

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

Minutes of the Administration and Operations Committee Meeting
held February 16, 2011

The meeting was called to order at 9:07 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's Office; Jon Granger, PDG Consulting; Wayne Morgan, Darlene Middleton and Tom Schiesl, Baker Tilly; and Scott Charles, MPSO.

Baker Tilly Financial Audit and Baker Tilly ERS IT Risk Assessment Presentation. As a matter of information, Committee members received a copy of a letter from Baker Tilly, dated January 5, 2011. Mr. Allen handed a summary report "Employees' Retirement System IT Assessment", dated February 7, 2011 and the full Employees' Retirement System IT Assessment Report, dated February 9, 2011. Mr. Barmore advised that the Administration and Operations Committee may vote to convene in closed session on the following items (I. and II.), as provided in sections 19.85 (1) (c) and (f), Wisconsin State Statutes, for considering performance evaluation data of public employees, and preliminary consideration of specific personnel problems which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person involved in such problems or investigations; and 19.85 (1) (i), Wisconsin State Statutes, 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.

Mr. Morgan briefly talked about the January 5, 2011 letter, which outlines the planning and completion phases of the audit. It was moved by Mr. Holland and seconded by Mr. Carey, that the Committee convene in closed session on the remaining discussion of items I. and II. The motion prevailed by the following roll call vote: AYES: Messrs. Carey, Holland and Barmore.

The Committee convened in closed session at 9:19 a.m. It was moved by Mr. Carey, seconded by Mr. Holland and unanimously carried, to reconvene in open session at 10:42 a.m.

Mr. Barmore called for a break at 10:42 a.m. The Committee reconvened at 10:50 a.m.

(Mr. Carey left the meeting at 10:30 a.m.)

ERS Special Projects Report. As a matter of information, Committee members received a copy of the ERS Special Projects Report, dated February 16, 2011. Ms. Reid updated the Committee on the ERS Special Projects work plan; and organization study –

action plan. Mr. Matson indicated that he spoke to Ms. Knickerbocker in DER asking if she is really committed to finishing the changes in ERS compensation levels by the end of the first quarter. She stated she would talk to her staff and get back to him, which she has not done yet. He stated, however; that her original comment to his question was that she would like to finish things in the order received, and she indicated she was still working on re-classes from 2007. Mr. Matson stated the reality is the classifications may not happen at all. Brief discussion ensued.

Ms. Reid reported that 2,673 members have signed on to member self service, and also that there are not big tickets items or issues to present. She handed out a chart of a Ticket Inventory Analysis and discussed the ticket inventory counts. Ms. Reid continued the discussion on the Program Incident and Change Request Activity; defect and deficiency trends and inventory, and the year-to-year high priority PIR/CCR comparisons. She also reported that the service level for both bath and on-line was 100 percent for January. Mr. Granger updated the Committee on the Information Technology – Business Continuity Planning – Phase I and Phase II; Remote Business Services; Disaster Recovery Project and the Custom Automation Project budget. Discussion ensued throughout the presentation.

Close Out 2010 Budget. As a matter of information, Committee members received a copy of a memorandum from Ms. Johnson, dated February 10, 2011. Ms. Johnson talked about the amendment to the Intergovernmental Agreement to allow the Trust to provide the City 1/12th of the operating budget for the coming year in January, and thereafter reimburse the City monthly for costs actually charged to the ERS budget. She also talked about the non-Trust related expenditures. Ms. Johnson indicated the settlement with the City for ERS' 2009 expenditures, indicating that ERS owes the City \$2,305,314.

Approval of Symphony Contract. As a matter of information, Committee members received a copy of the Contract for Services, Time and Materials Agreement for Professional Services and a Statement of Work. Mr. Matson talked about the actual contract for additional services to help with the VmWare and a number of other issues. He noted this contract has a not to exceed \$113,400 and runs from March through August 2011. It was moved by Mr. Holland, seconded by Mr. Barmore, and unanimously carried, to approve the Symphony contract.

There being no further business, Mr. Barmore adjourned the meeting at 11:20 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.)