

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

Minutes of the Administration and Operations Committee Meeting
held June 17, 2009

The meeting was called to order at 10:04 a.m.

Committee Members Present: John Barmore, Chair
 William C. Carey
 Thomas Fischer
 Angela Henschel

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

Others Present: Rudy Konrad and Beth Cleary, City Attorney's Office; Jon Granger, Sagetic Solutions; and Jay Patel, S&S Consulting.

ERS Special Projects Report. As a matter of information, Committee members received a copy of the ERS Special Projects Report, dated June 17, 2009, and a handout of collected recommendations by priority. Mr. Granger updated the Committee on the organizational study activities and policies. Lengthy discussion ensued. Mr. Barmore asked the City Attorney to provide an opinion as to whether it would be appropriate to review compensation with in-house staff or refer the review of compensation to DER. It was moved by Mr. Carey to approve action items 1 through 4. After further discussion, Mr. Fischer seconded the motion for discussion. After further discussion, the motion carried, with the language of item 2 being amended to include referral to DER.

Mr. Granger handed out an Information Technology Playbook and talked about the internal audit report on information technology controls framework. He reported the proposed plan of action is to hire an individual from S&S Consulting with an estimated cost not to exceed \$130,000 to implement an IT Controls Framework by December 2009. Discussion ensued.

Mr. Patel reported that all member services, payroll services and employer reporting were satisfactory last month. PIRs and CCRs issues are still being found in both problems and enhancements, and team has been able to fix these issues in a timely manner. He noted that approximately 1,397 members have signed up for Member Self Service. Mr. Patel talked about the Program Incident and Change Request Activity; defect and deficiency trends and inventory, and the year-to-year high priority PIR/CCR comparisons. He also noted that both the on-line application and batch were both up 100 percent for May. Mr. Granger talked about the disaster prevention and management: vulnerability assessment;

IT Audit (IS Security); development environment replacement –new production at 789 data center; and 809 data center (HVAC, power) evaluation/assessment. He also talked about the disaster recovery action items and the budget analysis.

Approval of Contract with Inland Construction. As a matter of information, Committee members received a copy of the Contract for Services. Mr. Granger stated that Inland has done preliminary work with respect to the fourth floor computer room, which ERS intends to run as a fail over site with the 809 building. This requires HVAC work to be done as an old, unsupportable HVAC unit needs to be removed and replaced. Mr. Barmore stated a motion would be in order to approve the contract with a not to exceed amount of \$45,000. It was moved by Mr. Carey, seconded by Mr. Fischer, and unanimously carried, to approve the contract with a not to exceed amount of \$45,000.

Approval of Contract with S & S Consulting. As a matter of information, Committee members received a copy of the Contract for Services. Mr. Allen stated this contract will provide services for Prashanth Nekkhalapudi for follow up on recommendations from the Jefferson Wells audit report. After discussion, it was moved by Mr. Fischer and seconded by Mr. Carey, to approve the contract. Ms. Cleary indicated this contract is subject to City Attorney approval. Messrs. Fischer and Carey accepted the amendment to the motion, which unanimously carried.

Approval of Contract Amendment with Saber Consulting. As a matter of information, Committee members received copies of the Fourteenth Amendment to the Contract and a letter, dated May 8, 2009. Mr. Allen indicated this is for a name change from Saber Consulting to Saber Software, Inc. It was moved by Mr. Fischer, seconded by Ms. Henschel, and unanimously carried, to approve the fourteenth amendment subject to City Attorney approval.

Approval of Contract Amendment with Virchow Krause. As a matter of information, Committee members received copies of the First Amendment to the Contract and a press release, dated June 1, 2009. Mr. Allen indicated this is also for a name change proposal as Virchow Krause has been acquired by Baker Tilly International. It was moved by Mr. Carey, seconded by Mr. Thomas, and unanimously carried, to approve the contract amendment, subject to City Attorney approval.

Approval to Contract with Inacom. Mr. Allen indicated this request is to upgrade ERS' software capabilities. Mr. Granger stated an example of this work would be an upgrade of the Microsoft Exchange system to the 2007 version for emailing and scheduling. He said this is a temporary resource to come in and help staff understand the improvements to the product and also implement the system. Inacom is a company that offers a wide range of services from project management to specialized consulting in areas like Microsoft products. Mr. Granger stated that a contract would be brought back to the Committee. It was moved by Mr. Fischer, seconded by Mr. Carey, and unanimously carried, to approve negotiating a contract with Inacom.

Approval of ERS Ethics Policy. As a matter of information, Committee members received copies of a City Attorney opinion, dated June 12, 2009, the ERS Ethics policy, basic office guidelines and important guidelines of the City of Milwaukee Code of Ethics. Mr. Allen briefly talked about the ERS Ethics Policy. After discussion, it was moved by Mr. Fischer, seconded by Mr. Carey, to approve the ERS Ethics Policy.

Fiduciary Liability Insurance Renewal. Mr. Barmore advised that the Administration and Operations Committee may vote to convene in closed session on this item, as provided in Section 19.85 (1) (i), Wisconsin State Statutes, for considering any and all matters related to acts by businesses under s. 560.15 which, if discussed in public, could adversely affect the business, its employees or former employees. The Committee may then reconvene in open session following the closed session. It was moved by Mr. Fischer and seconded by Ms. Henschel, that the Committee convene in closed session. The motion prevailed by the following roll call vote: AYES: Messrs. Carey, Fischer and Barmore and Ms. Henschel. NOES: None.

The Committee convened in closed session at 11:48 a.m. and reconvened in open session at 11:56 a.m.

It was moved by Mr. Carey, seconded by Ms. Henschel, and unanimously carried, to move forward with the Hays Group as ERS' agent to obtain fiduciary liability insurance.

There being no further business, Mr. Barmore adjourned the meeting at 12:00 p.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.)