

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD**

Minutes of the Administration and Operations Committee Meeting
held September 17, 2009

The meeting was called to order at 10:02 a.m.

Committee Members Present: John Barmore, Chair
 William C. Carey

Committee Members Not Present: Thomas Fischer (excused)
 Angela Henschel (excused)

Retirement System Staff Present: Bernard J. Allen, Executive Director
 Martin Matson, Deputy Director
 Tom Rick, Chief Investment Officer
 Melody Johnson, Financial Officer
 Suzanne Fortier, Board Stenographer

Others Present: Rudy Konrad, City Attorney; Michael Haley, DS Consulting; Jon Granger, Sagetic Solutions; Jay Patel and Prashanth Nekkhalapudi, S&S Consulting; and Connie McDonald, Jack Bullis and Steve Schmidbauer, Jefferson Wells.

Due to the lack of a quorum, the meeting convened as a sub-committee.

Jefferson Wells Internal Audit Report. As a matter of information, Committee members received copies of the Internal Audit Update, dated September 17, 2009; Information System Audit Report, dated July 20, 2009; Human Resources and Payroll Internal Audit Report, dated August 12, 2009; and the Investments Internal Audit Report, dated September 9, 2009. Mr. Schmidbauer briefly talked about the 2009 audit plan status. He stated JW has finalized the Information Security, ERS HR & Payroll and Investment Management audits and overall the processes are generally adequate and functioning as intended. Mr. Bullis talked about the Information Security Audit results and management's responses on an IT Security Policy; directory/data Security; security awareness and training program; security access requests; access review; change management; log review and prior year follow up on IT security awareness.

Mr. Schmidbauer talked about the ERS HR & Payroll audit results and management's responses on paid time-off requests; annual performance reviews; and personnel files. He also talked about the Investment Management Audit results and management's responses on the managers' benchmarks; and evidence of quarterly reconciliations. Discussion ensued throughout the presentation.

Update on Information Systems Standard Operating Guidelines. As a matter of information, Committee members received a copy of the Standard Operating Guidelines (SOG) – Update. Mr. Matson stated that the team is at the halfway point of this project and provided an update on the Standard Operating Guidelines. Mr. Nekkhalapudi walked the Committee through the presentation. Discussion ensued throughout the presentation.

ERS Special Projects Report. As a matter of information, Committee members received a copy of the ERS Special Projects Report, dated September 17, 2009. Mr. Granger briefly talked about the ERS Special Projects Work Plan and updated the Committee on the organizational study activities. Mr. Granger talked about the MERITS 2.0 Project – Risk Management Perspective; project planning horizon; RFI process update; and procurement options and costs. Lengthy discussion ensued.

Mr. Patel talked about the Request for Information process. Mr. Patel reported that all member services, payroll services and employer reporting were satisfactory. PIRs and CCRs issues are still being found in both problems and enhancements, and team has been able to fix these issues in a timely manner. He noted that approximately 1,532 members have signed up for Member Self Service. Mr. Patel talked about the Program Incident and Change Request Activity; defect and deficiency trends and inventory, and the year-to-year high priority PIR/CCR comparisons. He also noted that for July and August there was some down time for the on-line application, 98 percent and 99.7 percent, respectively. This was due to the HVAC work being done in the fourth floor server room. Mr. Patel talked about the MERITS product lifecycle management. Mr. Granger talked about the disaster prevention and management: vulnerability assessment; IT Audit (IS Security); development environment replacement – new production at 789 data center; and 809 data center (HVAC, power) evaluation/assessment. He also talked about the business continuity planning for a disaster recovery site and the budget analysis.

Approval of Symphony Contract. As a matter of information, Committee members received a copy of the Contract for Services. Mr. Matson noted this cannot be approved as there was no quorum present. He briefly talked about the contract and recommended approval.

Approval of DMC Printing/Mailing Processing Services Contract. As a matter of information, Committee members received a copy of the contract. Mr. Matson noted this cannot be approved as there was no quorum present. He briefly talked about the contract and recommended approval.

There being no further business, Mr. Barmore adjourned the meeting at 11:45 a.m.

Bernard J. Allen
Secretary and Executive Director

(NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)