

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

Minutes of the Administration and Operations Committee Meeting
held June 16, 2010

The meeting was called to order at 9:07 a.m.

Committee Members Present: John Barmore, Chair
 William C. Carey

Committee Members Not Present: Larry Holland

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

Others Present: Beth Cleary, City Attorney; Jon Granger, PDG Consulting; Jay Patel, S&S Consulting; Connie McDonald, Tony Popanz and Chris Layden, Jefferson Wells.

Approval of Contract Extension for Jefferson Wells Internal Audit. As a matter of information, Committee members received a copy of a letter, dated May 20, 2010 from Jefferson Wells. Ms. McDonald talked about the request to extend their contract for three years, including fees and related hourly rates. Mr. Matson stated that, based on Jefferson Wells' proposal, what staff would like to do is make a slight adjustment to the rates of pay for 2013 and he talked about adjustments for the Engagement Manager and the IT Auditor. Mr. Matson stated that as things come up that change over time, staff would like a 7% contingency to cover additional audits that we are not expecting, so he would add enough to the hours and the dollars to reach \$310,000 for any one of the three years. After discussion, it was moved by Mr. Carey, seconded by Mr. Barmore, and unanimously carried, to approve the contract extension with Jefferson Wells, which includes the recommended changes by staff with the pay amounts and the 7% contingency.

ERS Special Projects Report. As a matter of information, Committee members received a copy of the ERS Special Projects Report, dated June 16, 2010. Mr. Granger briefly talked about the ERS Special Projects Work Plan and updated the Committee on the organizational study action plan. Discussion ensued. Mr. Patel indicated that all member services, payroll services and employer reporting were satisfactory. He noted that approximately 2,156 members have signed up for Member Self Service. Lengthy discussion ensued. He 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. Mr. Patel noted that for the month of May the service level on-line application was 100 percent. As for the batch performance, he indicated that on one of the weekends where we had to do a production emergency at deployment time, we had to turn off the batch to make sure that the code was deployed into production, and the team member forgot to activate the batch that night. We did reactivate the batch the following day so that is why we took a hit on the batch level. Mr. Patel stated that to prevent this happening in the future we will implement an alert on production batch, so if the batch does not run a tech team member would be notified.

He talked about the Jefferson Wells Audit – Risk Management Services Update stating ERS has developed a compressive security incident response procedure and antivirus controls. Mr.

Granger updated the Committee on the remote office site; the disaster recovery site out at Femrite. Mr. Granger briefly talked about the custom automation project budget.

Approval of CEM Benchmarking Survey. As a matter of information, Committee members received a copy of the CEM Benchmarking Pension Administration Benchmarking Overview. Mr. Allen stated this is an organization that does benchmarking work both in the investment and administrative area. We do get a free report from them every year as we participate in their survey. He stated the benchmarking survey helps pension funds measure their cost effectiveness. Mr. Allen indicated this is the one organization that specializes in this area, and would help ERS quantify what our administrative costs are in comparison to other funds, both public and private, so that ERS knows whether we are in line with our costs. He indicated the cost of the survey would be \$30,000. After discussion, it was moved by Mr. Carey, seconded by Mr. Barmore, and unanimously carried, to approve with a not to exceed \$30,000.

There being no further business, Mr. Barmore adjourned the meeting at 10:26 a.m.

Bernard J. Allen
Secretary and Executive Director

(NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)