

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

Minutes of the Administration and Operations Committee Meeting
held October 15, 2009

The meeting was called to order at 10:05 a.m.

Committee Members Present: John Barmore, Chair
 Angela Henschel

Committee Members Not Present: William Carey
 Thomas Fischer (excused)

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

Others Present: Beth Cleary, City Attorney; Jon Granger, Sagetic Solutions; Jay Patel, 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 Reports. As a matter of information, Committee members received copies of the Internal Audit Update, dated October 15, 2009, and the Change Management Audit Report, dated October 1, 2009. Ms. McDonald briefly talked about the 2009 Audit Plan Status. Mr. Bullis reported on the Change Management Audit stating that based on the results of the audit it appears that all the controls related processes are generally adequate and functioning as intended by management. There is one finding, which relates to the formalization of the Change Management Policy and associated Procedures. He said there are guidelines that are consistently followed for MERITS changes, but they are only in draft form. Mr. Bullis said the recommendation is that management should develop a formal Change Management Policy and provide specific guidance regarding application changes, operating system changes, hardware changes, emergency changes and patch management. He noted that management's response is they are currently in the process of formalizing these procedures.

Mr. Matson informed the Committee that as items come up on a regular basis, staff is asking Jefferson Wells to commit to additional internal audits. He indicated that Jefferson Wells will be auditing the process for the upcoming Board elections. Brief discussion ensued with respect to the audit on travel and entertainment.

ERS Special Projects Report. As a matter of information, Committee members received a copy of the ERS Special Projects Report, dated October 15, 2009. Mr. Granger briefly talked about the ERS Special Projects Work Plan and updated the Committee on the organizational study activities. He 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. He indicated that several vendors have submitted questions, which were answered on October 6, 2009. Mr. Patel noted that vendor response is due on October 16, 2009; staff will analyze responses and consider vendor demonstrations, and summarize the findings and report back to the

Committee. Brief discussion ensued. 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 1,593 members have signed up for Member Self Service.

Mr. Patel said staff has starting working on the items related to the DC 48 contract settlement. We are awaiting some clarifications from the City Attorney's Office. He 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. Mr. Patel also noted that for September the on-line application was 100 percent. He also talked about the MERITS product lifecycle management. Mr. Granger talked about the 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; a cost and benefit evaluation for a remote office site, and the budget analysis. Discussion ensued.

Authorization to Proceed with Remote Office Site. Mr. Granger outlined the cost and benefit evaluation for a remote office site. He also talked about the risk management perspective. Mr. Granger talked about the recommendations: Management should be directed to proceed with the project; the Two Park Plaza site is approved for negotiation; use of AT&T is approved. He stated that AT&T is really the best end-to-end total picture provider, therefore; staff recommends going with AT&T. Mr. Barmore noted it would be his recommendation to the Board to move along with the track that staff is pursuing.

Approval of Saber Contract. As a matter of information, Committee members received a copy of the Contract for Services for Saber Software.

Approval of SSCG Contract. As a matter of information, Committee members received a copy of the Contract for Services for S&S Consulting Group.

Approval of PDG Contract. As a matter of information, Committee members received a copy of the PDG Consulting Contract for Services.

Lengthy discussion ensued with respect to the aforementioned contracts and ERS staffing. Mr. Barmore stated that as this is a sub-committee meeting he would recommend approval of these items to the full Board for action.

There being no further business, Mr. Barmore adjourned the meeting at 11:24 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.)