



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 12, 2017

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 20, 2017 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. Approval of United Mailing Services, Inc. (UMS) Contract Renewal.
- II. Approval of Hewlett-Packard Amendment.
- III. ERS 2018 Draft City Budget Request.
- IV. IT Projects Portfolio.
- V. Approval of Proposed IT Reorganization.
- VI. Organizational/Personnel Update.

Sincerely,

A handwritten signature in black ink that reads "Melody J. Allen".

for 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.

SERVICE AGREEMENT
between
United Mailing Service, Inc.
and
Employees' Retirement System of the City of Milwaukee

General Service Description: Mail House and Printing Services
Time of Performance: May 1, 2017 – April 30, 2020
Maximum Compensation Not to Exceed: \$360,000.00

THIS AGREEMENT is effective May 1, 2017 (the "Effective Date"), by and between United Mailing Service, Inc., a Wisconsin corporation (hereinafter referred to as the "CONTRACTOR"), and the Employees' Retirement System of the City of Milwaukee, a body corporate and politic under the laws of the State of Wisconsin (hereinafter referred to as the "ERS").

WHEREAS, THE CONTRACTOR represents self as being capable, experienced and qualified to undertake and perform those certain services, as hereinafter set forth, as are required in accomplishing fulfillment of the obligations under the terms and conditions of this Agreement as an independent entrepreneur and not as an employee of the ERS; and

WHEREAS, ERS wishes to retain the services of CONTRACTOR as described herein.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. RETENTION OF SERVICES, STANDARDS, PLACE OF PERFORMANCE.

1.1 The ERS hereby agrees to engage CONTRACTOR and CONTRACTOR hereby agrees to personally perform, as an independent contractor and not as an employee of the ERS, the services hereinafter set forth, all in accordance with the terms and conditions of this Agreement.

1.2 CONTRACTOR agrees that the performance of CONTRACTOR's work, services and the results produced pursuant to the terms, conditions and agreements of this Agreement, shall conform to such recognized high professional standards as are prevalent in CONTRACTOR's field of endeavor and like services.

1.3 CONTRACTOR shall conduct CONTRACTOR's services as required under the terms and conditions of this Agreement at such place or places as is necessary so as to enable CONTRACTOR to fulfill CONTRACTOR's obligations under this Agreement.

1.4 The following constitute the contract documents (collectively the "Agreement"). If there is a conflict or ambiguity (including but not limited to the Effective date and/or the dates of service), the Agreement shall be governed by these listed documents in descending order of precedence:

First: This Contract for Services

Second: Request for Proposal (Exhibit A)
Third: Scope of Work (Exhibit B)

2. TIME OF PERFORMANCE.

2.1 The term of this Agreement ("Term") shall begin on the Effective Date, and shall end upon April 30, 2020 unless terminated at an earlier date per the termination provisions of the Agreement. The contract may be extended by mutual written agreement for an additional two-year term.

2.2 In addition to all other remedies inuring to the ERS should CONTRACTOR's obligations and duties under the Agreement not be completed by the end of the Term, CONTRACTOR shall continue to be obligated thereafter to fulfill CONTRACTOR's responsibility to complete the scope of services and to execute any necessary amendments to this Agreement.

3. SCOPE OF SERVICES.

3.1 CONTRACTOR shall provide services as specified in Exhibits A and B.

3.2 Additionally, Contractor and ERS agree to the following:

3.2.1 The Account Manager shall be the main point of contact for services rendered by CONTRACTOR to ERS. The Account Manager is Brent Flores.

3.2.2 Printing Services: ERS will provide CONTRACTOR with PDF or Word version of documents to be printed. CONTRACTOR will print documents based on requirements provided by ERS (for example: duplexed 8.5 x 11 paper, or 8.5x 14 paper, paper color, etc.)

3.2.3 CONTRACTOR is responsible for pension check/ACH Advice pickup on a schedule agreed to by ERS and CONTRACTOR at ERS's place of business, 789 N. Water Street, Suite 300, Milwaukee, Wisconsin.

3.2.4 CONTRACTOR shall submit monthly pension check/ACH advice mailings to the post office on the second to last business day of the month, unless that day is a City holiday, in which case submittal to the post office will be on the third to last business day, unless otherwise directed by ERS. An annual schedule will be submitted to CONTRACTOR at the beginning of the contract year.

3.2.4 The ERS will be responsible for keeping an advance postage balance with CONTRACTOR. CONTRACTOR will update ERS monthly on the utilization of the balance. Any balance remaining at the end of the contract will be returned to the ERS within 30 days of termination.

3.2.5 Postage will be provided by CONTRACTOR at the Pre-Sort First Class rate.

3.2.6 CONTRACTOR may be reasonably requested at mutually convenient times to participate in internal ERS audits/conferences with such personnel of the ERS as shall be designated by the Executive Director of the ERS to review contract provisions and compliance/performance of the mail house/printing services provided.

4. CONDITIONS OF PAYMENT.

4.1 CONTRACTOR shall submit invoices to ERS on a monthly basis. Upon receipt of a properly submitted and approved invoice, CONTRACTOR shall be compensated for services and equipment actually provided at the rates and prices set forth in Exhibit B; however, no payments or disbursements under the Agreement shall be made until satisfactory evidence that compliance with the insurance requirements described in Exhibit A has been provided.

4.2 All other costs, fees, charges and expenses (including but not limited to travel and administrative costs and fees) not set forth in Exhibit B are excluded.

4.3 Total compensation to CONTRACTOR shall not exceed \$360,000.00 over the Term, except as provided for in written amendment to the Agreement.

4.4 The ERS strives to make timely payment on all invoices. Payment to CONTRACTOR will be deemed timely if the payment is mailed, delivered, or transferred within 30 calendar days after receipt of a properly completed invoice or receipt and acceptance of the property or service under the order or contract, whichever is later. If the ERS does not make payment by the 45th calendar day, the ERS shall pay simple interest beginning with the 31st calendar day at the rate of 1% per month (unless the ERS disputes the amount of the invoice). *Reference* Common Council File No. 101137 adopted January 19, 2011, provisions of state statute 66.0135.

4.5 Compensation for services required under this Agreement shall be contingent upon each activity being reviewed for approval by the ERS approved by ERS for payment. In the event of a dispute as to the services performed or the compensation to be paid, the decision of the ERS Executive Director or its designee shall prevail.

5. **NOTICES.** Any and all notices shall be in writing and deemed served upon depositing same with the United States Postal Services as "Certified Mail, Return Receipt Requested," addressed to the CONTRACTOR at:

United Mailing Services, Inc.
4475 N. 124th Street
Brookfield, WI 53005
Attention: Brent Flores

and to the ERS at:

Employes' Retirement System
789 N Water Street, Suite 300
Milwaukee, WI 53202
Attention: Bernard J. Allen, Executive Director

All other correspondence shall be addressed as above, but may be sent "Regular Mail" and deemed delivered upon receipt by the addressee.

6. **REPORTS.** At such times and in such forms as the ERS may require, there shall be furnished to the ERS Executive Director such statements, records, reports, data, and information

as the ERS may request pertaining to matters covered by this Agreement.

7. DOCUMENT OWNERSHIP & CONFIDENTIALITY.

7.1. Document ownership. All reports, studies, analysis, memoranda and related data and material as may be developed during the performance of this Agreement shall be submitted to and be the exclusive property of the ERS, which shall have the right to use same for any purpose without any additional compensation to CONTRACTOR.

7.2 Confidentiality.

7.2.1 All of the reports, information, data, documents, etc., whether electronic, hard copy, or in any other format ("confidential material") (1) prepared or assembled by CONTRACTOR under this Agreement, (2) provided to CONTRACTOR by ERS, and/or (3) developed by CONTRACTOR based on information provided by the ERS in the performance of this Agreement, are confidential and CONTRACTOR agrees that they shall not be made available to any individual or organization, other than an appropriate agency of the United States Government, without the prior written approval of the ERS Executive Director.

7.2.2 Upon termination of this Agreement, CONTRACTOR shall deliver all confidential material of the ERS in its possession to the ERS within thirty (30) business days of such termination and provide ERS with a certification that all of CONTRACTOR's copies of the material delivered to ERS have been destroyed. If there are certain confidential materials that CONTRACTOR cannot practicably return to ERS, or provide a copy to ERS and then provide certification of destruction as described above, CONTRACTOR shall provide notice of those retained documents to ERS, and ERS and CONTRACTOR shall consult regarding the return and/or destruction of those documents. Irrespective of the foregoing, and any confidential materials retained by CONTRACTOR must be maintained subject to the confidentiality restrictions set forth in this Agreement, and subject to the requirements of Section 17 "RECORDS".

7.2.3 CONTRACTOR acknowledges that, in the course of its engagement by ERS, CONTRACTOR may receive or have access to (most likely in documents to be mailed) confidential records and personally identifiable information relating to individual members of the ERS system including, but not limited to: (1) home addresses, (2) home phone numbers, (3) email addresses, (4) social security numbers, (5) financial account numbers, (6) benefit estimate and computation records, (7) beneficiary designations, and/or (8) benefit election forms.

7.2.3.1 CONTRACTOR agrees that it shall keep and maintain all personally identifiable information in strict confidentiality, shall not make a copy of any such information, shall not disclose or disseminate any such information except to mail such documents to their intended recipients per the terms of this Agreement, and shall use such degree of care as is appropriate to avoid unauthorized access, use, disclosure or theft of such personally identifiable information. At a minimum, CONTRACTOR's safeguards for the protection of Personal Information shall include: (i) restricting access to personally identifiable information to only those employees who must have access to it to provide the services described in this Agreement; (ii) securing business facilities, data centers, paper files, servers, back-up systems and computing equipment, including, but not limited, to, all mobile devices and other equipment with information storage capability; (iii) implementing network, device application, database and platform security; (iv) securing information transmission, storage and disposal; (v) implementing authentication and access controls within media, applications, operating systems and equipment; (vi) encrypting personally

identifiable information stored on any mobile media; (vii) encrypting personally identifiable information transmitted over public or wireless networks; (viii) implementing appropriate personnel security and integrity procedures and practices, including, but not limited to, conducting background checks consistent with applicable law; and (ix) providing appropriate privacy and information security training to Service Provider's employees.

7.2.3.2 CONTRACTOR shall be exclusively liable for, and shall indemnify ERS for any losses attributable to the theft, loss, disclosure or misuse of such personally identifiable information, and shall be exclusively liable for, and shall fully indemnify ERS for, the wrongful, intentional, negligent, or grossly negligent acts of its employees related to the theft, loss, disclosure or misuse of such personally identifiable information.

7.2.3.3 Nothing in section 7.2 shall be construed to limit the provisions of section 10.

7.3 Notice of Unauthorized Acquisition of Confidential Information. CONTRACTOR shall notify the ERS if it has knowledge of an unauthorized acquisition of confidential information within one business day of such knowledge.

8. CONTRACTOR IS INDEPENDENT CONTRACTOR.

8.1 No fringe benefits. CONTRACTOR is an independent contractor. Neither CONTRACTOR, nor CONTRACTOR's employees, shall receive or be eligible for any fringe benefits or any other benefits to which ERS salaried employees are entitled to or are receiving.

8.2. Taxes, Social Security, Insurance, and Government Reporting. Personal income tax payments, social security contributions, insurance, and all other governmental reporting and contributions required as a consequence of CONTRACTOR receiving payment under this Agreement shall be the sole responsibility of CONTRACTOR. Insurance requirements are set forth in Exhibit A.

8.3 Responsibility for CONTRACTOR's Insurance. CONTRACTOR shall be solely responsible to meet CONTRACTOR's insurance needs as required by the ERS during the terms of this Agreement or any extension thereof.

9. **SUBCONTRACTING.** CONTRACTOR shall not subcontract for the performance of any of the services set forth in this Agreement without prior written approval obtained from the ERS Executive Director. CONTRACTOR shall be as fully responsible to the ERS for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by it, as it is for acts and omissions of persons directly employed by it.

10. INDEMNIFICATION AND DEFENSE OF SUITS.

10.1 Defense of suits. In case any action in court or proceeding before an administrative agency is brought against the ERS or any of its officers, agents, or employees for the failure or neglect of CONTRACTOR in whole or in part to perform any of the covenants, acts, matters or things required of CONTRACTOR by this Agreement, or undertaken by CONTRACTOR in fulfillment of this Agreement, or for injury or damage caused by the alleged and/or actual negligence of CONTRACTOR, its officers, subcontractors, agents or employees, CONTRACTOR shall indemnify and save harmless the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers and directors, agents and representatives from all losses, damages, costs, expenses,

judgments, or decrees arising out of such action or proceeding. The ERS shall tender the defense of any claim or action at law or in equity to CONTRACTOR or CONTRACTOR's insurer, and upon such tender it shall be the duty of CONTRACTOR and CONTRACTOR's insurer to defend such claim or action without cost or expense to the ERS or its officers, agents, or employees. CONTRACTOR shall be solely responsible for the conduct and performance of its services, obligations and duties under the terms and conditions of this Agreement and for the results therefrom.

10.2 Indemnification of ERS. CONTRACTOR will save and indemnify and keep harmless the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers and directors, agents and representatives against all liabilities, judgments, costs, attorneys fees, and expenses which may be claimed against, or incurred by, the ERS in consequence of granting this Agreement to CONTRACTOR and which result(s) from the negligence, gross negligence and/or willful acts of CONTRACTOR, or the agents, employees, subcontractors, or workmen of CONTRACTOR in any respect whatever. Without limiting the foregoing, CONTRACTOR also agrees to indemnify, hold harmless, and defend ERS from any and all liability or causes of action against ERS resulting from CONTRACTOR's unauthorized use or dissemination of confidential ERS records in violation of the terms of this Agreement.

10.3 Indemnification of Contractor. ERS agrees to indemnify and hold harmless and defend CONTRACTOR from liability or causes of action resulting from CONTRACTOR's refusal to make ERS's confidential information and/or personally identifiable available to a third party without the express, written consent of ERS, should CONTRACTOR make a request to ERS that ERS provide CONTRACTOR with express, written consent to disclosure confidential and/or personally identifiable information, and such consent is unreasonably withheld by ERS.

11. INSURANCE.

11.1 General Insurance Requirements.

11.1.1 CONTRACTOR will secure and maintain throughout the duration of the Agreement, insurance of such types and in such amounts as may be necessary to protect itself and the interests of the ERS against all hazards or risks of loss as hereafter specified.

11.1.2 The form, limits, and underwriter of all required insurance coverages is subject to ERS approval; however, regardless of any ERS review, it will be the responsibility of CONTRACTOR to maintain the specified insurance coverage at all times.

11.1.3 Failure of CONTRACTOR to maintain the specified coverage, or to insure that any subcontractors maintain the specified coverage, will not relieve CONTRACTOR of any contractual responsibility or obligation.

11.1.4 All policies are to contain notice requirements that ensure that 30 days advance written notice will be provided to the ERS prior to cancellation/renewal or alteration of terms and conditions of the policies.

11.1.5 Insurers which provide the insurance coverage referenced in this section are to have an A.M. Best rating of no less than A/VIII. CONTRACTOR will provide immediate written notice to the ERS if there is any change in the A.M. Best rating of any insurer.

11.1.6 Certificates of Insurance for all of the coverage limits referenced herein must be provided prior to the Effective Date and for each year that the Agreement is in effect.

11.1.7 If subcontractors are used, each subcontractor must meet all requirements in this Section 11. It will be the responsibility of CONTRACTOR to ensure that all subcontractors are in compliance with this Section 11.

11.1.8 All policies other than Workers Compensation/ Employers Liability, Professional Liability, Crime and Cyber Risk/Network Security are to include the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers, directors, agents and representatives as additional insureds. The additional insured status should be shown on the Certificates of Insurance.

11.1.9 All policies shall be written on an occurrence form, other than professional liability as noted below.

11.2 Specific coverages and limit requirements are set forth in Exhibit A; provided, however, that CONTRACTOR is not required to obtain pollution coverage, and the liability limit of its cyber insurance coverage is reduced from \$1 million to \$100,000.

12. REGULATIONS. CONTRACTOR agrees to comply with all of the requirements of all federal, state and local laws related to the scope of work.

13. TERMINATION

13.1 Termination of Agreement for cause. If, through any cause, CONTRACTOR shall fail to fulfill in timely and proper manner its obligations under this Agreement, or if CONTRACTOR shall violate any of the covenants, agreements, or stipulations of this Agreement, the ERS Executive Director shall thereupon have the right to terminate this Agreement by giving written notice to CONTRACTOR of such termination and specifying the effective date thereof, at least five days before the effective date of the termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, reports, or other materials related to the services prepared by CONTRACTOR under this Agreement shall, at the option of the ERS, become the property of the ERS. Notwithstanding the foregoing, CONTRACTOR shall not be relieved of liability to the ERS for damages sustained by the ERS by virtue of any breach of the Agreement by CONTRACTOR, and the ERS may withhold any payments to CONTRACTOR for the purpose of set off until such time as the exact amount of damages due to the ERS from CONTRACTOR is determined.

13.2 Termination for convenience. The ERS may terminate this Agreement at any time for any reason by giving at least thirty days' notice in writing from the ERS Executive Director to CONTRACTOR. If CONTRACTOR is terminated by the ERS as provided in this section 13.2, and not if terminated for cause pursuant to section 13.1, CONTRACTOR will be paid an amount for the services actually and satisfactorily performed.

14. CHANGES. The ERS Executive Director may, from time to time, request changes in the scope of services of CONTRACTOR to be performed hereunder. Such changes, including any increase or decrease in the amount of CONTRACTOR's compensation which is mutually agreed upon by and between the ERS and CONTRACTOR, shall be incorporated in written amendments to the Agreement.

15. PERSONNEL.

15.1. CONTRACTOR represents that it has or will secure at ~~its own expense~~ all personnel required in performing the services under this Agreement. Such personnel shall not be employees of or have any contractual relationship with the ERS.

15.2. All of the work or services required hereunder will be performed by CONTRACTOR or under their supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under state and local law to perform such services.

15.3. None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the ERS Executive Director. If any work or services is subcontracted, it shall be specified by written contract or agreement and shall be subject to each provision of this Agreement. CONTRACTOR shall be as fully responsible to the ERS for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by it, as it is for the acts and omissions of persons directly employed by them.

16. ASSIGNABILITY. CONTRACTOR shall not assign any interest in this Agreement and shall not transfer any interest in same (whether by assignment, novation or any other manner), without the prior written consent of the ERS Executive Director. Provided, however that claims for money due or to become due CONTRACTOR from the ERS under this Agreement may be assigned to a bank, trust company or other financial institution without such approval. Notices of any such assignment or transfer shall be furnished promptly to the ERS Executive Director.

17. RECORDS.

17.1 Establishment and Maintenance of Records. Records shall be maintained in accordance with requirements prescribed by the ERS with respect to all matters covered by this Agreement. Both parties understand that the City of Milwaukee and ERS are bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. §19.21, et seq. CONTRACTOR acknowledges that it is obligated to assist the ERS and the City of Milwaukee in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Agreement, and that CONTRACTOR must defend and hold the City of Milwaukee and ERS harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years after receipt of final payment under this Agreement. **Particular attention is directed towards Wis. Stat. sec. 19.36, which states that "any record produced or collected under" this Agreement, including those by CONTRACTOR, may be subject to disclosure under the public records law.**

17.2 Documentation of Costs. All costs shall be supported by properly executed payrolls, time records, invoices, contracts or vouchers, or other official documentation evidencing in proper detail the nature and propriety of other accounting documents pertaining in whole or in part to this Agreement and shall be clearly identified and readily accessible.

18. AUDITS AND INSPECTIONS. At any time during normal business hours and as often as the ERS, or if federal or state grants or aids are involved, as the appropriate federal or state agency may deem necessary, there shall be made available to the ERS or such agency for examination all of its records with respect to all matters covered by this Agreement and CONTRACTOR shall permit the ERS or such agency and/or representatives of the Comptroller General to audit, examine, and make excerpts or transcripts from such records, and to make audits

of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement.

19. CONFLICT OF INTEREST.

19.1 Interest in Contract. No officer, employee or agent of the ERS who exercises any functions or responsibilities in connection with the carrying out of any services or requirements to which this Agreement pertains, shall have any personal interest, direct or indirect in this Agreement.

19.2 Interest of Other Local Public Officials. No member of the governing body of the locality and no other public official of such locality who exercises any functions or responsibilities in the review or approval of the carrying out of this Agreement shall have any personal interest, direct or indirect, in this Agreement.

19.3 Interest of Contractor and Employees. CONTRACTOR covenants that no person described in sections 19.1 and 19.2 above who presently exercises any functions or responsibilities in connection with the Agreement has any personal financial interest, direct or indirect, in this Agreement. CONTRACTOR further covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. CONTRACTOR further covenants that in the performance of this Agreement no person having any conflicting interest shall be employed. An interest on the part of CONTRACTOR or its employees must be disclosed to the ERS. Provided, however, that this paragraph shall be interpreted in such a manner so as not to unreasonably impede the statutory requirement that maximum opportunity be provided for employment of and participation by residents of the area.

20. DISCRIMINATION PROHIBITED.

20.1. In all hiring or employment made possible by or resulting from this Agreement there (1) will not be any discrimination against any employee or applicant for employment because of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status, and (2) affirmative action will be taken to ensure that applicants are employed and that employees are treated during employment without regard to their sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status. This requirement shall apply to but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. There shall be posted in conspicuous places available to employees and applicants for employment, notices required or to be provided by federal or state agencies involved setting forth the provisions of the clause. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status.

20.2 No person in the United States shall, on the ground of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement. The ERS and each employer will comply with all requirements imposed by or pursuant to the regulations of the appropriate federal agency effectuating Title VI of the Civil Rights Act of

1964.

20.3 CONTRACTOR will cause the foregoing provisions to be inserted in all subcontracts, if any, for any work covered by this Agreement so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

20.4 CONTRACTOR agrees that they will comply with all applicable requirements of the Americans with Disability Act of 1990, 42 U.S.C. 12101, et seq.

21. **WITHHOLDING OF SALARIES.** If in the performance of this Agreement there is any underpayment of salaries by CONTRACTOR or by any subcontractor thereunder, the ERS shall withhold from CONTRACTOR out of payments due to it an amount sufficient to pay to employees underpaid the difference between the salaries required hereby to be paid and the salaries actually paid such employees for the total number of hours worked. The amounts withheld shall be disbursed by the ERS for and on account of CONTRACTOR or subcontractor, if any, to the respective employees to whom they are due.

22. **CLAIMS AND DISPUTES PERTAINING TO SALARY RATES.** Claims and disputes pertaining to salary rates or to classifications of architects, draftsmen, technical engineers, and technicians, if any, performing work under this Agreement shall be promptly reported in writing by CONTRACTOR to the ERS for the latter's decision, which shall be final with respect thereto.

23. **SEVERABILITY.** If any term or condition of the Agreement shall be held invalid or unenforceable, the remainder of the Agreement shall not be affected and shall be valid and enforceable.

24. **GOVERNING LAW & JURISDICTION.**

24.1 Governing Law. The provisions of the Agreement will be constructed in accordance with the laws on the State of Wisconsin.

24.2 Jurisdiction. The venue for any proceedings before a court of law (whether federal or state) will be geographically located in Milwaukee County, Wisconsin.

25. **MISCELLANEOUS.**

24.1 Headings. All headings and titles used in contract documents exist for the purposes of document organization and reference and will not be considered a term or condition of any agreement entered into by CONTRACTOR and the ERS.

24.2. Consent to Breach Not Waiver. The consent to a breach of any term or condition of this Agreement by either party will not be considered a waiver of such term or condition nor will such breach be considered consent to a subsequent breach.

24.3 Force Majeure. Neither party will be liable for any failure or delay in the performance of its obligations under this Agreement (and the failure or delay will not be deemed a default of this Agreement or grounds for termination) if both of the following conditions are satisfied: (1) the failure or delay could not have been prevented by reasonable precautions, and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, work-around

plans, or other means; and (2) the failure or delay is caused, directly or indirectly, by reason of fire or other casualty or accident; strikes or labor disputes; inability to procure raw materials, equipment, power or supplies; war, terrorism or other violence; any law, order, proclamation, regulation, ordinance, demand, or requirement of any governmental agency or intergovernmental body other than a party hereto; or any other act or condition beyond the reasonable control of the non-performing party. Upon the occurrence of an event which satisfies both of the above conditions (a "Force Majeure Event"), the non-performing party will be excused from any further performance of those obligations under this Agreement affected by the Force Majeure Event for as long as (a) the Force Majeure Event continues; and (b) the non-performing party continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. Upon the occurrence of a Force Majeure Event, the non-performing party will immediately notify the other party by telephone (to be confirmed by written notice within two business days of the failure or delay) of the occurrence of a Force Majeure Event and will describe in reasonable detail the nature of the Force Majeure Event.

24.4 CONTRACTOR agrees time is of the essence and will meet all deadlines and any schedules as set forth in this Agreement.

THE REMAINDER OF THIS PAGE IS BLANK

IN WITNESS WHEREOF, the CONTRACTOR and the ERS have caused this Agreement to be executed for and on their respective behalf as of the dates hereinafter set forth.

EMPLOYES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE:

UNITED MAILING SERVICES, INC.,

By: _____
John Barmore
President Pension and Annuity Board

By: _____

Name: _____

Date: _____

Title: _____

By: _____
Bernard J. Allen, Executive Director

Date: _____

Date: _____

Examined and approved as to form and execution this
_____ day of _____, 201__.

Office of the City Attorney

City Comptroller:

Martin Matson

Date

Exhibit A

**Request for Quote For
Mailing & Printing Services
For the
Employes' Retirement System (ERS)
Of the City of Milwaukee**

Quotes are due to Mary Turk, Business Operations Analyst **by:**
4:45pm, Monday, March 6, 2017

By e-mail: Mary.Turk@CMERS.com (preferred), or at the following address:
Employes' Retirement System, 789 N Water Street, Suite 300, Milwaukee WI 53202

The ERS is seeking quotes for mailing and printing services to meet its business requirements in the following areas:

Monthly pension check/ACH advice mailings
Newsletter mailings
Board election mailings
Annual statement mailings
Occasional special mailings
Printing services for monthly newsletters or any other mailed communication.

Vendor to quote pricing for a three year term. Contract may be extended by mutual agreement of the parties for additional two-year terms.

Particular specifications are as follows:

Monthly Pension Check/ACH Advice Mailings

- 13,000-14,000 mailings, monthly, first class pre-sort postage using ERS window envelopes
- Will require folding and stuffing of a monthly newsletter
- Will require printing of the newsletter
- Newsletter will be standard 8 ½ x 11" paper or on occasion, 8 ½ x 14 legal size paper (black ink on colored paper)
- Requires pick-up at the ERS offices, on the fourth business day prior to month-end to be held in a secured file until mailing early on the second last business day of the month to result in local delivery on the last business day of the month
- Will require storage of ERS envelopes on site of at least a six month supply and as many as an 18 month supply. These envelopes are for this mailing only.
- On occasion may require a third document for stuffing.

Newsletter Mailings – Active (with Annual Member Statements)

- 14,000 to 15,000 active member newsletters
- Will require folding and stuffing – one or two pieces of standard size paper
- May require printing of the newsletter
- Newsletter will be standard 8 ½ x 11" paper, duplex printing, black ink on colored paper
- Standard letter size envelopes to be provided by ERS at the time of mailing (windowed envelopes)
- Pre-sort first class postage required
- Will require pick-up from ERS offices with mailing to occur within 3-5 business days

Board Election Mailings

- 13,000 to 14,000 either active or retired member letters announcing nominations for board election
- May require printing of announcement
- Will require folding of announcement and stuffing of announcement, ballot and a small return envelope in a standard ERS envelope
- Address file to be supplied along with envelopes at time of mailing
- Mailing to occur within 3 business days
- Pre-sort first class postage required
- Pick-up at ERS offices for all materials
- This process to be repeated using nomination forms that are 4 ¼" x 5 ¾" which may need to be printed, and will have to be stuffed. Process may occur twice if there is a run-off for the election.

Annual Member Statement Mailings

- 15,000 active & deferred member statements (annually)
- folding and stuffing required – will require stuffing of an active newsletter mailing (see "Newsletter Mailings - Active" section above)
- Use of ERS window envelope
- Pre-sort first class postage required
- Pick-up at ERS offices of all materials, mailing to occur within 3-5 business days

Occasional Special Mailings

As the need arises, special mailings may be needed ranging in size from 500 to 25,000 pieces.

Will require folding and stuffing

May require use of supplied window envelopes, or alternatively we may supply an address file with envelopes

May require printing

Please quote charges for using colored paper and color printing.

Please quote charges for a second or third insert.

Vendor to exercise quality control over all mailings, paying attention to, among other things, placement of address in window envelopes.

Mailing times cited herein are essential deadlines.

ERS may maintain a postage advance equal of one to two months normal pension Check/ACH Advice mailing. Vendor to invoice not more than monthly for services. Such invoice to include actual postage charges to restore Postage advance

or

Vendor to front postage costs. Vendor to invoice not more than monthly for services. Such invoice to include actual postage charges.

The Employees' Retirement System (ERS) reserves the right to accept or reject any and all quotes or not proceed with any action. ERS will incur no liability for the cost of quote preparation.

An Excel spreadsheet is attached for use in quoting the services to be provided. Please submit in spreadsheet form.

In addition to the above quotation, the ERS is interested in retaining a back-up service provider in the event of an emergency where the primary service provider may be unable to process a monthly payroll. An additional tab for emergency services is included with the spreadsheet related to payroll processing.

Please note the following insurance requirements of the Employees' Retirement System.

INSURANCE REQUIREMENTS

A. General Requirements

A certificate of insurance acceptable to the Employees' Retirement System (ERS) and City evidencing the insurance requirements is to be provided. The certificate shall state that the issued insurance policies meet the requirements as outlined below. All certificates are to be provided within 30 days of final execution of this Contract. If such certificate is not received, the (ERS) and the City of Milwaukee has the authority to declare this Contract terminated. Certificates of Liability are to be submitted annually.

All policies shall state that the ERS and City shall be afforded a thirty (30) day written notice of cancellation, non-renewal or material change by any insurers providing the coverage required by the ERS and City for the duration of this Contract.

Insurance companies must be acceptable to the ERS and City and must have a current A.M. Best rating of A- VIII or better.

All policies shall be written on an occurrence form, other than professional liability as noted below.

If subcontractors are used, each must meet all requirements in sections A and B.

B. The minimum insurance requirements are as follows:

(1) Workers' Compensation and Employer's Liability

Workers' Compensation	Statutory Coverage
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

- Employer's Liability at limits noted above or higher limits if needed to meet Umbrella underlying insurance requirements.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.

(2) Commercial General Liability

Commercial General Liability	\$1,000,000 each occurrence
General Aggregate	\$2,000,000 aggregate
Personal & Advertising Injury Limit	\$1,000,000 each occurrence
Products - Completed Operations Aggregate	\$2,000,000 aggregate
Medical Expense	\$ 5,000 each person

- Coverage must be equivalent to ISO form CG0001 or better.
- The ERS and City of Milwaukee shall be added as additional insureds using ISO form CG2026 or its equivalent.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.
- The policy shall include independent contractors (owners/contractors protective) and contractual liability.
- Coverage will apply on a primary and non-contributory basis. We suggest the following wording:

"If you have agreed in a written contract that this policy will be primary and without right of contribution from any insurance in

force for an Additional Insured for liability arising out of your operations, and the contract was executed prior to the bodily injury, property damage, personal injury or advertising injury, then this insurance will be primary over, and we will not seek contribution from, such insurance."

- Coverage shall apply to the risks associated with or arising out of the services provided under this contract.

(3) Auto Liability

Combined Single Limit	\$1,000,000 each accident
Medical Expense	\$ 10,000 each person

- If the Contractor owns or has any long term leased vehicles, coverage must be for Any Auto (Symbol 1). If there are no owned or long term leased vehicles, then coverage must be for Hired and Non-Owned Auto Liability (Symbols 8 and 9).
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.
- The ERS and City of Milwaukee shall be added as additional insureds.
- Coverage shall include contractual liability for risks assumed in this contract.
- Coverage shall apply to the risks associated with or arising out of the services provided under this contract.
- If Federal or State government(s) require a Motor Carrier filing, such filing shall be made available to City upon request.

(4) Umbrella (Excess) Liability

Umbrella (excess) Liability	\$5,000,000 per occurrence
	\$5,000,000 aggregate

- The Umbrella Liability insurance shall provide coverage excess of the Employer's Liability, Commercial General Liability and Auto Liability Coverages, including the amendments stated above.

(5) Crime Insurance

Employee Dishonesty	\$1,000,000 per loss
Forgery or Alteration	1,000,000 per loss

- The Crime Insurance shall provide coverage for Third Party Employee Dishonesty.

(6) Professional Liability (Printers Errors and Omissions)

Combined Single Limit \$1,000,000 each accident

- Coverage must remain in effect for a period of not less than two years beyond the termination date of the contract.
- If a claims-made form is used and a change of insurer occurs during the contract period, continuity of coverage must be maintained by either retaining the original retroactive date or exercising the extended reporting period endorsement option from the expired policy for a period of not less than two years, if the replacement insurer will not preserve the original retroactive date.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.

(8) Pollution Liability

Combined Single Limit \$1,000,000 each accident

- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.
- The ERS and City of Milwaukee shall be added as additional insureds.

(9) Cyber Insurance (if in possession of personally identifiable information)

Cyber Insurance \$1,000,000 each incident

- Coverage shall include liability coverage for all damages, claims expenses, costs, fines and penalties related to unauthorized disclosure of personally identifiable information.
- The ERS and City of Milwaukee shall be added as additional insureds.
- Coverage shall include cost of notification, cost of identity protection and repair insurance for affected individuals.

Exhibit B

Employes' Retirement System - City of Milwaukee
 Price quote for Requested Mailing/Printing Service

Vendor _____

Estimated Volume	Description	Vendor price quote per unit
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Monthly pension check/ACH advice mailings (Full First Class)

	Produce copy of monthly newsletter or other document (quote to include cost of vendor supplied paper) to accompany check/ach advice	
14,000	Sized -8½x11 one-sided	<u>0.025</u>
14,000	Sized-8½x11 duplexed	<u>0.042</u>
14,000	Sized -8½x14 one-sided	<u>0.031</u>
14,000	Sized-8½x14 duplexed	<u>0.048</u>
	Fold and stuff supplied 8½x11 check/ach advice with one insert in supplied window envelopes to be stored at vendor location (inserts may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
14,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Newsletter mailings (Pre-Sort First Class)

	Produce copy of newsletter or other document (quote to include cost of vendor supplied paper)	
15,000	Sized -8½x11 one-sided	<u>0.025</u>
15,000	Sized-8½x11 duplexed	<u>0.042</u>
15,000	Sized -8½x14 one-sided	<u>0.031</u>
15,000	Sized-8½x14 duplexed	<u>0.048</u>
15,000	Produce printed ballots sized	<u>.0175 per ballot</u>
	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
15,000	Fold and stuff single sheet newsletter (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
15,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Board election mailings (Pre-Sort First Class)

	Produce copy of narrative to accompany mailing (quote to include cost of vendor supplied paper)	
14,000	Sized -8½x11 one-sided	<u>0.025</u>
14,000	Sized-8½x11 duplexed	<u>0.042</u>
14,000	Sized -8½x14 one-sided	<u>0.031</u>
14,000	Sized-8½x14 duplexed	<u>0.048</u>
	Print 4¼x5½ ballots to be used for election mailing (quote to include cost of vendor supplied paper)	<u>.0175 per ballot</u>
	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
14,000	Fold and stuff narrative (may be either letter or legal sized. Quote to cover either size.) a 4¼x5½ ballot and a 6½x3¾ return envelope and deliver for mailing.	<u>0.081</u>
14,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Counts are approximate and are not guaranteed, not all services will be required for all mailings.

Estimated Volume	Description	Vendor price quote per unit
---------------------	-------------	--------------------------------

Annual statement mailings (Full First Class)

	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
15,000	Sized -8½x11 one-sided	<u>0.025</u>
15,000	Sized-8½x11 duplexed	<u>0.042</u>
15,000	Sized -8½x14 one-sided	<u>0.031</u>
15,000	Sized-8½x14 duplexed	<u>0.048</u>
15,000	Fold and stuff 8½x11 Annual Statement in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>
15,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>
15,000	Additional cost for third insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Occasional special mailings (Postage class determined for each job)

	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
500-3,000	Sized -8½x11 one-sided	<u>0.025</u>
500-3,000	Sized-8½x11 duplexed	<u>0.042</u>
500-3,000	Sized -8½x14 one-sided	<u>0.031</u>
500-3,000	Sized-8½x14 duplexed	<u>0.048</u>
500-3,000	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
500-3,000	Fold and stuff single sheet (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
500-3,000	Fold and stuff single sheet in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>
500-3,000	Additional cost for second insert in either type envelope (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>
	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
3,001-12,000	Sized -8½x11 one-sided	<u>0.025</u>
3,001-12,000	Sized-8½x11 duplexed	<u>0.042</u>
3,001-12,000	Sized -8½x14 one-sided	<u>0.031</u>
3,001-12,000	Sized-8½x14 duplexed	<u>0.048</u>
3,001-12,000	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
3,001-12,000	Fold and stuff single sheet (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
3,001-12,000	Fold and stuff single sheet in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>
3,001-12,000	Additional cost for second insert in either type envelope (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Counts are approximate and are not guaranteed, not all services will be required for all mailings.

Estimated Volume	Description	Vendor price quote per unit
---------------------	-------------	--------------------------------

Occasional special mailings (Postage class determined for each job) continued

	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
>12,000	Sized -8½x11 one-sided	<u>0.025</u>
>12,000	Sized-8½x11 duplexed	<u>0.042</u>
>12,000	Sized -8½x14 one-sided	<u>0.031</u>
>12,000	Sized-8½x14 duplexed	<u>0.048</u>
>12,000	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
>12,000	Fold and stuff single sheet (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
>12,000	Fold and stuff single sheet in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>
>12,000	Additional cost for second insert in either type envelope (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Special Printing-Colors

Vendor will either be supplied an original document when asked to print or a MicroSoft WORD file. Where quoting printing, vendor should assume one color (black) printing on white paper. Indicate additional costs for colored Printing/Paper below. In particular, there may be instances where ERS desires a different color, such as a different color ballot in a run-off election. If color is specified, it is expected to be light enough to enable printing thereon to be easily read.

Any Premium charged per print job for used of color paper per 8½x11 sheet.	<u>0.0065</u>
Any Premium charged per print job for used of color paper per 11x14 sheet.	<u>0.0065</u>

If vendor is capable of printing in colors, indicate premium for printing in color below.

Any Premium charged per print job for printing in color one-sided on 8½x11 ea.	<u>0.05</u>
Any Premium charged per print job for printing in color duplexed on 8½x11 ea.	<u>0.10</u>
Any Premium charged per print job for printing in color one-sided on 11x14 ea.	<u>0.05</u>
Any Premium charged per print job for printing in color duplexed on 11x14 ea.	<u>0.10</u>

**FIRST AMENDMENT
TO THE AGREEMENT BETWEEN
THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
AND
ENTERPRISE SERVICES LLC
(FORMERLY HP ENTERPRISE SERVICES)**

THIS IS THE FIRST AMENDMENT (“First Amendment”) to the Agreement (“Agreement”) beginning July 1, 2016, between the Employees’ Retirement System of the City of Milwaukee (“ERS”) and Enterprise Services LLC (“Enterprise”), which was named HP Enterprise Services at the time the Agreement was executed;

WHEREAS, since the execution of the Agreement, HP Enterprise Services was included in the corporate restructuring of its parent company, and has now become Enterprise Services LLC; and

WHEREAS, Enterprise has agreed to fulfill all terms of the Agreement and remain liable for all of HP Enterprise Services’ obligations under the agreement; and,

WHEREAS, ERS and Enterprise wish to amend the Agreement to reflect HP Enterprise Services’ name change to Enterprise Services LLC;

NOW, THEREFORE, in consideration of the mutual covenants herein stated, ERS and Enterprise agree to amend the Agreement as follows:

1. The name “Enterprise Services LLC” is substituted for each and every appearance of the name “HP Enterprise Services” and “HP Enterprise Services LLC” and “HP Enterprise Services, LLC.”
2. ERS and Enterprise affirm the non-amended provisions of the Agreement.
3. This First Amendment is the entire amendment to the Agreement between ERS and Enterprise. No other terms or conditions, oral or written, shall be effective, binding or alter the terms of this Amendment or the Agreement unless expressly agreed to in writing by ERS and Enterprise.
4. This First Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original; all such counterparts shall, together, constitute only one instrument. PDFs shall be deemed the same as originals.

IN WITNESS WHEREOF, the parties hereto execute this First Amendment:

ENTERPRISE SERVICES LLC

Name: Eric Murphy
Title: Account Executive

Date

THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

John D. Barmore, Board President

Date

Bernard J. Allen, Executive Director

Date

Countersigned:

Assistant City Attorney
As to Form and Execution

Date



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 12, 2017

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

Dear Committee Members:

Re: 2018 Draft City Budget Request

The ERS is required to submit the 2018 budget request to the City by May 9, 2017. We have completed estimating these needs for 2018 and have drafted details for your consideration.

This budget request was developed by reviewing the 2016 actual experience and the 2017 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 2018 compared to 2017 can be summarized as follows:

- Decrease of \$1,800,000 for Investment Managers fees
- Decrease of \$590,000 for Information Technology Systems Support
- Decrease of \$100,000 for Professional Services - Completion of Struts Upgrade
- Increase of \$400,000 for Professional Services - Callan
- Increase of \$320,000 for Salaries
- Increase of \$175,000 for Fringe Benefits
- Increase of \$75,000 for Temporary Services
- Increase of \$65,000 for Information Technology Software Maintenance

Enclosed for your input and approval is a draft of the 2018 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,

A handwritten signature in black ink that reads "Melody Johnson".

Melody Johnson
Interim Deputy Director

Employees' Retirement System - City of Milwaukee
 2018 Non-Trust Recommendations for City Budget

2016 Actual		2017 Adopted Budget	2018 Draft Request	Recommendation Over (Under) Current Authority	
Non Trust Line Items Estimated by ERS					
188,214,000	Policemen's Pension Fund - Employer's Pension Contribution	-	-	-	
	PABF Payroll	320,000	200,000	(120,000)	
21,500	PABF Lump-Sum Supplement Contribution	10,000	-	(10,000)	
60,000,000	Employers' Retirement Fund - Employer's Pension Contribution	61,000,000	-	(61,000,000)	*
1,447	Former Town of Lake - Fireman's Pension Fund	7,300	-	(7,300)	
2,060,388	Group Life Insurance Premium	3,000,000	3,000,000	-	
71,410	Retirees' Benefit Adjustment Fund	80,000	80,000	-	
\$ 250,368,746	Total Non ERS Estimates	\$ 64,417,300	\$ 3,280,000	\$ (61,137,300)	

* Pending Actuarial Valuation

Employees' Retirement System - City of Milwaukee
 Summary of 2018 Draft Budget Request as compared to 2017 Adopted Budget and 2016 Actual Expenditures

2016 Actuals		2017 Adopted Budget	2018 Draft Request	Variance with Current Authority	Primary Details Resulting in Variance to the 2017 Adopted Budget.
\$ 2,601,012	Total Salaries	\$ 2,852,489	\$ 3,171,239	\$ 318,750	Added 3 IT positions and 1 Investment position.
\$ 1,170,775	Fringe Benefits (Budget Rate)	\$ 1,283,620	\$ 1,458,770	\$ 175,150	Based on salaries and a slight fringe rate increase.
	Operating Expenditures				
184,361	General Office Expense	207,000	220,000	13,000	Increase in mailing.
2,645	Other Operating Supplies	10,000	10,000	-	
554,514	Facility Rent & Property Services	691,000	692,000	1,000	Increase in Office Space and Decrease in Telephone.
12,128	Non-vehicle Equipment Rental	16,000	16,000	-	
10,989,993	Professional Services	15,970,000	14,371,000	(1,599,000)	Decrease due to performance fees, Townsend's real estate consulting services termination and Struts upgrade completion. Increase due to Callan now providing real estate consulting services.
1,562,229	Information Technology Services	2,270,000	1,760,000	(510,000)	Insourcing of contractor positions.
527,474	Other Operating Services	1,119,000	1,201,000	82,000	Increase in Temporary Services.
\$ 13,833,345	Total Operating Expenditures	\$ 20,283,000	\$ 18,270,000	\$ (2,013,000)	
	Equipment Purchases				
275,633	Equipment	564,000	629,000	65,000	SAN's are being replaced with new supported hardware.
\$ 275,633	Total Equipment Purchases	\$ 564,000	\$ 629,000	\$ 65,000	
\$ 17,880,765	Total Regular O&M	\$ 24,983,109	\$ 23,529,009	\$ (1,454,100)	
\$ 17,880,765	Total All ERS	\$ 24,983,109	\$ 23,529,009	\$ (1,454,100)	



Administration and Operations Committee

ERS IT Portfolio Report

April 20th, 2017

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

Information Technology Projects Summary

- ERS-IT Reorganization Plan (In Progress)
 - Met with DER/Budget Office
 - DER will do a study on all IT positions and proposed pay grades
- MERITS Optimization – HCP (Health Care Processing), BAA & PAP - Benefit Amount Adjustment, and Payroll Processing (In Progress)
- Struts 2 Upgrade (In Progress)
- 2016 Firewall and Active Directory Reviews and Cleanups (In Progress)
 - Firewall improvements to protect ERS data from malicious hackers
 - Additional “Lock Downs” on ports and protocols
 - First AD and Firewall cleanups since inception
- 2016 DNS and IP Address Reviews and Cleanups (In Progress)

Information Technology Projects Cont'd

- 2017 Desktop Rotation (In Progress)
- Member Self Service Survey to other Retirement Systems (In Progress)
 - Change of Address online feature
 - Exploring adding functionality to provide better services
- Member Education Videos POC (In Progress)
- CMERS Website Upgrade (In Progress)
- Rescheduled IT Disaster Recovery Test to Femrite (June)

Application Stats

Category	High Priority	Low Priority	Total
Current Inventory	10	2	12
PIR	3	0	3
CCR	7	2	9
Pending/Hold	0	2	2
Deployed(Awaiting Next stage) /Ready for Production	0	0	0
Net Current Inventory	10	0	10

What's Next...

- Continue Optimization and Struts 2 Upgrade
- Continue 2016 Firewall and Active Directory Reviews and Cleanups
- Continue 2016 DNS and IP Address Reviews and Cleanups
- Work with vendor (Northwoods) to complete CMERS website upgrade
 - Review existing information and make changes based on recommendations from Sr. Management
 - Ensure all links are working properly and information is accessible
 - Ensure search functionality is optimal
 - Review other Pension websites for ideas, best practices

What's Next...

- Complete IT Budget for 2018
- Prepare for 2017 IT Audits
- WebSphere Application Server Patching
 - Working collaboratively with HP
- VMware Upgrades
- iPad Upgrades
- LAMP

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.
- **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, 2017

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	Hardware/Software & External Labor Budget (\$)	Actual Spent-to-Date on Hardware /Software & External Labor (\$)	Estimate to Completion (ETC) (of Hardware/ Software & External Labor Costs)
G	79%	1	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	2,795	1,549	N/A	N/A	N/A
G	13%	2	L	Struts 2 Upgrade (functional areas besides MAM)	Manchu	Software development upgrade all other functional areas	G7	IP	Y	10/17/16	8/15/19	11,438	1,345	10,093	\$730,290	\$72,757	\$657,533
G	39%	3	L	HCP Optimization	Manchu	Evaluate, assess and implement MERITS Optimization and Clean-up	G7	IP	N	10/26/16	9/22/17	1,406	519	887	N/A	N/A	N/A
G	85%	4	S	2017 Desktop Rotation	Powell	Swap out old PCs and iPads for newer, better models	G7	IP	N	1/20/17	5/1/17	193	175	18	\$34,425	\$25,521	\$8,904
G	24%	5	S	Member Education Videos POC	Zaffiro	Produce videos for website	G4	IP	N	2/23/17	5/24/17	183	36	147	\$2,500	\$1,713	\$787
		6	M	Websphere Server Patching @	Manchu	Websphere application server patching.	G7	NS	Y	4/3/17	6/30/17	115		115	\$9,768	\$0	\$9,768
		7	M	DR Test (IT Only) @	Reid	Testing 2PP to Femrite	G3	NS	N		6/30/17	125		125	N/A	N/A	N/A

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
 IP = In Process C = Complete
 @ = Activity (no charter)

Special Note: Struts 2 Upgrade costs are part of the 3-year HP maintenance contract.

Completed Projects & Tasks in Last 12 Months	Finished	Hours / \$ Spent
IT Disaster Recovery Test (Roemer / Raynal)	3/22/2016	29.25 hrs / N/A
Legal Opinions on cmers.com @ (Zaffiro)	4/1/2016	30 hrs / \$3,480
Desktop Rotation (Rogers)	5/11/2016	117.75 hrs / \$32,267
FileNet P8 Implementation (Manchu / Zaffiro)	5/12/2016	5,363 hrs / \$459,085
Vendor Management Application (Siddiqui)	5/31/2016	68.25 hrs / N/A
IT Social Engineering Audit @ (Reid)	6/2/2016	40 hrs / \$6,600

	Finished	Hours / \$ Spent
VMware Host Upgrades (Roemer)	8/1/2016	101 hrs / \$190,337
Windows 2012 Server Upgrade @ (Raynal)	9/21/2016	876 hrs / \$8,434
IT Disaster Recovery Test @ (Dugan / Rogers)	10/21/2016	111 hrs / N/A
IT Network Vulnerability Audit @ (Reid)	10/20/2016	140 hrs (Expiris Only)/ \$23,100
Physical Inventory @ (Rogers)	12/20/2016	10 hrs / \$265
FileNet P8 Patching @ (Manchu)	1/7/2017	87 hrs / \$13,330
MAM Struts 2 Upgrade (Manchu)	1/25/2017	967 hrs / \$33,294



2017 ERS Information Technology Reorganization Plan

March 15th, 2017

Approvals:

Name	Role	Signature	Date
Jerry Allen	Executive Director		
Melody Johnson	Deputy Director/CFO		
Kelly Reid	Chief Technology Officer		
Mark Nicolini	ERS Budget Director		
Andrea Knickerbocker	DER		

Revision History

Date	Version	Description	Author
1/4/17	1.0	Document Creation	Kelly Reid
1/5/17	1.1	Incorporated Feedback	Kelly Reid
3/15/17	2.0	Changes to Plan	Kelly Reid
4/6/17	3.0	Final Changes to Plan	Kelly Reid

Reviewers

Date	Version	Name	Position/Department
1/5/17	1.0	Melody Johnson	Deputy Director/CFO
1/5/17	1.0	Jerry Allen	Executive Director
1/6/17	1.1	Jerry/Melody	Sr. Management
3/27/17	2.0	Andrea Knickerbocker, Molly King, Mark Niccolini, Melody Johnson	DER/Budget Office
4/20/2017	3.0	Administration and Operations Committee	

Distribution

Date	Version	Name/Location
1/6/17	1.1	Sr. Management

Author of Document

Date	Version	Name/Location
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1 Overview

1.1 Background and Statement of Business Need to Reorganize ERS-IT:

The ERS has been outsourcing its technical IT operations for a number of years. When the ERS was implementing its pension administration database (MERITS) it decreased its dependency upon city IT resources. This was accomplished through the use of various IT contracts. There was a reliance on outside vendors to support the extreme complexity of MERITS and its subsystems without a staffing plan to fund and continue the operations post implementation. This dependency has resulted in higher costs to administer the IT systems and the Pension Administration System (MERITS). This is the ERS' financial ERP system and is critical to business operations. Our fiduciary obligation to its trustees, members, and retirees require highly skilled technical engineers and programmers to provide support and continuous maintenance fast and efficiently.

The IT department has to secure, protect, support and administer the complex rules and regulations of Chapter 36 in a streamlined and automated fashion through the use of technology and software workflow. As custodians of retiree data, the need to have accurate, accountable and reliable benefit distribution, security and payroll obligations is essential.

(This proposal can be funded in 2017 with the money from unfilled vacancies)

1.2 Objectives:

- Evaluation of current IT market and pay
- Eliminate expensive contract positions for IT technical staff
- Reduce IT support costs by 40%
- Create stability in IT department by investing in long term IT employees
- Reduce turn around rate and training costs by 50%
- Review of current city IT positions/Salary Ordinance
- Reclassify Current ERS-IT positions with identical City IT positions and pay grades

2 Reorganization Plan

2.1 In Scope:

- IT assessment of current staffing needs to support the ERS network backbone and infrastructure
- Creation of three (3) new IT positions (1 for 1 contract elimination)
- Eliminate one (1) Contract position and shift duties
- Reduction of operating costs by eliminating the need for expensive contracts to support the IT infrastructure

- Align ERS-IT position titles and pay grades to equivalent City ITMD position titles and paygrades through reclassification

2.2 Out of Scope:

- Changes to application model (outsourced code development and support)
- Changes to Hewlett Packard Maintenance support

2.3 Constraints:

- Current IT contracts expire in 2017. There is a risk that the process of creating and approving new positions will not be completed before contract end dates.

2.4 Preliminary Risk Assessment:

- With current contracts expiring this year, there is flight risk with current contractors.
- The ERS has been renewing IT contracts on a 3 year basis, and with annual increases there is pay sprawl and dissention with full time employees doing the same work.
- IRS regulations prevent long term use of contractors that potentially could be misconstrued as employees.

2.5 Critical Success Factors/Definition of Completion:

- Three (3) new FTE positions created for current contract positions
- A Net Savings of approximately \$1.5million dollars over a 3 year period for IT support
- Eliminate expensive contracts for infrastructure support
- Complete two (2) reclassifications of current IT staff

3 IT Insourcing Plan

Position	Vendor	2016 Annual Cost	Proposed Insourced Cost 2017 (*burden rate of 50%)	Pay Range	City Position Title	Y1 Savings	Y2 Savings	Y3 Savings	ROI over a 3 year period (2019)
Database Administrator	SSR	210,000	\$110,000	2LX	Sr. Database Administrator	\$100,000	\$108,400	\$117,136	\$325,536
Java Developer	Symphony	175,000	90,000	2LX	*Sr. Java Developer	85,000	\$92,000	\$99,280	\$276,280
Server Administrator	SSR	\$160,000	\$110,000	2LX	*ERS Server Administrator	\$56,400	\$63,056	\$69,978	\$189,434
Sr. Infrastructure Expert (no annual increases annual renewals at flat rate)	SSR	\$250,000	\$0	N/A	Eliminate current contract and shift duties to Enterprise Information Manager	\$250,000	\$250,000	\$250,000	\$750,000
						Y1 \$491,400	Y2 \$513,456	Y3 \$536,394	TOTAL NET SAVINGS (3Year) \$1,541,250

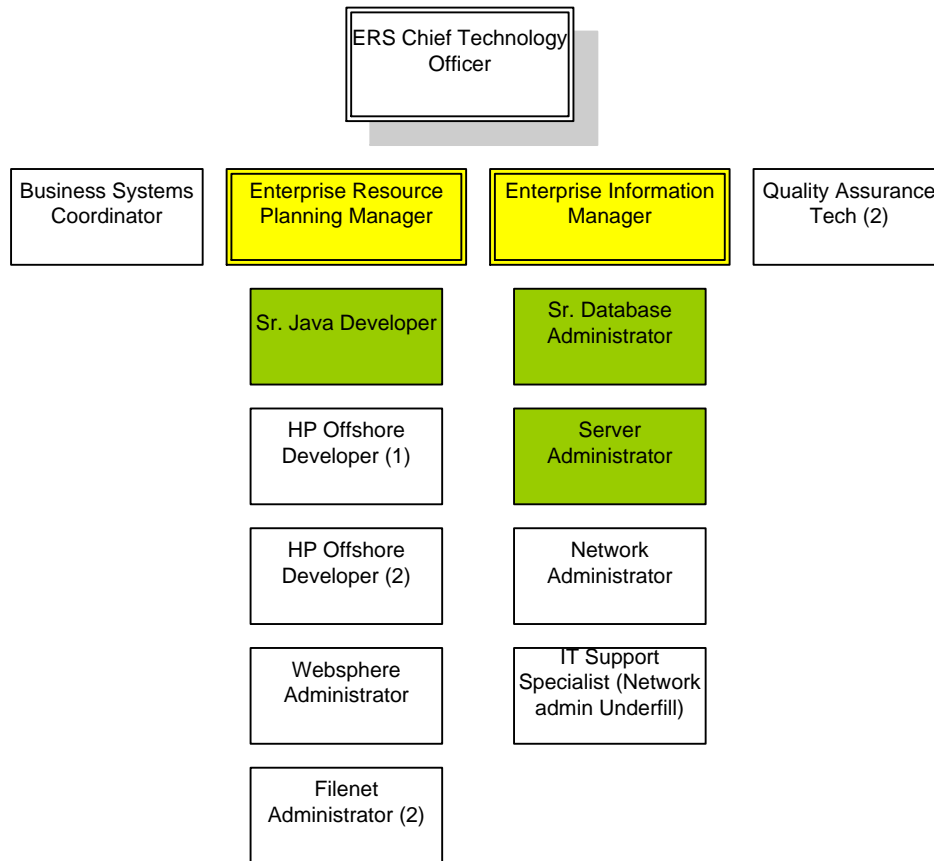
*New positions that need to be created (not currently in salary ordinance)

4 IT Reclassification Plan

Reclassification for existing IT positions.

ERS IT Position	City ITMD Position	Action	Financial Impact
ERS Systems Administrator	Enterprise Information Mgr	Move from 2IX to 1IX	TBD
ERS Functional Applications Manager	Enterprise Resource Planning Mgr	Move from 1HX to 1IX	0

5 IT Proposed Organizational Chart for 2018



- Positions in GREEN are the requested new insourced positions for 2018
- Positions in YELLOW are requested Reclassification Positions

6 Hard Benefits

- **Total net savings for the ERS of \$1,541,250 over a three year period**
- Reduced administrative time in administering multiple contracts and contract sprawl
- Resolves the problem of current IT staff being at the top of their range and creates room for growth and opportunity
- Provides a path to stability by investing in long term employees and not losing that business knowledge to contractors who leave
- Reclassification of current IT positions would align with City ITMD positions
- Allows IT staff to be in the same pay grades

7 Soft Benefits

- Eliminates pay discrepancies between contractors and current employees doing the same work and allows the ERS to pay controlled rates for services
- Reduces the administrative overhead of constantly training new contractors that will not stay long term
- Current IT positions will not be at the top of the range creating room for growth
- There are no net increases for requested reclassifications
- Creates consistency with existing City position titles and pay structures

Organizational/Personnel Update

Administration and Operations Committee

Thursday, April 20, 2017

- ERS Reclasses and Reorgs still in progress.
- ERS is working with DER to fill the Pension Accounting Manager position.
- ERS is working with DER to update two IT positions.

