

**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 direct salaries included in such 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