

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

Minutes of the Administration and Operations Committee Meeting
held March 16, 2017

The meeting was called to order at 9:00 a.m.

Committee Members Present: John Barmore
 Martin Matson
 Gerald Pace

ERS Staff Present: Bernard J. Allen, Executive Director
 Erich Sauer, Pension Investment Analyst
 Kelly Reid, Chief Technology Officer
 Melody Johnson, Chief Financial Officer/
 Interim Deputy Director
 Jim Zaffiro, Business Systems Coordinator
 Mary Turk, Business Operations Analyst
 Jan Wills, Board Stenographer

Others Present: Miriam Horwitz, City Attorney's office.

Election of Vice Chair. Mr. Barmore took the agenda out of order at the beginning of the meeting and requested the third item be placed first on the agenda for the election of Vice Chair. Mr. Pace nominated Mr. Matson for Vice Chair. Mr. Barmore asked for nominations three times. It was moved by Mr. Pace and seconded by Mr. Barmore to approve Mr. Matson as Vice Chair of the Administration and Operations Committee.

Mr. Barmore resumed the agenda at this point and said the first and second items were posted for closed session, but they were both listed as placeholders and said the Committee did not need to go into closed session for either item.

Approval of Renewal of Wells Fargo Banking Services Contract. Mr. Allen recommended that the ERS continue with Wells Fargo but the ERS will do an RFP by the end of 2017. Ms. Johnson said security issues and fraud in regard to technology had prompted Wells Fargo to request a change in the contract. It was approved by Mr. Pace, seconded by Mr. Matson, and unanimously carried, to approve the renewal of Wells Fargo Banking Services Contract.

Approval of Proposed Northern Trust Contract for Securities Level Determination Reporting. Mr. Allen stated that the Securities Level Determination Reporting is a new service the ERS is requesting in the contract. He commented that the service is part of the Passport Product suite of services and is an online report generator. Mr. Allen said the service is necessitated by a change from the Government Accounting Standards Board (GASB 72) and is a new accounting standard which requires the ERS to disclose in the ERS' financial statements the classification level by the Securities and Exchange Commission of the securities the ERS holds. The three levels, he remarked, consist of publicly-traded securities (Level 1), illiquid securities (Level 2), and private market asset market classes like real estate and private equity limited partnerships (Level 3). Mr. Allen noted Ms. Fowler is still working with Northern Trust on the contract terms for the "Limitation of Liability" and "No

Warranty” paragraphs. Ms. Horwitz said the “No Warranty” is contradictory to the “Standard of Care” language in the “Limitation of Liability” paragraph. Mr. Barmore asked what department would complete the Passport training. Discussion ensued. Mr. Barmore commented the proposed contract is proposed for approval but there are some outstanding issues with negotiations. Mr. Allen said he would ask for authorization subject to approval by the City Attorney’s office on the final language. It was approved by Mr. Matson, seconded by Mr. Pace, and unanimously carried, to approve, subject to approval by the City Attorney, the Proposed Northern Trust Contract for Securities Level Determination Reporting.

Election of Vice Chair. Mr. Barmore commented that this item was taken care of at the beginning of the meeting and Mr. Matson is now the Vice Chair.

IT Projects Portfolio. As a matter of information, Committee members received the ERS IT Portfolio Report dated March 16, 2017. Ms. Reid updated the Committee on the technology projects, applications stats and a snapshot of the IT portfolio as of March 16, 2017. Ms. Reid mentioned the Member Education Videos which are in progress. She stated an IT goal is to encourage users to go to the www.cmers.com website and increase functionality there. Ms. Reid noted Mr. Zaffiro thought it would be a good idea to do education videos on the website. Mr. Zaffiro stated the intent is to make short, interesting and informative clips for members. Discussion ensued regarding the IT projects. Ms. Reid noted the addition of Mr. Benedict, a senior network engineer, who is assessing the firewalls. Ms. Reid noted that disaster recovery testing will be taking place in March. Mr. Barmore asked for a summary of the testing for next month’s meeting.

Organizational/Personnel Update. As a matter of information, Committee members received a copy of the Organizational/Personnel Update dated March 16, 2017. Mr. Allen noted that the Disability Specialist Sr. position has been filled by Health Specialist Michelle Carr and the Pension Accounting Specialist position has been filled by Debbie Davis. Mr. Allen stated that ERS is working with DER to fill the Pension Accounting Manager position.

There being no further business, Mr. Barmore adjourned the meeting at 9:48 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.)