

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
MINUTES OF THE DECEMBER 1, 2005 BUDGET COMMITTEE MEETING

1. Call to Order

Chairman Lanier called the meeting to order at 9:15 a.m. in Room 210-CA of the Milwaukee County Courthouse.

2. Roll Call

Members Present

John Martin
Walter Lanier
Marilyn Mayr

Members Excused

John Parish

Others Present

Mark Grady, Principal Assistant Corporation Counsel
Gordon Mueller, ERS Fiscal Officer
Jack Hohrein, ERS Manager

3. Discussion and Review of the 2006 Annual Budget

The Committee discussed using best practices when developing a budget plan. In that context the Chairman requested information on the background and process development of the budget. Mr. Mueller reviewed the basics of the budget development. The Chairman requested that an introductory document be prepared as an overview to the budget.

The Committee discussed the amount of legal fees and the possible conflict of interest corporation counsel may have with responsibilities to both the County government and the pension board. Hiring a full-time attorney only for pension board business was discussed. The discussion continued on the possibility of requesting that an attorney in corporation counsel be dedicated full time to ERS and whether there was a need to have two outside counsel firms. Advantages were noted as increased pension experience and a goal to reduce fees. Mr. Grady noted that County government would have to approve any change of counsel. The Chairman noted that a Legal Committee could address this as a possible agenda item.

Ms. Mayr asked questions on the capital budget, overtime and medical services. Mr. Mueller explained the items questioned and noted that he anticipates a five-year amortization period for the software costs.

Mr. Mueller reported that Mellon provided a separate invoice for Trust (Custodian) fees and cash management fees.

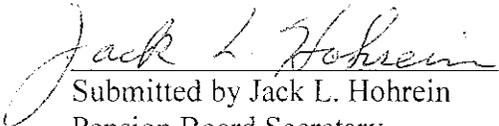
Mr. Hohrein noted that the current provider of fiduciary insurance had provided a reduced fee quote by approximately \$70,000. The Committee agreed to change the budget to reflect this lower cost.

Mr. Martin asked whether the cost to replace the copy machine was reasonable and if the cost of postage could be reduced. Mr. Mueller stated he had researched the cost of a new copier and it was reasonable. He noted that a large part of the postage cost was from the mailing of EFT notices. The Committee discussed alternatives to mailing the EFT notices and possibly requiring retirees to use EFT (electronic funds transfers).

The Committee discussed the expense for salaries and benefits. It was noted that in a comparison report by Virchow Krause staff level for MCERS is relatively low when compared to peer group retirement plans. The Committee discussed the determination of the appropriate levels of staff. The Committee discussed the management reporting requirements of the ERS Manager, noting that direct reporting responsibilities were to the Director of Human Resources.

4. Adjournment

The meeting adjourned at 11:45 a.m.


Submitted by Jack L. Hohrein
Pension Board Secretary