active Management versus Passive Analysis 10-Years 1/1/04 - 12/31/13

MERS' decision to hire some active managers versus hiring only passive managers.

MERS Asset Class	Index	Time Weighted Returns			Dollar Weighted Estimates (Net of fees)		
		Annualized MERS Asset Class		Annualized Index	Value of a Dollar Invested in		Active Management Impact
		Gross	Net of fees	Net of fees	MERS Asset Class	Index	\$Millions
Domestic Equity	Russell 3000	7.44%	7.15%	7.86%	\$ 1.99	\$ 2.13	\$ (104.6)
International Equity	EAFE	9.01%	8.52%	6.89%	\$ 2.27	\$ 1.95	\$ 128.2
Global Equity	MSCI World	9.77%	9.34%	11.37%	\$ 1.42	\$ 1.50	\$ (24.1)
Fixed Income	Barclays Aggregate	6.45%	6.35%	4.53%	\$ 1.85	\$ 1.56	\$ 184.0
Estimate of Fund's benefit from its decision to hire active managers over past 10 years.							\$ 183.5

Manager Fees for indices are assumed to be:

Russell 3000 Index - 2 basis points

MSCI EAFE Index - 5 basis points

MSCI World Index - 5 basis points

Barclays Aggregate Index - 2 basis points

Value estimates are based on monthly ERS asset class balances.

Total Fund Fee Summary in Basis Points

Milwaukee ERS vs. Average by Asset Range
As of December 31, 2013

Fund Number: 105

64 of 79 funds provided fee data for this time period

Administrative Expenses	Milwaukee ERS	Under \$500 Million	\$500mm - \$1 Billion	\$1 - \$5 Billion	\$5 - \$10 Billion	\$10 - \$20 Billion	Over \$20 Billion
Internal Inv. Div. Staff	0.77	0.00	0.00	1.45	0.80	0.62	1.24
Actuary	0.35	2.33	1.00	0.51	0.33	0.15	0.13
Legal	0.24	1.33	0.51	1.29	1.01	0.28	0.16
Consultant	0.00	0.12	0.10	0.25	0.48	0.18	0.19
Audit	0.14	0.53	0.52	0.19	0.08	0.08	0.06
Other Professional	0.12	0.00	0.32	0.62	0.05	0.11	0.67
General Administrative	0.30	6.23	9.93	6.25	4.81	2.92	1.67
Total Administrative Expenses	1.91	10.53	12.38	10.57	7.57	4.33	4.12

Investment Expenses	Milwaukee ERS	Under \$500 Million	\$500mm - \$1 Billion	\$1 - \$5 Billion	\$5 - \$10 Billion	\$10 - \$20 Billion	Over \$20 Billion
Custodial	0.20	2.34	2.14	1.50	0.62	0.43	0.24
Investment Consulting	0.41	5.33	1.82	1.88	1.90	0.73	0.37
Domestic Equity	7.43	11.58	6.50	8.57	6.39	4.75	3.21
International Equity	11.75	8.75	6.51	6.63	6.72	6.33	4.78
Fixed Income	3.20	4.91	5.38	5.09	5.24	3.40	3.80
Real Estate	13.00	3.93	3.40	4.84	6.55	3.36	6.40
Other Investment Management	0.08	30.16	0.00	2.99	6.85	3.77	4.86
Total Investment Expenses (ex. Alt Inv)	36.08	67.00	25.75	31.50	34.27	22.77	23.67
Alternative Investments	2.76	5.20	8.80	7.28	10.18	9.51	17.74
Total Investment Expenses	38.84	72.20	34.55	38.78	44.45	32.27	41.41

Total Expenses	40.75	82.74	46.93	49.35	52.02	36.60	45.53
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Expressed in basis points on total fund assets. Funds that did not provide fee data will not appear in the table.

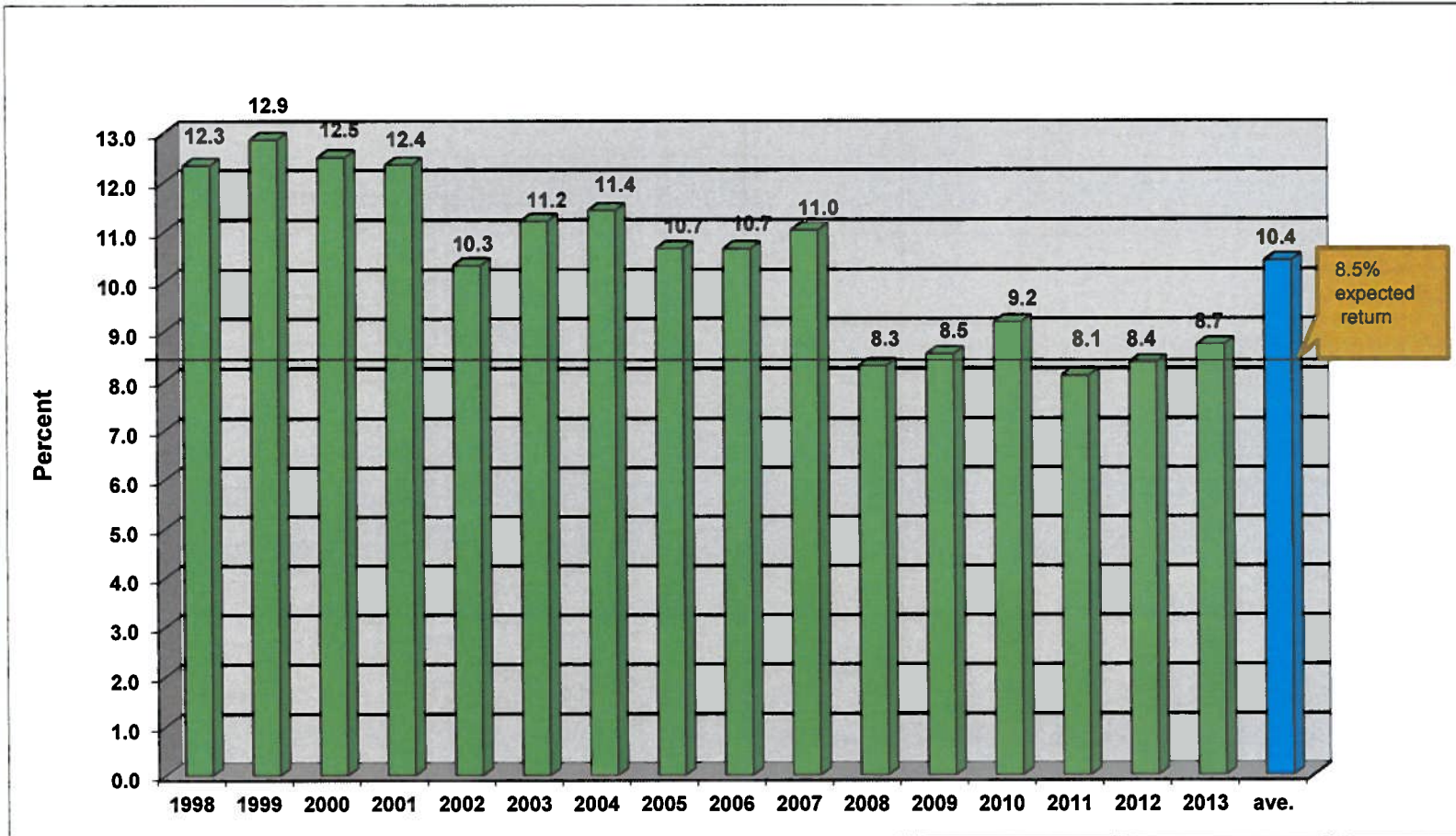
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66



MILWAUKEE
ERS
Employer Retirement System

ERS 20 Year Rolling Ave. Investment Returns 1979-2013



Returns Gross of Fees