

# City of Milwaukee Employees' Retirement System

## STATEMENT OF PLAN NET ASSETS (IN THOUSANDS) December 31, 2010

<b>ASSETS:</b>	
Short-term corporate notes, certificates of deposit and commercial paper .....	\$ 113,590
<b>INVESTMENTS AT ESTIMATED FAIR VALUE:</b>	
Bonds and mortgage obligations.....	778,665
Common and preferred stocks .....	2,067,954
Barclay bond index funds .....	302,959
DFA small cap fund .....	240,635
Northern trust company collective equity index fund .....	355,825
Russell 1000 alpha value fund .....	183,323
Real estate investments .....	253,179
Private equity investments .....	6,873
<b>Total investments</b> .....	<u>\$ 4,189,413</u>
<b>RECEIVABLES:</b>	
Employer .....	(71)
Member .....	1,671
Actuarially Determined Contributions .....	-
Interest, dividends, and foreign taxes recoverable .....	14,827
Investments sold .....	15,375
<b>Total receivables</b> .....	<u>\$ 31,802</u>
Software development and equipment (net of depreciation) .....	7,251
Securities lending collateral .....	291,091
<b>Total assets</b> .....	<u>\$ 4,633,147</u>
<b>LIABILITIES:</b>	
Benefits payable .....	95
City of Milwaukee .....	2,305
Securities lending obligation .....	291,091
Investments purchased .....	16,160
<b>Total liabilities</b> .....	<u>\$ 309,651</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b> .....	
	<u>\$ 4,323,496</u>

## STATEMENT OF CHANGES IN PLAN NET ASSETS (IN THOUSANDS) YEAR ENDED DECEMBER 31

	<u>2010</u>	<u>2009</u>
<b>ADDITIONS:</b>		
Contributions:		
Employer .....	-	60,098
Member .....	35,699	35,894
<b>Total contributions</b> .....	<u>\$ 35,699</u>	<u>\$ 95,992</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments .....	489,720	727,875
Interest, dividends and other investment income .....	81,277	79,072
	<u>570,997</u>	<u>806,947</u>
Less investment expense .....	13,196	10,800
Net investment income (loss) .....	557,801	796,147
<b>Total additions</b> .....	<u>\$ 593,500</u>	<u>\$ 892,139</u>
<b>DEDUCTIONS:</b>		
Administrative expenses .....	13,275	12,247
Benefits paid .....	268,940	252,699
Refund of contributions .....	2,769	2,315
<b>Total deductions</b> .....	<u>\$ 284,984</u>	<u>\$ 267,261</u>
Increase (decrease) in net assets held in trust for pension benefits .....	308,516	624,878
Less: Transfers from City Reserve	(7,000)	(5,581)
Net assets held in trust for pension benefits:		
Beginning of the year .....	4,021,980	3,402,683
<b>End of year</b> .....	<u>\$ 4,323,496</u>	<u>\$ 4,021,980</u>

See notes to General Purpose Financial Statements.

## ACTUARIAL BALANCE SHEET (IN THOUSANDS) AS OF JANUARY 1, 2011

<b>ASSETS:</b>	
Market value of assets .....	\$ 4,322,384
Market adjustment .....	319,041
<b>Actuarial value of assets</b> .....	<u>\$ 4,641,425</u>
<b>LIABILITIES:</b>	
Actuarial present value of credited projected benefits for:	
Annuitants .....	\$ 2,835,309
Inactive members	
Member contributions .....	72,930
Employer financed portion .....	28,050
Active members	
Member contributions .....	483,331
Employer financed portion .....	1,027,928
Reserve for adverse experience .....	193,877
<b>Total liabilities</b> .....	<u>\$ 4,641,425</u>

## MEMBERSHIP STATISTICS DECEMBER 31

	<u>2010</u>	<u>2009</u>
Active members .....	11,247	11,664
Retired, disability and survivorship .....	11,568	11,205
Members on deferred status .....	4,158	4,123
<b>Total membership</b> .....	<u>26,973</u>	<u>26,992</u>

*A list of investments held by the Employees' Retirement System as of December 31, 2010 is available for inspection at the System's office. The financial records of the Employees' Retirement System have been audited by Baker Tilly Virchow, Krause & Company, LLP for the year ending December 31, 2010. Complete audited General Purpose Financial Statements are available for inspection at the System's office or on-line at [www.cmers.com](http://www.cmers.com).*

**Check that your Beneficiary Designation is current.**

*Change of Beneficiary Designation forms are available at the ERS office at 789 North Water Street, Suite 300 Milwaukee, WI 53202 or by calling 414-286-3557 or 1-800-815-8418 or on-line at [www.cmers.com](http://www.cmers.com)*

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF MILWAUKEE**  
*June 16, 2011*

Section 36.15 (9) of the Milwaukee City Charter provides that the Annuity and Pension Board "shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the assets of the system, and the financial condition of the system as disclosed by an actuarial valuation of the retirement system."

The Annuity and Pension Board submits herewith its annual report for the year ending December 31, 2010.

**ANNUITY & PENSION BOARD**  
**As of December 31, 2010**

**W. Martin Morics, CPA, Board Chairman**  
City Comptroller  
*Ex-Officio Member*

**John Barmore, Board Vice Chairman**  
Milwaukee Fire Department  
Elected Representative – Active

**William C. Carey**  
Elected Representative - Retiree

**Konrad Ellenberger**  
Milwaukee Police Department  
Elected Representative – Active

**Larry Holland**  
Retired  
Appointed by the President of the Common Council

**Alderman Michael J. Murphy**  
10th Aldermanic District  
Appointed by the President of the Common Council

**Gust Petropoulos**  
Milwaukee Police Department  
Elected Representative – Active

**Ronald Walter**  
Milwaukee Bucks, Inc.  
Appointed by the President of the Common Council

**ADMINISTRATIVE PERSONNEL**

Executive Director and Secretary  
Deputy Director  
Chief Investment Officer  
Custodian of Funds  
  
Legal Advisor

Bernard J. Allen  
Martin Matson  
Thomas Rick, CFA  
Wayne F. Whittow,  
City Treasurer  
Grant F. Langley,  
City Attorney

**INVESTMENT MANAGERS**

Abbott Capital Management, LLC  
Alliance Bernstein Institutional Investment Management  
Allianz Global Investors  
AMB Property Corporation  
BlackRock, Inc  
Brandes Investment Partners, LP  
Brookfield Asset Management, Inc.  
Bryanston Realty Partners  
Citigroup Property Investors  
Colony Capital, LLC  
Deutsche Asset Management  
Dimensional Fund Advisors (DFA)  
Earnest Partners  
Fortress Investment Group  
Fremont Realty Capital  
Grantham Mayo Van Otterloo & Co., LLC (GMO)  
H/2 Capital Partners  
JP Morgan Fleming Asset Management  
LaSalle Investment Management, Inc.  
Loomis-Sayles & Company  
Lubert-Adler Partners, L.P.  
Mesirow Financial  
Morgan Stanley Real Estate Advisor, Inc.  
Prudential Investment Management (PRISA)  
Reams Asset Management Company  
Square Mile Capital Management, LLC  
Stockbridge Capital Partners, LLC  
T. Rowe Price Associates, Inc.  
The Northern Trust Company  
TRECAP Partners, LLC  
Turner Investment Partners, Inc.  
Union Bank of Switzerland (UBS)  
Walton Street Capital, LLC  
Wellington Management Company, LLP  
William Blair & Company

**CONSULTANTS**

Baker Tilly Virchow Krause, LLP  
Buck Consultants, LLC  
Deloitte & Touche, LLP  
DS Consulting Group, LLC  
Global Trading Analytics, LLC  
HP State and Local Enterprise Services  
Jefferson Wells International, Inc  
Mercer Investment Consulting  
PDG Consulting Services, LLC  
S&S Consulting Group, LLC  
Saras America, Inc.  
The Townsend Group  
Wisconsin Dept of Workforce Development Data Exchange

**MEDICAL COUNCIL**

Michael Borkowski, M.D. (alternate)  
Carol Dick, M.D.  
William Greaves, M.D.  
Michael Lischak, M.D. (alternate)  
Andrew Seter, M.D. (alternate)  
Marvin Wagner, M.D.

**CITY OF MILWAUKEE**

*Employees'  
Retirement  
System*

***ANNUAL REPORT  
OF THE  
ANNUITY AND  
PENSION BOARD***

***73rd  
EDITION  
December 31, 2010***