



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Beth Conradson Cleary
Deputy Director

April 15, 2016

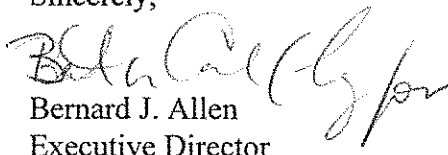
Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that an Administration & Operations (A & O) Committee Meeting of the Annuity and Pension Board has been scheduled for **Thursday, April 21 at 9:00 a.m. in the Employees' Retirement System Conference Room at 789 N. Water Street, Suite 300.** If a quorum of the Board is present, this meeting will convene as a Special Board Meeting. The agenda is as follows:

- I. IT Projects Portfolio.
- II. Organizational/Personnel Update.
- III. Approval of Addendum to Ice Miller LLP Contract for Legal Services.
- IV. ERS 2017 Draft City Budget Request.

Sincerely,


Bernard J. Allen
Executive Director

BJA:jmw

NOTICE TO PUBLIC - Meetings of the City of Milwaukee Annuity and Pension Board are open to the public. Those in attendance wishing to address the Board on a specific agenda item may do so by registering in advance of the meeting with the Board Secretary.

PLEASE NOTE - Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aids. For additional information or to request this service, please call 414-286-3557.





Administration and Operations Committee

ERS IT Portfolio Report

April 21st, 2016

- Information Technology Projects Summary
- Application Stats
- What's Next
- IT Portfolio

Information Technology Projects Summary

- MERITS Optimization – BAA & PAP - Benefit Amount Adjustment and Payroll Processing (In Progress)
- FileNet P8 Upgrade - Implementation (In Progress)
- Windows Server 2008 R2 to Windows Server 2012 R2 Upgrades (In Progress)
- 2016 Desktop Rotation and Windows 10 Upgrade (In Progress)

Application Stats

Category	High Priority	Low Priority	Total
Current Inventory	23	8	31
PIR	8	1	9
CCR	15	7	22
Pending/Hold	1	0	1
Deployed(Awaiting Next stage) /Ready for Production	7	0	7
Net Current Inventory	15	8	23

What's Next...

- Continue Optimization: BAA & PAP - Benefit Amount Adjustment and Payroll Processing
- Filenet P8 Upgrade GOING LIVE APRIL 29TH!!!
- Complete 2016 Desktop Rotation and Windows 10 Upgrade
- Continue Windows Server 2008 R2 to Windows Server 2012 R2 Upgrades
- Start Tape Libraries and Tape Media Upgrade

Glossary of Terms

- *Applications/Acronyms Definitions:*

- **Perforce:** Primary application the development team uses to make code changes to MERITS. It provides the environments for testing, development and CCR/PIR deployments.
- **AccPac:** Accounting software that supports the general ledger
- **Altiris:** Asset management software the technical team uses to inventory and support all IT assets. This application manages updates to computers, imaging, and software distribution from a centralized console.
- **Websphere Application Server (WAS):** The application server that we use to connect Web site users to Member Self Service and other MERITS related web services.
- **JAVA:** The programming language that MERITS was developed in and is running.
- **PIR:** Problem Incident Report- A person reports a bug with the application and requests priority resolution
- **CCR:** Change Control Request- A person request a new feature, change or enhancement to MERITS
- **Retirement Application Processing (RAP):** Functional module in Merits that processes retirement applications through workflow
- **Merits Program Lifecycle Management (MPLM):** Process to upgrade, patch and keep current all of the MERITS related subsystems and ERS business applications
- **Storage Area Network (SAN):** Primary storage technology used to centrally store all ERS data and manages Disaster Recovery
- **Disaster Recovery Plan (DRP):** The technical planning, design and testing of all IT systems and staff to ensure that all technical systems can run at the off site location in Madison, WI called Femrite. IT staff does semi annually testing to ensure all applications and IT services are up and running within the designated service level objectives
- **Recovery Time Objective/Recovery Point Objective (RTO/RPO):** These are I.T. service level goals for the amount of time it takes to cutover I.T. services to the Femrite location and the point in time (per the last backup) where we recover at. Currently at 24 hours recovery time and 8 hours for any loss of data. I.T. currently exceeds this expectation based off the last 2 tests. 2014-2015 is to reduce the goal to 8 hours and 4 hours loss of data.
- **Business Continuity Plan (BCP):** The process that ensure the ERS can continue running its services and daily operations at the Remote Office in the event that the primary location is not accessible. We engage ERS business users to physically work at the Remote office location and document the results on a reoccurring basis.
- **Remote Office (RO):** Backup Remote work facility located at TPP 10850 W. Park Place. It is connected to both the 789 N. Water Street facility and the Femrite Data Center in Madison, and users can physically work there and connect to any needed data center.
- **MERITS Optimization:** Project approved in 2012 to go through all 17 application modules in MERITS and clean up code, ensure best practices are implemented, SQL stored procedures for faster performance, reporting and user experience. It is the clean up of any non ERS related code that may have been carried over from the original jClarety (HP software) implementation.
- **ARIS:** Web based software used for mapping legal opinions to MERITS workflow processes and procedures

Portfolio as of April 1, 2016

Project Health:	% Complete	Project Priority	Complexity (S / M / L)	Project Name	Project Mgr	Description	Strategic Goal: G1 - G7	Status:	External Vendor Required: Y/N	Actual Start Date	Target Completion Date	Estimates (Hours)	Actuals (Hours)	Hours Variance = Estimates - Actuals	Total Hardware/Software & Labor Budget (\$)	Actual Spent-to-Date on Hardware /Software & External Labor (\$)	Estimate to Completion (ETC) (of Hardware/ Software & External Labor Costs)	\$ Variance = Total Budget - (Actual + ETC)
G	87%	1	L	FileNet P8 Implementation	Manchu/Zaffiro	Upgrade FileNet and de-couple from Clarety	G7	IP	Y	7/1/15	5/13/16	8,194	4,663	3,531	\$667,789	\$418,903	\$248,886	\$248,886
G	35%	2	L	Windows 2012 Server Upgrade @	Raynal	Upgrade a variety of servers to Windows 2012	G7	IP	N	10/1/14	10/1/16	2,500	523	1,977	\$8,934	\$8,434	\$500	\$500
G	50%	3	M	Vendor Management Application	Siddiqui	Update current compliance application	G2	IP	N	3/2/16	4/19/16	180	56	124	N/A	N/A	\$0	N/A
G	27%	4	L	BAA / PAP Optimization	Manchu	Evaluate, assess and implement MERITS Optimization and Clean-up	G7	IP	N	8/3/15	9/5/17	4,343	1,240	3,103	N/A	N/A	\$0	N/A
G	15%	5	M	Desktop Rotation	Rogers	Annual rotation of devices	G7	IP	N	3/4/16	4/30/16	187	13	175	\$34,950	\$32,267	\$0	\$2,683
G	90%	6	S	Legal Opinions on cmers.com @	Zaffiro	Move Legal Opinions to cmers, to discontinue Legaldocs	G1	IP	Y	2/22/16	3/31/16	40	30	10	\$3,480	\$3,480	\$0	\$0

Green = On Target - No Significant Issues
 Yellow = On Watch List – Issues Being Addressed
 Red = Project cannot move forward as planned without management attention or approval.

NS = Not Started OH = On Hold @ = Activity (no charter)
 IP = In Process C = Complete

Completed Projects & Tasks in Last 12 Months

	Finished	Hours / \$ Spent
Vulnerability Assessment @ (Reid)	3/31/15	94.75 hrs / ?
DR Test: RO to Femrite	4/1/15	31 hrs / N/A
Medicare Reimbursement @ (Siddiqui)	4/24/15	453 hrs / N/A
Data Protection Software Replacement (Roemer)	5/4/15	209 hrs / \$4,320
eXchange Upgrade (Collins)	5/5/15	165 hrs / \$6,655
Desktop Rotation (Rogers)	5/22/15	184 hrs / \$20,688
FileNet P8 Analysis (Manchu / Zaffiro)	6/9/15	1524.3 hrs / \$103,732
Enrollment & Demographics Optimization (Manchu)	6/30/15	1144.75 hrs / N/A
Automated Patching Solution (John)	8/28/15	70 hrs / N/A

	Finished	Hours / \$ Spent
Business Continuity Test @ (Siddiqui)	10/15/15	78.5 hrs / N/A
Power Outage Test @ (Siddiqui)	11/4/15	61 hrs / N/A
Network Gear Upgrade @ (Roemer)	11/10/15	77.5 hrs / N/A
Domain Controller Upgrade (John)	12/11/15	273.45 hrs / N/A
Business Continuity Audit @ (Reid)	12/14/15	40 hrs / \$6,800
Refund Optimization (Manchu)	2/3/16	760.5 hrs / N/A
Software Licensing Audit @ (Reid)	2/15/16	40 hrs / \$6,800
IT General Controls Audit @ (Reid)	2/15/16	80 hrs / \$13,600
IT Disaster Recovery Test (Roemer / Raynal)	3/22/16	29.25 hrs / N/A

Organizational/Personnel Update

Administration and Operations Committee

Thursday, April 21, 2016

- ERS Reclasses and Reorgs still in progress
- ERS is working with DER to fill the Records Technician II and Pension Specialist Senior positions



ADDENDUM
CONTRACT FOR LEGAL SERVICES

PARTIES

This agreement is between "Ice Miller LLP,"

ICE MILLER LLP
Mary Beth Braitman
One American Square, Fl. 29
Indianapolis, IN 46282-0002

and the "City,"

City of Milwaukee Employees' Retirement System

PURPOSE

The purpose of this addendum is to extend the termination date of the original contract from December 31, 2015 to December 31, 2017. The remaining terms and services of the agreement remain unchanged, except for the following:

1. Pursuant to our engagement letter dated January 15, 2014, the current hourly fee rate schedule shall be as shown on Exhibit A (attached), with a 10% discount applied.
2. Ice Miller acknowledges that the total fees under this agreement are not-to-exceed the amount of forty thousand dollars (\$40,000) for 2016 and 2017.

EXECUTION

The person signing this Agreement on behalf of each party is authorized and empowered to enter into this Agreement and further acknowledges that he or she has read this Agreement, understands it and agrees to its conditions.

Dated this _____ day of _____, 2016.

ICE MILLER LLP

CITY OF MILWAUKEE EMPLOYEES'
RETIREMENT SYSTEM

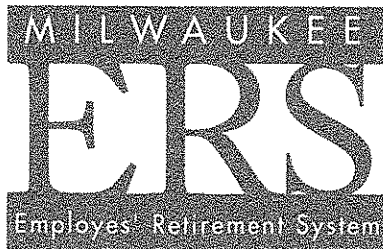
Mary Beth Braitman

Mary Beth Braitman, Partner

EXHIBIT A

Attorney	Current 2015 Standard Hourly Rate	2015 10% Discount
Audra Ferguson-Allen, Partner	\$385.00	\$346.50
Mary Beth Braitman, Partner	\$605.00	\$544.50
Craig Burke, Partner	\$485.00	\$436.50
Sarah Funke, Partner	\$395.00	\$355.50
Robert Gauss, Partner	\$470.00	\$423.00
Melissa Reese, Partner	\$565.00	\$508.50
Marc Sciscoe, Partner	\$565.00	\$508.50
Tara Sciscoe, Partner	\$485.00	\$436.50
Chris Sears, Partner	\$485.00	\$436.50
Eric Dawes, Actuary	\$505.00	\$454.50
Lisa Erb Harrison, Senior Counsel	\$470.00	\$423.00
Shalina Schaefer, Of Counsel	\$335.00	\$301.50
Austin Anderson, Associate	\$240.00	\$216.00
Malaika Caldwell, Associate	\$275.00	\$247.50
Jasmin French, Associate	\$295.00	\$265.50
Raven Merlau, Associate	\$275.00	\$247.50
Taretta Shine, Paralegal	\$315.00	\$283.50
Greg Wolf, Paralegal	\$295.00	\$265.50

Note: The standard hourly rates for these personnel are subject to change from time to time.



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April 14, 2016

Members of the Administration & Operations Committee
Annuity and Pension Board
789 North Water Street
Milwaukee WI 53202

Dear Committee Members:

Re: 2017 Draft City Budget Request

The ERS is required to submit the 2017 budget request to the City by May 10, 2016. We have completed estimating these needs for 2017 and have drafted details for your consideration.

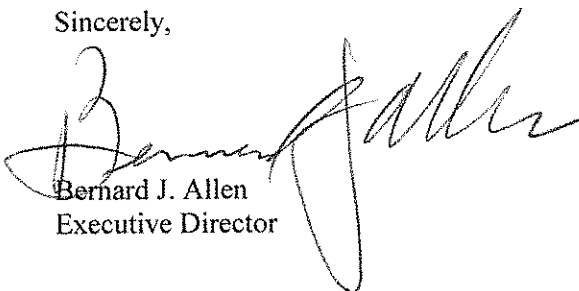
This budget request was developed by reviewing the 2015 actual experience and the 2016 adopted budget and adjusting for anticipated changes in activity. Salaries were estimated using current and potential rates of pay.

Major approximate changes we anticipate in the O&M Budget in 2017 compared to 2016 can be summarized as follows:

- Decrease of \$2,512,000 for Investment Managers fees
- Decrease of \$70,000 for Information Technology Other Professional Service
- Decrease of \$62,000 for Fringe Benefits
- Decrease of \$50,000 for Investment Asset Management
- Increase of \$360,000 for Information Technology Equipment
- Increase of \$310,000 for Administration Other Professional Services
- Increase of \$211,000 for Information Technology System Support
- Increase of \$49,000 for Salaries
- Increase of \$33,000 for Information Technology Software Maintenance
- Increase of \$31,000 for Information Technology Hardware Improvement

Enclosed for your input and approval is a draft of the 2017 budget request for the Employees' Retirement System. We have also enclosed, for your information, a schedule showing the amounts we recommend as requested by the City for non-Trust activity

Sincerely,



Bernard J. Allen
Executive Director

BJA:MJ

Employees' Retirement System - City of Milwaukee
 Summary of 2017 Draft Budget Request as compared to 2016 Adopted Budget and 2015 Actual Expenditures

2015 Actuals		2016 Adopted Budget	2017 Draft Request	Variance with Current Authority Budget	Primary Details Resulting in Variance to the 2016 Adopted Budget
\$ 2,637,663	Total Salaries	\$ 2,803,664	\$ 2,852,489	\$ 48,825	Increase in Investment Salaries and pay progression increase
\$ 1,076,400	Fringe Benefits (Budget Rate)	\$ 1,345,759	\$ 1,283,620	\$ (62,139)	Fringe rate decreased
	Operating Expenditures				
164,958	General Office Expense	197,000	207,000	10,000	Increase for office supplies and subscriptions
3,329	Other Operating Supplies	10,000	10,000	-	
575,389	Facility Rent & Property Services	685,000	691,000	6,000	Increase for HVAC maintenance
12,306	Non-vehicle Equipment Rental	16,000	16,000	-	
13,202,165	Professional Services	18,269,000	15,970,000	(2,299,000)	Decrease is due to: Reduction in Callan's annual increase percentage, completion of FileNet upgrade and certain Asset Managers will no longer invoice because assets value is net of fees and an increase in disability processing service.
1,623,829	Information Technology Services	1,995,000	2,270,000	275,000	Increased rate for System Support
443,769	Other Operating Services	1,118,000	1,119,000	1,000	Increase for Indirect Cost (driven by salary)
\$ 16,025,744	Total Operating Expenditures	\$ 22,290,000	\$ 20,283,000	\$ (2,007,000)	
	Equipment Purchases				
62,303	Office Equipment	204,000	564,000	360,000	Firewall replacement
\$ 62,303	Total Equipment Purchases	\$ 204,000	\$ 564,000	\$ 360,000	
\$ 19,802,110	Total Regular O&M	\$ 26,643,423	\$ 24,983,109	\$ (1,660,314)	
\$ 19,802,110	Total All ERS	\$ 26,643,423	\$ 24,983,109	\$ (1,660,314)	

Employees' Retirement System - City of Milwaukee
 2017 Non-Trust Recommendations for City Budget

2015 Actual		2016 Adopted Budget	2017 Draft Request	Recommendation Over (Under) Current Authority	
	Non Trust Line Items Estimated by ERS				
207,199	Policemen's Pension Fund - Employer's Pension Contribution	190,000	-	(190,000)	*
60,000,000	Employers' Retirement Fund - Employer's Pension Contribution	60,000,000	-	(60,000,000)	*
7,273	Former Town of Lake - Fireman's Pension Fund	7,300	7,300	-	
1,993,108	Group Life Insurance Premium	2,150,000	2,150,000	-	
78,922	Retirees' Benefit Adjustment Fund	100,000	80,000	(20,000)	
\$ 74,714,104	Total Non ERS Estimates	\$ 74,686,331	\$ 2,237,300	\$ (72,449,031)	

* Pending Actuarial Valuation