

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

Minutes of the Administration and Operations Committee Meeting
held May 18, 2011

The meeting was called to order at 10:35 a.m.

Committee Members Present: John Barmore, Chair
 Larry Holland

Committee Members Not Present: William C. Carey (excused)

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

Others Present: Beth Cleary, City Attorney's Office; Jay Patel, S&S Consulting Group; and Jon Granger, PDG Consulting; Tony Popanz, Jefferson Wells; and Carmelo Patti, MPSO.

Jefferson Wells Internal Audit Report. As a matter of information, Committee members received copies of an Internal Audit Update, dated May 18, 2011 and Benefit Payroll Audit Report. Mr. Barmore advised that the Administration and Operations Committee of the Annuity and Pension Board may vote to convene in closed session on the following item (I.), as provided in Section 19.85 (1) (i), Wisconsin State Statutes, for considering all matters related to acts by businesses under s. 560.15 which, if discussed in public, could adversely affect the business, its employees or former employees. The Committee may then reconvene in open session following the closed session. It was moved by Mr. Holland and seconded by Mr. Barmore, to convene in closed session on this item. The motion prevailed by the following roll call vote: AYES: Messrs. Holland and Barmore. NOES: None.

The Committee convened in closed session at 10:37 a.m. and reconvened in open session at 10:53 a.m. Ms. Cleary asked if there was an amendment to the contract coming up with Jefferson Wells reflecting the name change to Experis Manpower Group. Mr. Matson indicated that there will be at some point; they have not changed their billing yet as Jefferson Wells thought it could be months before this was finalized.

ERS Special Projects Report. As a matter of information, Committee members received a copy of the ERS Special Projects Report, dated May 18, 2011. Ms. Reid briefly talked about the special projects work plan; organization study – action plan; information technology projects: MERITS product life-cycle management and current information Technology projects. Mr. Matson commented on optimization stating that as we are reducing our resources overall because the ticket counts have come down; if we do take on this optimization work more than likely we will be bringing back a contract in

order to do that work. He said that while ERS budgeted for resources for the full year, but it is not specifically in any contract to do this work so staff will be bringing this idea back to the Committee next month, and probably the following month. Discussion ensued. Ms. Reid talked about the IBM WAS Upgrade; defects and deficiency inventory; year-to-year high priority PIR/CCR comparison; service level agreement – performance; business continuity program – schedule – detailed status. Discussion ensued.

Approval of Buck Contract Amendment. As a matter of information, Committee members received a copy of a letter from the City Attorney’s Office with the First Amendment to the Agreement attached, dated May 13, 2011. Mr. Matson stated that per the request of the Board it was moved to this Committee to extend the Buck contract for an additional year so they could handle the five-year experience study in 2012. He indicated this contract amendment just includes extending the current contract for an additional year and outlines the costs. The amendment also includes a technical correction under number 4. by replacing Lynne Hill’s name with Larry Langer. It was moved by Mr. Holland, seconded by Mr. Barmore, and unanimously carried, to approve the Buck contract amendment.

Approval of Internal Audit Charters. As a matter of information, Committee members received a copy of the Internal Audit Charter May 2011 and the A & O Committee Audit Charter 2011. After discussion, it was moved by Mr. Holland, seconded by Mr. Barmore, and unanimously carried, to approve the Internal Audit Charters with the changes highlighted by Mr. Matson.

There being no further business, Mr. Barmore adjourned the meeting at 11:35 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.)