

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

Minutes of the Administration and Operations Committee Meeting
held September 15, 2010

The meeting was called to order at 8:32 a.m.

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

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

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

Jefferson Wells Internal Audit Reports. As a matter of information, Committee members received copies of the Internal Audit Update, dated September 15, 2010, and the Benefits Administration Internal Audit Report, dated August 27, 2010. Ms. McDonald talked about the 2010 audit plan status. She noted that since July 2010, JW finalized the Benefits Administration audit, which encompassed the administration of life, health and dental insurance. Ms. McDonald talked about the health carrier and MERITS reconciliation; succession planning and cross training; and the cash receipts reconciliation and management's responses, which she noted were adequate. She also talked about the prior year follow up of the Benefits Administration Audit.

ERS Special Projects Report. As a matter of information, Committee members received a copy of the ERS Special Projects Report, dated September 15, 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 2,379 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. Mr. Patel noted that for the month of July the service level on-line application and batch were 100 percent. For August we had 100 percent uptime on the batch, and for the on-line application we were 99.8 percent as one of the days there was a 28 minute outage due to network hiccups, but there was no significant impact to the business. He updated the Committee on the MERITS software and updates that need to be done. Discussion ensued. Mr. Granger talked about the business continuity planning schedule and goals. He also talked about the remote office, disaster recovery server services and the financial reports.

Approval of Contract with State of WI for Co-location Services. As a matter of information, Committee members received a copy of the contract. Mr. Matson talked about the letter and attachments. He indicated the State has raised some of the rates, which ERS anticipated in the actual contract amount, so the dollar amounts on the contract do not change. Mr. Matson stated ERS will be changing out the exhibits to the contract and we have a draft amendment with the City Attorney's Office and hope that will come before the Board at the September meeting.

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After discussion, it was moved by Mr. Holland, seconded by Mr. Barmore, and unanimously carried, to approve the contract pending City Attorney approval.

There being no further business, Mr. Barmore adjourned the meeting at 9:54 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.)