

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

Minutes of the Administration and Operations Committee Meeting
held April 22, 2020 via teleconference during COVID-19

The meeting was called to order at 9:01 a.m.

Committee Members Present: Matthew Bell, Chair
 Carmelo Patti
 Aycha Sawa

ERS Staff Present: Bernard Allen, Executive Director
 Melody Johnson, Deputy Director
 Jeff Shober, Chief Technology Officer
 Daniel Gopalan, Chief Financial Officer
 David Silber, Chief Investment Officer
 Erich Sauer, Deputy Chief Investment Officer
 Manny Raynal, Senior Systems Administrator
 Venkat Manchu, Functional Applications Manager
 Mary Turk, Business Operations Analyst
 Jan Wills, Board Stenographer

Others Present: Jason Coyle, Carla Gogin, Darlene Middleman, Baker Tilly; Kyle Johnson, Daniel Ludwig, Connie McDonald, Experis; Miriam Horwitz, Patrick McClain, Andrea Fowler, City Attorney's Office; Terry Siddiqui, DS Consulting Partners, Inc.; two members of the public called in to the meeting.

Election of Vice Chair. Mr. Bell asked for a motion for nominations for Vice-Chair. It was moved by Mr. Patti and seconded by Mr. Bell to nominate Ms. Sawa for Vice-Chair. Mr. Bell asked three more times for any further nominations. There being no further nominations, nominations were closed and a unanimous vote was cast for Ms. Sawa as Vice Chair of the Administration & Operations Committee.

Baker Tilly Financial Audit. As a matter of information, Committee members received a letter from Baker Tilly dated February 21, 2020 in regard to items relative to Baker Tilly's audit of the ERS' December 31, 2019 audit of financial statements. Ms. Gogin noted they did their in-person fieldwork earlier in the year at ERS and have had a remote workforce since mid-March. Ms. Middleman discussed with the Committee the required communications on the front end of the audit. She said their audit does not relieve any charged with governance of their responsibilities. Ms. Middleman said they look at internal controls as part of their planning process and they look at the key cycles, including distribution, contributions, reporting, and participant data. She noted this is a check to see if their procedures need to be altered based on the controls. She commented that after their walk-through in January, they found no issues with internal controls to indicate audit procedures needed to be changed. Ms. Middleman said they only look at internal controls for operating effectiveness. She also talked about what the financial statement document contained and noted the final financial statements to the Board would be presented on June 22, 2020. Mr. Coyle discussed with the Committee any accounting pronouncements which would impact the ERS and originally thought GASB (Governmental Accounting Standards Board) 84 would be

impacting the ERS but another GASB standard update would delay likely the implementation of many GASB standard updates starting with standard #84 by one year. It is anticipated they will hear final word in mid-May. He said they are also evaluating COVID-19 in all of their audits, including financial and operational. Mr. Bell inquired about the fraud item in the letter and Mr. Patti asked if Baker Tilly met with managers individually. Discussion ensued.

Mr. Bell advised that the Administration & Operations Committee may vote to convene in closed session of the following item (II.), as provided in Section 19.85 (1)(c), for considering employment, promotion, compensation or performance evaluation data of any public employe over which the governmental body has jurisdiction or exercises responsibility and in Section 19.85 (1)(f), when considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations. The Administration & Operations Committee may then vote to reconvene in open session following the closed session.

It was moved by Mr. Patti and seconded by Ms. Sawa that the Committee convene in closed session. The motion prevailed by the following roll call vote: AYES: Messrs. Bell, Patti, and Ms. Sawa. NOES: None.

The Committee convened in closed session at 9:21 a.m. The Committee reconvened in open session at 9:35 a.m.

Experis Internal Audits. As a matter of information, Committee members received the Internal Audit Update, Business Continuity Audit, Information Technology General Controls (ITGC) Audit, and Social Engineering Assessment. Mr. Johnson gave a summary of the completed internal audit updates. Mr. Johnson noted they simulated a phishing attack on the ERS as part of the social engineering assessment. He noted the Vulnerability Assessment would be presented at the next A&O Committee. Ms. McDonald reported on the audit plan for 2019 and said they are under budget as they did not utilize the line item for special projects. She noted a final report, when the vulnerability assessment is completed, will be presented at the next meeting.

Mr. Bell advised that the Administration & Operations (A&O) Committee may vote to convene in closed session on the following item (III.), as provided in Section 19.85(1)(i), Wisconsin State Statutes, for considering 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 vote to reconvene in open session following the closed session.

It was moved by Ms. Sawa and seconded by Mr. Patti that the Committee convene in closed session. The motion prevailed by the following roll call vote: AYES: Messrs. Bell, Patti, and Ms. Sawa. NOES: None.

The Committee convened in closed session at 9:52 a.m. The Committee reconvened in open session at 10:09 a.m.

Approval of Contract Extension Amendment with DS Consulting Group LLC. Mr. Bell advised that the Administration and Operations Committee may vote to convene in closed session

on the following item (IV.), as provided in Section 19.85 (1) (e), Wisconsin State Statutes, for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Committee may then vote to reconvene in open session following the closed session.

It was moved by Mr. Patti and seconded by Ms. Sawa that the Committee convene in closed session. The motion prevailed by the following roll call vote: AYES: Messrs. Bell, Patti, and Ms. Sawa. NOES: None.

The Committee convened in closed session at 10:13 a.m. The Committee reconvened in open session at 10:33 a.m.

It was moved by Mr. Patti, seconded by Ms. Sawa, and unanimously carried to approve the Contract Extension Amendment with DS Consulting Group LLC.

Approval of Draft 2021 ERS City Budget Request. As a matter of information, Committee members received a letter from the Chief Financial Officer dated April 14, 2020 regarding the 2021 Draft City Budget Request and they also received the “Summary of 2021 Draft Budget Request as compared to 2020 Adopted Budget and 2019 Actual Expenditures.” noted two items, the operation of the Pension Fund and the Trust and Non-trust items, are budgeted for every year. He stated that under the City Charter, the City delegates responsibility to the ERS to administer the life insurance program for all employees and retirees and the health insurance enrollment for retirees. He commented that Trust money is not spent on those two items and the City reimburses the ERS for them. Mr. Allen stated there is a request for an additional \$861,452 for the 2021 ERS City Budget Request that pertains to IT capital items and an additional position for in-sourcing a contract position. He noted there is also some impact from investment fees being reduced. Ms. Sawa asked about the equipment purchase increase and Mr. Allen said IT purchases increased by \$122,000, with a reduction of \$106,000 in system support. He noted hardware and software upgrades and maintenance increased by \$228,000 and the increase is due to renewal and replacement cycles for hardware and software for new releases. He added that a \$20,100 Operating Services increase covers purchase of cyber insurance coverage as part of the fiduciary liability package. Ms. Horwitz asked where the ERS budget is for 2020 and Mr. Allen said, with much of the year left, the ERS is on track.

It was moved by Ms. Sawa, seconded by Mr. Patti, and unanimously carried, to approve the Draft 2021 ERS City Budget Request.

IT Projects Portfolio. As a matter of information, Committee members received the IT Projects Portfolio dated April 1, 2020, which was presented, by Mr. Raynal and Mr. Manchu.

Organizational/Personnel Update. Mr. Allen noted there currently are no vacancies at the ERS. He said that Katrina Bailey accepted the Administrative Assistant II position and Gust Petropoulos accepted the ERS Disability Deputy Director position. He said that for 2021, a Records Technician II position will be filled and consulting work would be brought in house. Ms. Johnson added that due to a retirement this year, there will be a vacancy in the disability area and they are possibly looking within ERS to fill it and they are working with DER now. Mr. Bell inquired if people have to move on before positions are filled and Mr. Allen said cross-training is done at all times in the

agency. He said persons are not obligated to tell us if they plan to retire. He noted section 4-9 in the Civil Service Code provides for promotional opportunities within the agency, City, or positions can be posted in the marketplace. Mr. Allen said if a senior manager is going to retire, there could be an auxiliary position provided by the Budget Office and DER. He also noted when a vacancy occurs, the Finance and Personnel Committee has to give an authorization to fill it and then the position is posted for promotion or the outside marketplace.

It was moved by Mr. Patti and seconded by Ms. Sawa to adjourn the meeting.

There being no further business, Mr. Bell adjourned the meeting at 11:01 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.)