



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

April 15, 2021

Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that an Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board of the Employees' Retirement System has been scheduled for **Wednesday, April 21 at 9:00 a.m.** *Special Notice: Due to the COVID-19 pandemic, the meeting will be held remotely via video conference. Instructions on how to observe the meeting will be available on ERS's website (www.cmers.com) prior to the meeting.*

Please note and observe the following remote attendance etiquette to ensure a smooth and productive meeting:

- In order to cut down on background noise, participants in the meeting should put their phones on mute when they are not participating.
- At the start of the meeting, the Chairman will announce the names of the members of the Board present on the call, as well as anyone else who will be participating.
- Please request to be recognized by the Chairman if you would like to speak.
- Those participating on the call should identify themselves whenever they speak, and should ensure that the other participants on the call can hear them clearly.

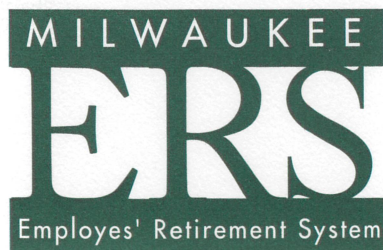
The agenda is as follows:

- I. Approval of Draft ERS 2022 City Budget Request.

Sincerely,

Bernard J. Allen
Executive Director

BJA:jmw



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April 14, 2021

Members of the Administration & Operations Committee
Annuity and Pension Board
789 North Water Street, Suite 300
Milwaukee WI 53202

Dear Committee Members:

Re: Draft ERS 2022 City Budget Request

The ERS is required to submit the 2022 budget request to the City by May 12, 2021. We have completed estimating these needs for 2022 and have drafted details for your consideration.

This budget request was developed by reviewing the 2020 actual experience and the 2021 adopted budget and adjusting for anticipated changes in activity. Salaries were estimated using current and potential rates of pay.

Major approximate changes we anticipate in the O&M Budget in 2022 compared to 2021 can be summarized as follows:

- Increase of \$27,800 for Salaries
- Increase of \$12,788 for Fringe Benefits
- Increase of \$18,000 for General Office Expenses
- Decrease of \$46,000 for Facility Rent & Property Services
- Increase of \$2,000 for Non-vehicle Equipment Rental
- Increase of \$1,664,000 for Professional Services
- Decrease of \$274,000 for Information Technology Services
- Increase of \$69,300 for Other Operating Services
- Decrease of \$277,000 for Equipment

Enclosed for your input and approval is a draft of the 2022 budget request for the Employees' Retirement System. We have also enclosed, for your information, a schedule showing the amounts we recommend as requested by the City for non-Trust activity.

Sincerely,

Daniel Gopalan, CPA
ERS Chief Financial Officer

Employees' Retirement System - City of Milwaukee

Summary of 2022 Draft Budget Request as compared to 2021 Adopted Budget and 2020 Actual Expenditures

2020 Actuals		2021 Adopted Request	2022 Draft Request	Variance with Current Authority	Primary Details Resulting in Variance to the 2020 Adopted Budget	
\$	3,316,239	Total Salaries	\$ 3,570,428	\$ 3,598,228	\$ 27,800	Removed Intern position (.5 FTE) and adjusted for 3% salary increases
	1,579,726	Fringe Benefits (Budget Rate)	1,642,397	1,655,185	12,788	This line item is dependent on the Salaries Expense. Estimated Gross Fringe Benefit Rate set bythe City Budget Office.
		Operating Expenditures				
	195,941	General Office Expense	195,000	213,000	18,000	Increase in postage and mailings to members
	7,299	Other Operating Supplies	5,000	5,000	-	
	522,289	Facility Rent & Property Services	658,000	612,000	(46,000)	Reduced budgeted costs to actual lease amounts
	20,269	Non-vehicle Equipment Rental	26,000	28,000	2,000	Increased to reflect increase of copier usage and maintenance fees
	8,748,223	Professional Services	11,021,000	12,685,000	1,664,000	Increase due to larger investment asset based
	1,094,154	Information Technology Services	1,706,000	1,432,000	(274,000)	Decrease is attributable to IT infrastructure maintenance and software renewal cycle.
	518,701	Other Operating Services	1,155,100	1,224,400	69,300	Increase in training costs, and increase related to cyber insurance
\$	11,106,875	Total Operating Expenditures	\$ 14,766,100	\$ 16,199,400	\$ 1,433,300	
		Equipment Purchases				
	58,402	Equipment	875,000	598,000	(277,000)	IT infrastructure upgrades - Hosting replacement, security enhancements, and SAN upgrades.
\$	58,402	Total Equipment Purchases	\$ 875,000	\$ 598,000	\$ (277,000)	
\$	16,061,242	Total Regular O&M	\$ 20,853,925	\$ 22,050,813	\$ 1,196,888	
\$	16,061,242	Total All ERS	\$ 20,853,925	\$ 22,050,813	\$ 1,196,888	

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Employees' Retirement System - City of Milwaukee
2022 Non-Trust Recommendations for City Budget

2020 Actual		2021 Adopted Budget	2022 Budget Request	Recommendation Over (Under) Current Authority	
Non Trust Line Items Estimated by ERS					
\$	77,360	PABF Payroll	\$ 83,250.00	\$ 78,000.00	\$ (5,250.00)
	10,000	PABF Lump-Sum Supplement Contribution	10,000	10,000	-
65,875,000		Employers' Retirement Fund - Employer's Pension Contribution*	79,000,000	-	(79,000,000) *
4,384,688		Group Life Insurance Premium	4,560,000	4,560,000	-
31,899		Retirees' Benefit Adjustment Fund	40,000	32,000	(8,000)
\$	70,378,948	Total Non ERS Estimates	\$ 83,693,250	\$ 4,680,000	\$ (79,013,250)

* Pending Actuarial Valuation