



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

April 11, 2023

Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that a Meeting of the Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board of the Employees' Retirement System has been scheduled for **Tuesday, April 18, 2023 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.*

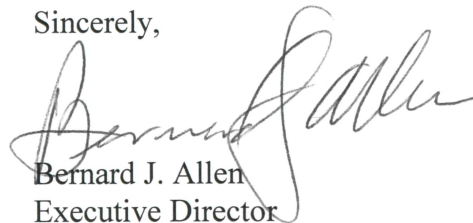
Please note and observe the following remote attendance etiquette to ensure a smooth and productive meeting:

- 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 2024 Budget.

Sincerely,



Bernard J. Allen
Executive Director

BJA:jmw

Employees' Retirement System - City of Milwaukee

Summary of 2024 Draft Budget Request as compared to 2023 Adopted Budget and 2022 Actual Expenditures

2022 Actuals		2023 Adopted Budget	2024 Requested Draft	Variance with Current Authority	Primary Details Resulting in Variance to the 2023 Adopted Budget
\$ 3,492,461	Total Salaries	\$ 3,987,479	\$ 4,869,302	\$ 881,823	The increase is due to Market Studies completed by DER in 2022 and 2023
1,522,165	Fringe Benefits (Budget Rate)	1,874,115	2,191,186	317,071	This line item is dependent on the Salaries Expense. The Budgeted Fringe rate is calculated by the Comptroller's Office.
Operating Expenditures					
198,411	General Office Expense	211,000	216,000	5,000	Increase in projected postage costs
2,044	Other Operating Supplies	5,000	5,000	-	
543,299	Facility Rent & Property Services	655,000	662,000	7,000	Increase projected due to new lease for 789 Building
22,874	Non-vehicle Equipment Rental	25,000	25,000	-	
9,250,027	Professional Services	12,120,000	12,361,000	241,000	Increase in Invmt Manager fees due to larger Invmt asset size and more invmt fees being paid out of budgeted funds
803,390	Information Technology Services	1,531,000	1,533,000	2,000	Increase is attributable to IT infrastructure maintenance and software renewal cycle.
694,901	Other Operating Services	1,363,400	1,503,400	140,000	Increase in Fiduciary insurance premiums and indirect costs charged for salaries
\$ 11,514,944	Total Operating Expenditures	\$ 15,910,400	\$ 16,305,400	\$ 395,000	
Equipment Purchases					
767,526	Equipment	2,036,000	713,000	(1,323,000)	Reduction due to IT finishing hardware replacement cycle in 2023
\$ 767,526	Total Equipment Purchases	\$ 2,036,000	\$ 713,000	\$ (1,323,000)	
\$ 17,297,096	Total Regular O&M	\$ 23,807,994	\$ 24,078,888	\$ 270,894	
Total All ERS		\$ 23,807,994	\$ 24,078,888	\$ 270,894	

Employees' Retirement System

Analysis of 2024 Operating Expenditure and Equipment Draft Budget Request as compared to 2023 Authority and 2022 Actual Expenditures

2022 Actuals		2023 Adopted Budget	2024 Draft Request	Variance with Current Authority	Primary Details Resulting in Variance to the 2023 Adopted Budget
General Office Expense					
162,694	Postage & Mailing	165,000	170,000	5,000	Slight increase based upon 2022 costs
10,570	Subscriptions, Publications	16,000	16,000	-	
15,996	Supplies-Forms	15,000	15,000	-	
9,150	Supplies-Office	15,000	15,000	-	
198,411	Total General Office Expense	211,000	216,000	5,000	
Other Operating Supplies					
2,044	Computer Parts	5,000	5,000	-	
2,044	Total Other Operating Supplies	5,000	5,000	-	
Facility Rent & Property Services					
409,134	Office Space	470,000	487,000	17,000	Increase is due to new lease for 789 N Water
88,712	Telephone	120,000	110,000	(10,000)	Reduced due to prior years utilization trend
23,115	Electricity	32,000	32,000	-	
12,724	Property & Liability Insurance	15,000	15,000	-	
9,613	Building Machinery Maintenance	18,000	18,000	-	
543,299	Total Facility Rental & Property Serv	655,000	662,000	7,000	
Non-vehicle Equipment Rental					
22,874	Copier-Lease & Repair	25,000	25,000	-	
22,874	Total Non-vehicle Equipment Rental	25,000	25,000	-	
Professional Services					
70,767	Actuary Services	125,000	125,000	-	
392,917	Asset Management	484,000	491,000	7,000	Increase due to annual increase per contracts
190,269	Audit	250,000	250,000	-	
300,000	Custody	300,000	300,000	-	
13,056	Memberships	15,000	15,000	-	
53,793	City Attorney	200,000	200,000	-	
					Increase due to more invmt managers invoicing fees and larger asset size
7,713,470	Investment Manager Fees	10,033,000	10,335,000	302,000	
86,314	Legal Services	115,000	115,000	-	
111,913	Medical-Council	145,000	145,000	-	
143,142	Medical-Exams And Reviews	275,000	200,000	(75,000)	Reduced due to prior years utilization trend
53,656	Other Professional Services	50,000	55,000	5,000	Slight increase based upon 2022 costs
120,730	Reporting Services	128,000	130,000	2,000	Slight increase based upon 2022 costs
9,250,027	Total Professional Services	12,120,000	12,361,000	241,000	
Information Technology Services					
745,368	Systems Support	1,140,000	1,188,000	48,000	Increase due to Filenet upgrade
26,096	Software Upgrades & Maintenance	274,000	268,000	(6,000)	Slight decrease based on upon software licensing costs

Employees' Retirement System

Analysis of 2024 Operating Expenditure and Equipment Draft Budget Request as compared to 2023 Authority and 2022 Actual Expenditures

2022 Actuals		2023 Adopted Budget	2024 Draft Request	Variance with Current Authority	Primary Details Resulting in Variance to the 2023 Adopted Budget
31,925	Hardware Upgrades & Maintenance	117,000	77,000	(40,000)	Decrease due to Infrastructure maint. & where we are in the replacement cycle
803,390	Total Information Technology Services	1,531,000	1,533,000	2,000	
Other Operating Services					
998	Meeting Expenses	2,000	2,000	-	
15,543	Board Training	50,000	50,000	-	
10,508	Due Diligence	20,000	20,000	-	
613	Office Repairs	5,000	5,000	-	
497,647	Fiduciary Insurance	955,000	1,023,000	68,000	Increase based upon 2022 costs plus \$500k deductible
10,155	Printing Services (MPR)	18,000	18,000	-	
46	Pool Autos	400	400	-	
23,979	Miscellaneous Services	29,000	30,000	1,000	Slight increase based upon 2022 costs
11,811	Staff Training	90,000	90,000	-	
6,501	Temporary Services	60,000	60,000	-	
117,100	Indirect Cost	134,000	205,000	71,000	This line item is based upon Salaries amount (4.2% of total salaries)
694,901	Total Other Operating Services	1,363,400	1,503,400	140,000	
Equipment					
767,526	Equipment	2,036,000	713,000	(1,323,000)	Reduction due to IT hardware purchase cycle being completed in 2023
767,526	Total Equipment	2,036,000	713,000	(1,323,000)	
12,282,470	Grand Total	17,946,400	17,018,400	(928,000)	

Employees' Retirement System - City of Milwaukee
2024 Non-Trust Recommendations for City Budget

2022 Actuals		2023 Adopted Budget	2024 Draft Budget Request	Recommendation Over (Under) Current Authority	
Non Trust Line Items Estimated by ERS					
\$	42,291	PABF Payroll	\$ 49,000	\$ 43,000	\$ (6,000)
	10,000	PABF Lump-Sum Supplement Contribution	10,000	10,000	-
	71,000,000	Employers' Retirement Fund - Employer's Pension Contribution*	100,000,000		(100,000,000) *
	4,513,393	Group Life Insurance Premium	4,200,000	4,200,000	- #
	24,739	Retirees' Benefit Adjustment Fund	32,000	25,000	(7,000)
\$	75,590,423	Total Non ERS Estimates	\$ 104,291,000	\$ (100,013,000)	

* Pending Actuarial Valuation

Upcoming RFP for Group Life in May 2022 will determine 2023 rates