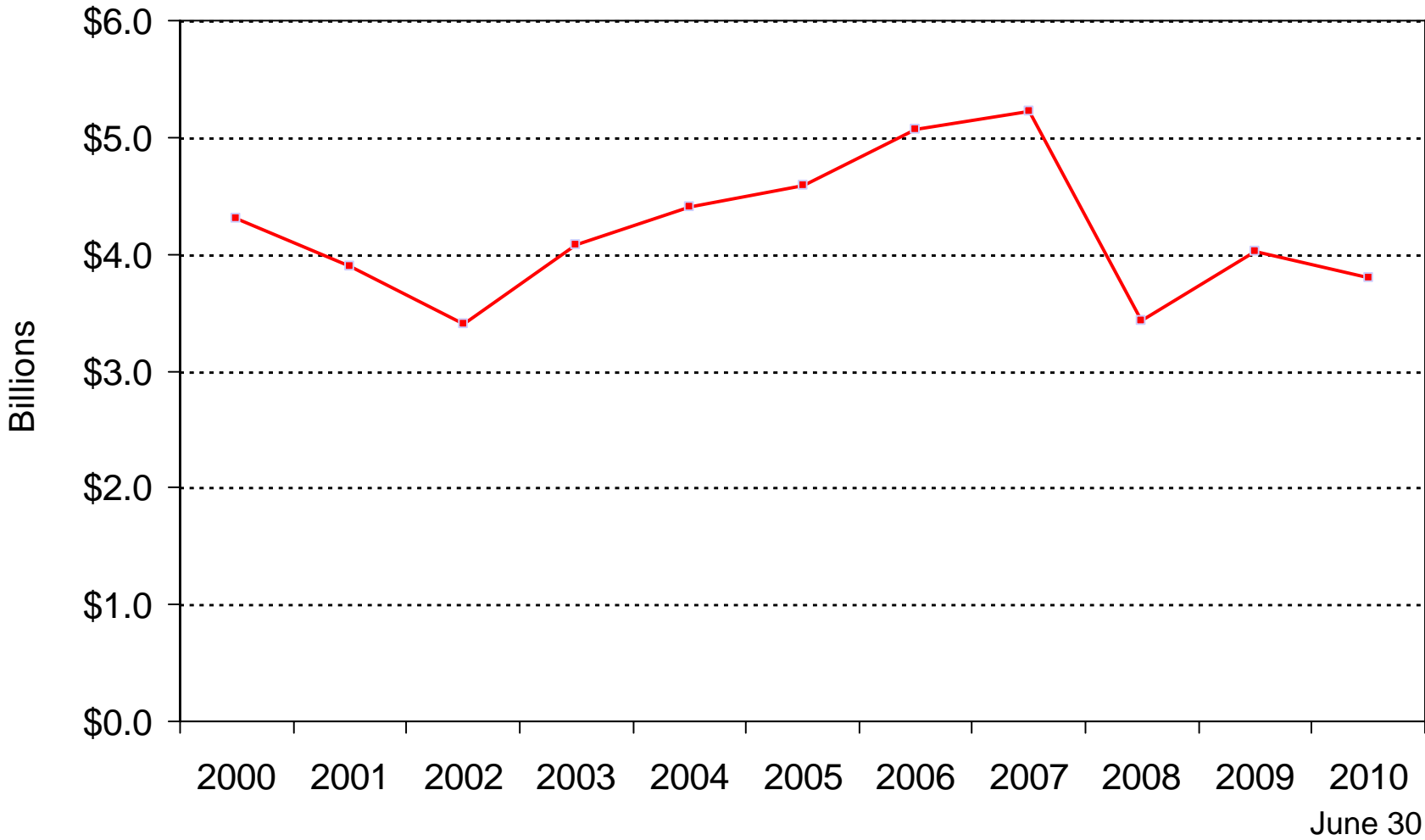


2011 Overview: Employees Retirement System

**Finance & Personnel Committee
October 19, 2010**

Market Value of Assets



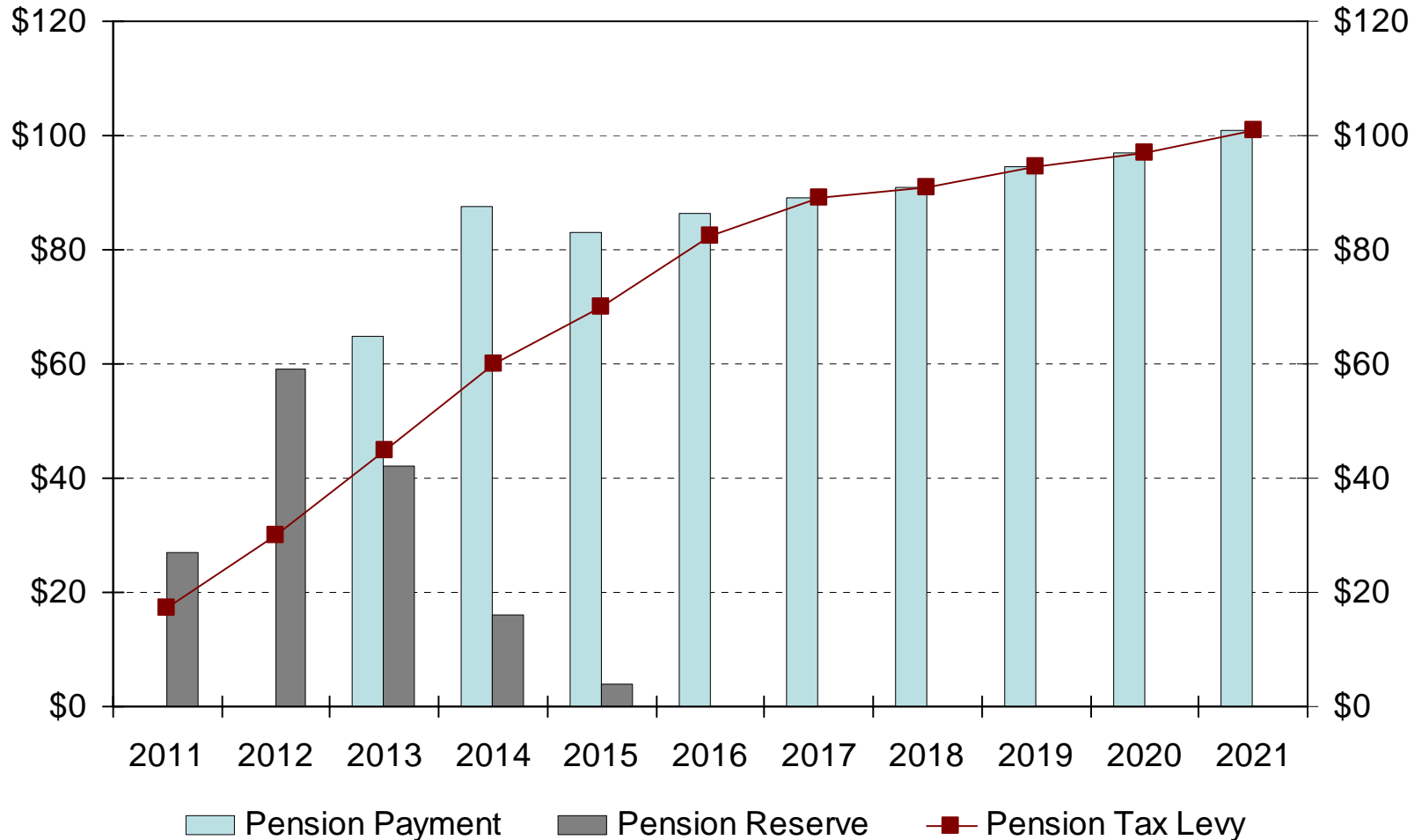
Pension Fund Status

January 1, 2010

- 112.8% on an actuarial basis
- 94.2% on a market basis
- 22.51% return on investment on actuarial value
- 23.49% return on investment on market value

Pension Funding

Projected Impacts: 2011-2021



Pension Contribution

- No mandatory employer contribution required in 2011 and none forecast for 2012
- 2011 budget provides a voluntary contribution of \$17.35 million to the pension reserve fund
- Plan is to provide a voluntary contribution in 2012 of \$20 to \$30 million
- \$65 million mandatory contribution forecast for 2013
- Use of pension reserve to smooth out 2013 will limit tax levy impact to \$45 to \$50 million, thus increasing the tax levy by \$15 to \$20 million from 2012 rather than increasing by \$65 million

Pension Model

City of Milwaukee Pension Funding Policy Model

Based on Valuation Results as of January 1, 2010 and Assets as of January 1, 2010

Input Section

Assumed Rates of Investment Return

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%

Corridor	20%	View Instructions and Workbook Information	Smoothing Period (Years)	5
Payment Type	Level % of Pay		Amortization Period Type	Closed
Apply Full Funding Limit?	Yes		Payment Period (Years)	24

Adjustment to Future Combined Fund Active Working Population

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996
Fire	895	895	895	895	895	895	895	895	895	895	895
General	8,623	8,623	8,623	8,623	8,623	8,623	8,623	8,623	8,623	8,623	8,623

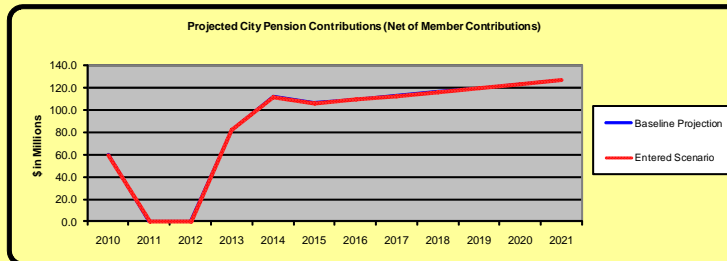
Pension Obligation Bond Contribution as of July 1, (\$ in Millions)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
0	0	0	0	0	0	0	0	0	0

Combined Fund Projected Results Section

Dollars in Millions

January 1,	Contribution (Payable Jan. 31, Following Yr)					As a % of Comp	Market Value of Assets	Actuarial Value of Assets	Actuarial Accrued Liability	Total Covered Comp	Funded Percentage	
	General City	Police	Fire	Total	Entered						Baseline	
2010	-	-	-	-	0%	3,983	4,772	4,254	548	112%	112%	
2011	-	-	-	-	0%	4,095	4,576	4,449	565	103%	103%	
2012	34	31	17	82	14%	4,209	4,382	4,655	582	94%	94%	
2013	49	41	22	112	19%	4,405	4,270	4,871	599	88%	88%	
2014	46	39	21	106	17%	4,639	4,604	5,100	617	90%	90%	
2015	47	41	22	110	17%	4,878	4,844	5,341	635	91%	91%	
2016	48	42	23	113	17%	5,132	5,099	5,596	655	91%	91%	
2017	50	43	23	116	17%	5,402	5,370	5,866	674	92%	92%	
2018	51	45	24	120	17%	5,691	5,660	6,151	694	92%	92%	
2019	52	46	25	123	17%	6,000	5,970	6,455	715	92%	92%	
2020	54	48	26	128	17%	6,332	6,302	6,779	737	93%	93%	



Other Retirement Funding

- Annuity contribution (Employee) = \$25 million
- Social Security Tax = \$18.5 million
- PABF = \$268,667
- Firemen's Pension = \$196,000

Budget Data

	2010 ADOPTED BUDGET	2011 PROPOSED BUDGET	DIFFERENCE (amount, %)
FTEs – O&M	41.50	41.50	0 (0%)
FTEs - Other	0	0	0 (0%)
Salaries & Wages	\$2,501,084	\$2,473,539	\$-27,545 (-1.1%)
Fringe Benefits	\$1,041,500	\$1,187,000	\$145,500 (14.0%)
Operating Expenditures	\$20,543,000	\$24,960,000	\$4,417,000 (21.5%)
Equipment	\$106,000	\$135,000	\$29,000 (27.4%)
Special Funds	\$0	\$0	\$0 (0%)
TOTAL	\$24,191,584	\$28,755,539	\$4,563,955 (18.9%)

Administration

- Exceeded blended benchmark rate of return from 2000 to 2009 except in 2007 and 2008
- Exceeded blended benchmark rate of return in 2009 by 4.8%
- Customer satisfaction is close to 100%