

Reply to Common Council File No. 020952

From DOA-Budget and Management Division

December 12, 2002


Ref: 02013

Common Council File No. 020952 contains a substitute resolution regarding an Intergovernmental Cooperation Agreement between the City of Milwaukee and the Employees' Retirement System (ERS) and the Annuity and Pension Board relating to expenses in connection with the administration and operation of the ERS. The Global Pension Settlement provisions stipulate that all expenditures in connection with the administration and operation of ERS are to be paid from the combined fund. This agreement facilitates that provision covering the period beginning January 19, 2001 forward.

Provisions of this agreement include:

- The ERS has reimbursed the City for expenditures through August 31, 2002. The ERS will reimburse the City for expenditures incurred from September 1, 2002 until December 31, 2002 within 60 days of the receipt of an itemized statement.
- After January 1, 2003, budgeted expenses may be advanced, at the City's selection, at a rate of 1/12th of budgeted expenses by ERS to the City no later than the 15th day prior to the end of the month. Prior to the close of the calendar year's accounts, the City must receive full payment from ERS.
- For the 2002 payment, an indirect rate of 9.2% will be applied to direct salary charges. Unless a different rate is agreed upon, this rate will continue from 2003 until 2007.
- If ERS expenditures exceed budget authorization, the ERS may be authorized to increase its appropriation. This appropriation increase will only be allowed, if three-fourths of the Common Council approve.
- This Intergovernmental Agreement may be terminated by the City or the ERS at the end of a calendar year through written notice. This notice must be given 90 days prior to the close of the year. The ERS will continue to reimburse the City for expenses up until the termination of this agreement.

RECOMMENDATION: APPROVE COMMON COUNCIL FILE 020952.


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