

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

Minutes of the Administration and Operations Committee Meeting  
held September 20, 2023 via teleconference

The meeting was called to order at 9:02 a.m.

Committee Members Present: Molly King  
Tom Klusman  
Aycha Sawa, Chair

ERS Staff Present: Bernard Allen, Executive Director  
Melody Johnson, Deputy Director  
Dan Gopalan, Chief Financial Officer  
Jeff Shober, Chief Technology Officer  
Mary Turk, Business Operations Analyst  
Jan Wills, Board Stenographer

Others Present: Ray Emry, Dan Ludwig, CliftonLarsonAllen (CLA); Christine Webb, Ryan Young, Hays Companies; Timothy Heling, ERS Board Trustee; Alex Foundos, Travis Gresham, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., three members of the public called in to the meeting.

**CliftonLarsonAllen (CLA) Audit Reports.** As a matter of information, Committee members received the Internal Audit Update, Investment Management Process Audit, and the Enrollment and Member Services Audit reports from CliftonLarsonAllen. Mr. Emry discussed the completed two audit reports and stated the remaining six audits are in varying degrees of progress. He said everything would be completed on time and on budget. Mr. Ludwig noted the team has completed approximately 50% of the remaining audits. Discussion ensued. Mr. Ludwig then discussed the processes for the Investment Management Process Audit, and the Enrollment and Member Services Audit.

Ms. Sawa advised that the Administration & Operations Committee may vote to convene in closed session on the following items as provided in Section 19.85(1)(e), Wisconsin State Statutes, to deliberate or negotiate 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 Administration & Operations Committee may then vote to reconvene in open session following the closed session.

It was moved by Ms. King, seconded by Mr. Klusman, and unanimously carried to convene in closed session by the following roll call vote: AYES: Ms., Sawa, Ms. King, Mr. Klusman. NOES: None.

The Committee convened in closed session at 9:29 a.m.

The Committee reconvened in open session at 10:01 a.m.

**Approval of Extension of Wells Fargo Contract Pending Further Negotiations.** It was moved by Mr. Klusman, seconded by Ms. King, and unanimously carried, to approve the Approval of Extension of Wells Fargo Contract Pending Further Negotiations.

**Approval of CliftonLarsonAllen (CLA) Contract.** It was moved by Ms. King, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of CliftonLarsonAllen (CLA) Contract.

At this point, the Chair took the meeting out of order.

**State Legislative Audit Bureau Engagement.** Mr. Allen discussed the status of the RFP for the financial audit services agreement. He noted CMERS met yesterday with the director of the state Legislative Audit Bureau and his team. Mr. Allen noted Eide Bailly, a finalist for the financial audit in 2024, has declined to contract for a financial audit engagement with ERS due to the 2023 Wisconsin Act 12 requirement that the state Legislative Audit Bureau conduct the audit. He said Eide Bailly did not want to duplicate the work of the state audit bureau. Mr. Allen said duplicating an audit would not add any value and not be an appropriate use of trust funds. He said in March 2024, the state audit bureau would begin its field work for the ERS audit. Mr. Allen said they provided the state audit bureau with a sample schedule of the sort used for prior audits. The state audit bureau said they would have the audit completed by the Chapter 36 August 15, 2024 deadline. Discussion ensued.

The Chair resumed the meeting to the order of the agenda.

**Renewal of Fiduciary and Cyber Insurance.** As a matter of information, Committee members received the Fiduciary Liability booklet from Ms. Webb and Mr. Young of the Hays Companies. Ms. Webb reminded the Committee they have been the ERS' broker since 2009 for the fiduciary liability program, and later, the cyber liability program. He noted the insurance is to protect the Trustees of the Board. Mr. Young stated they had approached the incumbent carriers. He said the ERS has \$50 million of fiduciary liability coverage, which is comprised of five different layers. He stated they negotiated a 3% increase with Hudson, the primary layer and the following carriers followed suit with 3% or less. He said the new amount is \$341,491 for a 2.9% increase over the current cost of coverage. Ms. Webb said the renewal rate for cyber is expected to be around \$170,000 and the numbers will be known in the next few days. She expected the deductible to be around \$100,000.

It was moved by Ms. King, seconded by Mr. Klusman, and unanimously carried, to approve the Renewal of Fiduciary Insurance, but not the Cyber Insurance, pending receipt of a quote.

**IT Projects Portfolio.** As a matter of information, Committee members received the IT Projects Portfolio. Mr. Shober discussed the completed and ongoing projects of the IT Department.

**Organizational/Personnel Update.** As a matter of information, Committee members received the Organizational/Personnel Update. Ms. Johnson stated the ERS is currently working with DER to internally fill the Benefit Services Coordinator position. She said the previous incumbent was promoted to the Management Accountant – Sr. position.

It was moved by Mr. Klusman, and seconded by Ms. King to adjourn the meeting.

Ms. Sawa adjourned the meeting at 10:34 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.)