Meeting Minutes

Milwaukee County
Retirement Sustainability Taskforce (RST)
August 29, 2017 2:30 PM
Milwaukee Area Technical College Room M616
700 W State Street Milwaukee WI 53233

Members Present:

Chris Abele, Robert Conlin, Margaret Daun, Norb Gedemer, Rep. Evan Goyke, Ralph Hollmon, Waylon Hurlburt, Rep. Dale Kooyenga, Steve Kreklow, Maria Lopez Vento, Jodi Mapp, Tom Meaux, Kerry Mitchell, Ron Nelson, Supv. David Sartori, Tim Sheehy, Julie Siegel, Greg Smith, Supv. Sheldon Wasserman

Meeting called to order at: 2:37pm

Item 1

Presentation by Teig Whaley-Smith: Milwaukee County Pension 101

Full presentation available at http://county.milwaukee.gov/RST

Item 2

County finances presentation by Rob Henken of the Public Policy Forum
Full presentation available at http://county.milwaukee.gov/RST

Item 3

Overview of Taskforce Process

a. Phase I: Introduction/Kick-Off
b. Phase II: Further Review & Understanding of Unfunded Liability
c. Phase III: Review & Understanding of Sponsor Ability to Maintain Other Services
d. Phase IV: Review of State Option & Other Options for Future Benefits; Review/Recommend Modifications
e. Phase V: Review & Recommendation of Options for Unfunded Liability

Questions/Discussion:

- Q: How is creditable service counted for employees who are not full-time?
  A: The vesting period is 5 years. Full time work is 2080 hours per year. Thus 5 years is equal to 10,400 hours. A part-time employee must hit 10,400 hours worked prior to vesting.

- Q: Are multipliers the same for all County employees?
  A: Historically, the multiplier has varied widely based on collective bargaining agreements. Currently, the multiplier used is 1.6% for most employees (post 2012), except law enforcement, and a few other anomalies

- Q: Do benefits earned prior to vesting receive the same "property right" protections as vested benefits?
  A: See Pension 101 training slides 14-15. Any changes will have to be reviewed by Corporation Counsel and outside counsel to determine whether they fall in to a protected category or not. For example, changing a multiplier for past benefits would clearly be protected, but changing a Cost of Living Adjustment amount for future benefits may not be.

- Q: Why did the County issue pension obligation bonds (POBs)?
  A: County saw it as an opportunity to reduce the unfunded liability by issuing approximately $400 million in debt and depositing the proceeds in the Pension fund at a time when the stock market was at an all-time low and was poised to rebound. The unfunded liability today would be $900 million instead of about $500 million if POBs had not been issued. Debt service is about $33 million per year in addition to the annual ERS contribution.

- Q: There are about 2,304 variations to pension, how many variations are calculated through an automated process?
  A: Most combinations are automated, but because software systems are built to only handle traditional variations, each calculation must be manually checked which leads to inevitable errors. It should be noted that the state WRS system, although complex, is “substantially less complicated” with much less variation.

- Q: How have ERS' investments performed when compared to the State and City?
  A: This topic will be addressed in a future meeting.