**INTEROFFICE COMMUNICATION**

**COUNTY OF MILWAUKEE**

**DATE:** December 30, 2011

**TO:** Lee Holloway, Chairman, County Board of Supervisors

**FROM:** Mark A. Grady, Deputy Corporation Counsel

**SUBJECT:** Required OBRA Ordinance Amendments

It is requested that this matter be referred to the Committee on Finance and Audit, the Committee on Personnel and the Pension Study Commission.

The OBRA pension system has recently been audited by the Internal Revenue Service. In addition, as is periodically required by the Internal Revenue Code, the Pension Board recently filed for a “determination letter” with the IRS seeking the IRS’s determination that the OBRA plan remains a tax-qualified plan. The Pension Board has received a draft audit closing statement from the IRS and has received a favorable determination letter from the IRS. However, both approvals are conditioned upon the passage of ordinance amendments to the OBRA plan that are required to maintain compliance with the Internal Revenue Code. These amendments relate to updates to IRS regulations and to several Congressional acts, including the Economic Growth and Tax Relief Reconciliation Act of 2001 (“EGTRRA”), the Pension Protection Act (“PPA”) and the Heroes Earnings Assistance and Relief Tax Act (“HEART”). Attached is a summary of the amendments prepared by outside tax counsel. Pursuant to IRS requirements, these amendments must be adopted no later than February 7, 2012.

The Pension Board requests the adoption of these ordinance amendments. I am attaching the Pension Board’s comment. These amendments are technical in nature. It is not expected that the amendments will result in any increased cost to the County, but they are being reviewed by the actuary and an actuarial report has been requested.

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MARK A. GRADY

Deputy Corporation Counsel

Attachment

cc(w/att.): County Executive Chris Abele

Carol Mueller

Jodi Mapp