



Tom Barrett
Mayor, City of Milwaukee

February 23, 2010

Honorable Members
Common Council
Room 201 City Hall

RE: Common Council File Number 091274

Dear Common Council Members:

I am writing to you regarding Common Council File 091274, which contains a substitute charter ordinance relating to annual valuations of the assets and liabilities of the employees' retirement system (ERS). This item is scheduled for the February 25 agenda of the Finance and Personnel Committee.

I asked for this charter ordinance to be drafted because it will enable a stable fiscal environment for the City to plan for and make necessary contributions for pension benefits. The legislation codifies the existing practices of the ERS, including the funding policy changes that the Annuity & Pension Board approved last year. Codification of these practices in the Charter supports the ability of the City to plan for and make our employer contributions. There is no change to the requirement that the City provide for the entire employer contribution through the Budget, as determined by the Board's actuary through the annual valuation.

The Board's actuary has indicated that the funding policy contained in this Charter ordinance is reasonable and within the bounds of responsible actuarial practice. The Charter ordinance contains safeguards that ensure that the annual valuation complies with actuarial standards of practice. In addition, the legislation requires that the Board's actuary must certify that any proposed changes to the funding policy comply with actuarial standards of practice in order for such changes to be permissible.

This legislation does not alter any pension benefits, nor does it transfer any assets of the pension fund to the City. The proposed Charter ordinance provides a stable basis for the City to fund our pension system responsibly. The City Attorney has concluded that this legislation is legal and does not diminish the benefits of any ERS member.

Thank you for your consideration. Please call Mark Nicolini, Budget and Management Director, at extension 5060 if you wish to discuss this.

Sincerely,

Tom Barrett
Mayor