

City of Milwaukee  
Employees' Retirement System

Bernard J. Allen  
Executive Director

David M. Silber, CFA, CAIA  
Chief Investment Officer

Beth Conradson Cleary  
Deputy Director

January 12, 2017

Mr. Jim Owczarski  
City Clerk  
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that an Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board has been scheduled for **Thursday, January 19, 2017 at 8:30 a.m. in the Employees' Retirement System Conference Room at 789 N. Water Street, Suite 300.** If a quorum of the Board is present, this meeting will convene as a Special Board Meeting. The agenda is as follows:

- I. Approval of Experis Internal Audit Statement of Work #3.
- II. IT Projects Portfolio.
- III. Organizational/Personnel Update.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard J. Allen", is written over the typed name and title.

Bernard J. Allen  
Executive Director

BJA:jmw

**NOTICE TO PUBLIC** - Meetings of the City of Milwaukee Annuity and Pension Board are open to the public. Those in attendance wishing to address the Board on a specific agenda item may do so by registering in advance of the meeting with the Board Secretary.

**PLEASE NOTE** - Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aids. For additional information or to request this service, please call 414-286-3557.



**THIRD AMENDMENT TO THE CONTRACT BETWEEN  
THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
AND EXPERIS**

This Third Amendment ("Third Amendment") to the Contract dated January 1, 2015 by and between the Employees' Retirement System of the City of Milwaukee ("ERS") and Experis ("Contractor"), is effective this 1st day of January 2017. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Contract.

WHEREAS, On January 1, 2015, ERS and Contractor entered into an agreement for the furnishing of Internal Audit Services ("Contract"); and

WHEREAS, the Contract was first amended on or around February, 2016 ("First Amendment") and October, 2016 ("Second Amendment") to incorporate, respectively, a new statement of work reflecting 2016 rates, hours and estimated costs, and an additional scope of work for a pension accounting specialist;

WHEREAS, ERS and Contractor wish to further amend the Contract to include an additional scope of work reflecting 2017 rates, hours, and estimated costs which are not accounted for in the pension accounting specialist scope of work.

NOW, THEREFORE, in consideration of the mutual covenants herein stated, Contractor and ERS agree to further amend the Contract as follows:

1. The Statement of Work, attached to the Contract as Exhibit A, as appended, shall be further appended by attaching the "Consulting Services Agreement – Statement of Work # 3" (attached to this Third Amendment as Exhibit 1), which contains 2017 rates, hours, and estimated costs. For sake of clarity, the Consulting Services Agreement – Statement of Work # 3 shall not replace or supersede any other scope of work, but shall add thereto.
2. Section III. A. of the Confidentiality Agreement attached to Contract as Exhibit B is hereby amended to add the following employees at the end of III. A.: "12. Clint Watkins  
13. Patricia Kennebeck."
3. Confidentiality agreements for Experis employees Clint Watkins and Patricia Kennebeck are appended to Exhibit B of the Contract.
4. In case of any ambiguity or conflict between the terms of the Contract and the terms of this Third Amendment and the Consulting Services Agreement – Statement of Work # 3, the terms of the Contract shall govern.
5. In case of any ambiguity or conflict between the terms of this Third Amendment and the Consulting Services Agreement – Statement of Work # 3, the terms of this Third Amendment shall govern.

6. All other covenants, provisions, terms and conditions of the Contract, as amended, shall remain in force until further amended by mutual agreement of the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Third Amendment.

EMPLOYES' RETIREMENT SYSTEM      EXPERIS

\_\_\_\_\_  
John D. Barmore, President  
Annuity and Pension Board

\_\_\_\_\_  
Print name:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Bernard J. Allen, Secretary  
Employees' Retirement System

\_\_\_\_\_  
Date

Countersigned:

\_\_\_\_\_  
Comptroller

\_\_\_\_\_  
Date

Approved as to form and execution:

\_\_\_\_\_  
Office of the City Attorney      Date

1054-2017-102:236009.1

## CONSULTING SERVICES AGREEMENT – STATEMENT OF WORK #3

**Experis**  
 100 Manpower Place  
 Milwaukee, WI 53212  
 Hereinafter referred to as CONTRACTOR

AND

**Employees' Retirement System**  
 City of Milwaukee  
 789 N Water Street, Suite 300  
 Milwaukee, WI 53202  
 Hereinafter referred to as ERS

### Contractor and ERS hereby agree to the following:

1. CONTRACTOR shall provide ERS with the following agreed upon SPECIALIST(s) at the designated hourly billing rate for such SPECIALIST(s) with a start date of January 1, 2017 and end date of December 31, 2017:

Team Member	Rate 2017	Est. Hours	Est. Cost
<b><i>Internal Audit</i></b>			
Director • Connie McDonald	\$200	20	\$4,000
Engagement Manager • Daniel Ludwig	\$160	105	\$16,800
Audit Professional • Andrea Klubertanz • Al Day • Dan Ludwig	\$118	495	\$58,410
<b><i>IT Audit/IT Security</i></b>			
IT Director • John Hainaut • Connie McDonald	\$200	10	\$2,000
IT Security Professional • Tom Schleppenbach	\$170	180	\$30,600
IT Engagement Manager • Kyle Johnson	\$160	65	\$10,400
IT Audit Professional • Clint Watkins	\$148	130	\$19,240
<b>Total Hourly Billings</b>		<b><u>1,005</u></b>	<b><u>\$141,450</u></b>
<b>Additional Hours/Dollars Per Contract</b>		120	\$20,400

2. This phase of the engagement will consist of executing the 2017 portion of the three year (2015 – 2017) audit budget developed by CONTRACTOR for ERS. The CONTRACTOR team will complete the following:
  - a. Perform process walkthroughs with key ERS personnel to understand the activity level risks and mitigating controls.
  - b. Develop audit test scripts and evaluation criteria.

- c. Perform testing and document findings.
- d. Report findings and review with management to determine corrective actions.
- e. Review and refresh the audit plan to incorporate any changes in circumstances, procedures, risks and objectives.

In connection with CONTRACTOR'S provision of the services, ERS will perform the tasks, furnish the personnel, provide the resources, or undertake the responsibilities specified below ("ERS Responsibilities").

ERS will designate a competent and authorized employee or employees within its senior management who will make all management decisions with respect to this engagement. To the extent that CONTRACTOR'S deliverables include surveys, analyses, reports, evaluations, recommendations or other management consulting services, ERS' management shall be responsible for all implementation decisions and for any future action with respect to the matters addressed in the deliverables. In conjunction with ERS acceptance, ERS' management will evaluate the adequacy and results of the design and implementation of CONTRACTOR'S deliverables.

ERS shall remain responsible for:

- any content contributed by ERS or a third party in connection with this engagement; and
- accuracy and completeness of information supplied to CONTRACTOR; and
- any misuse by ERS of the Deliverables which is illegal, unlawful, or infringes another's intellectual property rights.

ERS acknowledges that ERS and/or its affiliates (i) are the controller(s) of any ERS, affiliate, or third party data or databases accessed and/or processed by CONTRACTOR in the course of performing the services, including, but not limited to, data relating to individuals (the "Data"), and (ii) will be solely responsible to third parties for such Data, including, but not limited to, the individuals to whom the Data relate and ERS and affiliate personnel. ERS represents and warrants to CONTRACTOR that all Data processing and transfers between ERS and its affiliates on the one hand and CONTRACTOR on the other hand have been and will be conducted in full compliance with any laws or regulations applicable to the protection of data.

ERS is responsible for providing CONTRACTOR with directions and instructions relating to any laws or regulations applicable to the protection of data, upon which directions and instructions CONTRACTOR will rely exclusively when accessing and processing Data in performing the services

#### **Engagement Assumptions:**

The services, fees and delivery schedule for this engagement are based upon the following assumptions, representations or information supplied by ERS ("Assumptions").

- ERS personnel will make themselves available for meetings and interviews in a timely manner
- Risk assessments, documentation and other requested information will be made available in a timely manner

CONTRACTOR'S delivery of the services and the fees charged are dependent on (i) ERS' timely and effective completion of the ERS Responsibilities, (ii) the accuracy and completeness of the Assumptions, and (iii) timely decisions and approvals by ERS' management. ERS shall be responsible for any delays, additional costs incurred, or non-compliance caused by or associated with ERS' failure to uphold its Responsibilities or lack of providing appropriate Assumptions.

3. CONTRACTOR and ERS agree that hours of service each week will not exceed 40 hours for any CONTRACTOR Specialist. Contractor will not work on holidays of the City of Milwaukee. Any hours above and beyond the first 40 hours will be billed at the stated hourly rate.
4. CONTRACTOR shall submit biweekly time sheets to the assigned ERS supervisor for review and approval.
5. CONTRACTOR shall report to the ERS Board and the A&O Committee, and may also operationally report to an ERS executive that the Board designates.
6. CONTRACTOR is responsible for completing the work described in item 2.
7. The CONTRACTOR Project Manager for this engagement is Connie McDonald, Director – Risk Advisory Services.
8. CONTRACTOR may be required, within the scope of this engagement, to assist the Executive Director of the Employees' Retirement System in his preparation of written reports required of him by the Administration & Operations (A&O) Subcommittee of the Annuity and Pension Board.
9. CONTRACTOR may be reasonably requested at mutually convenient times to participate in internal ERS conferences with such personnel of the ERS as shall be designated by the Executive Director or Deputy Director of the ERS to review the progress made and discuss aspects of performance of the services as specified herein.
10. This Statement of Work incorporates the terms and conditions of the Agreement between the ERS and CONTRACTOR dated January 1, 2015.

Experis

EMPLOYEES' RETIREMENT SYSTEM  
CITY OF MILWAUKEE

BY: Brian Van Swol

BY: Bernard J. Allen

SIGNED: \_\_\_\_\_  
TITLE: Lead Business Development Manager

SIGNED: \_\_\_\_\_  
TITLE: Executive Director

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

EXHIBIT B

PLEDGE OF CONFIDENTIALITY

A. \_\_\_\_\_ ("contractor employee") pledges that he/she will safeguard all confidential records at all times; that any notes taken by employee or output of any confidential records that are generated as a result of the project will be held in strictest confidence and not be made available to any unauthorized individual without the express, written consent of the City of Milwaukee Employees' Retirement System ("ERS") and that upon completion of the project, all notes or output containing confidential information will be returned securely to the custody of the ERS.

B. All requests for confidential records to the contractor employee from third parties shall be referred to the ERS. The contractor employee shall not make any confidential records available to third parties without the express, written consent of the ERS.

Dated at Milwaukee, Wisconsin this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

Subscribed and sworn to before me

this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

Notary Public, State of Wisconsin

My Commission expires: \_\_\_\_\_

EXHIBIT B

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B. All requests for confidential records to the contractor employee from third parties shall be referred to the ERS. The contractor employee shall not make any confidential records available to third parties without the express, written consent of the ERS.

Dated at Milwaukee, Wisconsin this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

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Notary Public, State of Wisconsin

My Commission expires: \_\_\_\_\_





## **Administration and Operations Committee**

### **ERS IT Portfolio Report**

**January 19<sup>th</sup>, 2017**

- Information Technology Projects Summary
- Application Stats
- What's Next
- Appendix: 2016 IT Metrics
- IT Portfolio

# Information Technology Projects

## Summary

- FileNet P8 Updates and Patches (In Progress)
- MERITS Optimization – BAA & PAP - Benefit Amount Adjustment and Payroll Processing (In Progress)
- MERITS Optimization - HCP – Health Care Processing (In Progress)
- Struts 2 Upgrade (In Progress)
- 2016 Firewall Review (In Progress)
- IT Organizational Review/Staffing Assessment

# Application Stats

Category	High Priority	Low Priority	Total
Current Inventory	5	5	10
PIR	2	0	2
CCR	3	5	8
Pending/Hold	0	4	4
Deployed(Awaiting Next stage) /Ready for Production	0	0	0
Net Current Inventory	5	1	6

# What's Next...

- Continue Optimization: BAA & PAP - Benefit Amount Adjustment and Payroll Processing
- Continue Optimization: HCP – Health Care Processing
- Continue Struts 2 Upgrade
- Complete Firewall Review 2016
- Fill Network Admin vacancy
- Work with Budget Office for IT Organizational Plan
- Schedule and Prepare for 2017 IT Audits

# Appendix

## 2016 IT Metrics

# Completed Projects 2016:

## Hours and Budget Reconciliation

<u>Projects</u>	Estimated Hours	Actual Hours	Hours Variance = Estimates - Actuals	Budgeted Amount	Within Budget
FileNet P8 Implementation	8194	5363.0	2831.0	\$667,789	Yes (\$459,085)
Refunds Optimization	951	760.5	190.5	N/A	N/A
Desktop Rotation	187	117.75	69.25	\$34,950	Yes (\$32,267)
Vendor Management Application	180	68.25	111.75	N/A	N/A
VMware Host Upgrades	110	101.3	8.7	\$190,337	Yes (\$190,337)
<b>Total Projects</b>	<b>9,622</b>	<b>6,410.8</b>	<b>3,211.2</b>	<b>\$893,076</b>	

“N/A” – No external vendors, hardware or software required.

# Completed Activities 2016:

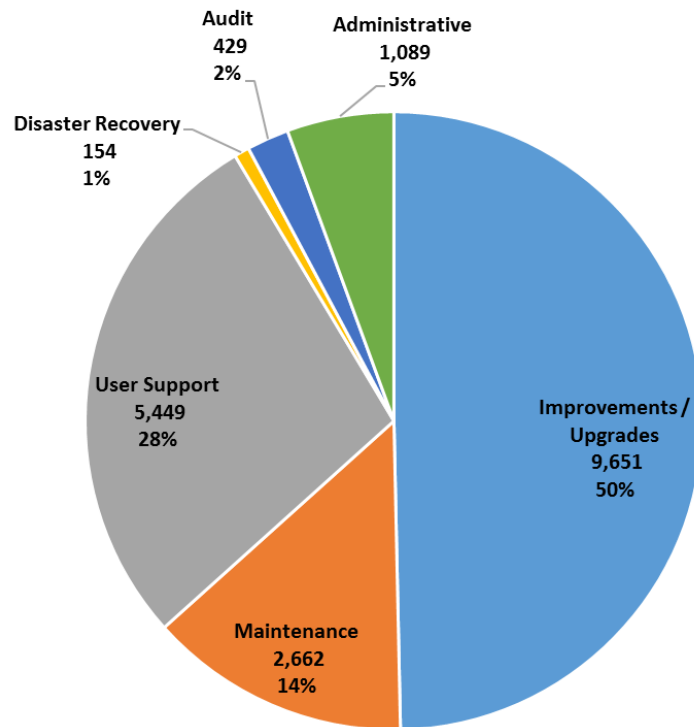
## Hours and Budget Reconciliation

<u>Activities</u>	Estimated Hours	Actual Hours	Hours Variance = Estimates - Actuals	Budgeted Amount	Within Budget
Windows 2012 Server Upgrade	2500	875.95	1624.05	\$8,934	Yes (\$8,434)
IT Disaster Recovery Test	200	42.75	157.25	N/A	N/A
IT Network Vulnerability Audit	140	140	0	\$23,100	Yes (\$23,100)
IT General Controls Audit	80	80.00	0	\$13,600	Yes (\$13,600)
Software Licensing Audit	40	40.00	0	\$6,800	Yes (\$6,800)
Legal Opinions on cmers.com	40	30.00	10.00	\$3,480	Yes (\$3,480)
IT Social Engineering Audit	40	40.00	0	\$6,600	Yes (\$6,600)
Disaster Recovery Test (IT Only)	40	111	-71.00	N/A	N/A
Physical Inventory	10	10.0	0	N/A	N/A
<b>Total Activities</b>	<b>3090</b>	<b>1369.7</b>	<b>1720.3</b>	<b>\$62,514</b>	

“N/A” – No external vendors, hardware or software required.



# 2016 – IT Team Effort by Category



Effort in Hours (total effort = 19,434 hrs)

## Descriptions:

**Improvements / Upgrades:** Includes application and infrastructure upgrades such as optimization, updates to the application, projects such as the FileNet upgrade, upgrades of the VMware Hosts, desktop rotations, upgrades of network equipment and software, etc.

**Maintenance:** Includes application and infrastructure maintenance activities such as bug fixes, windows operating system patching, DNS and IP review and cleanup, disk space management, etc.

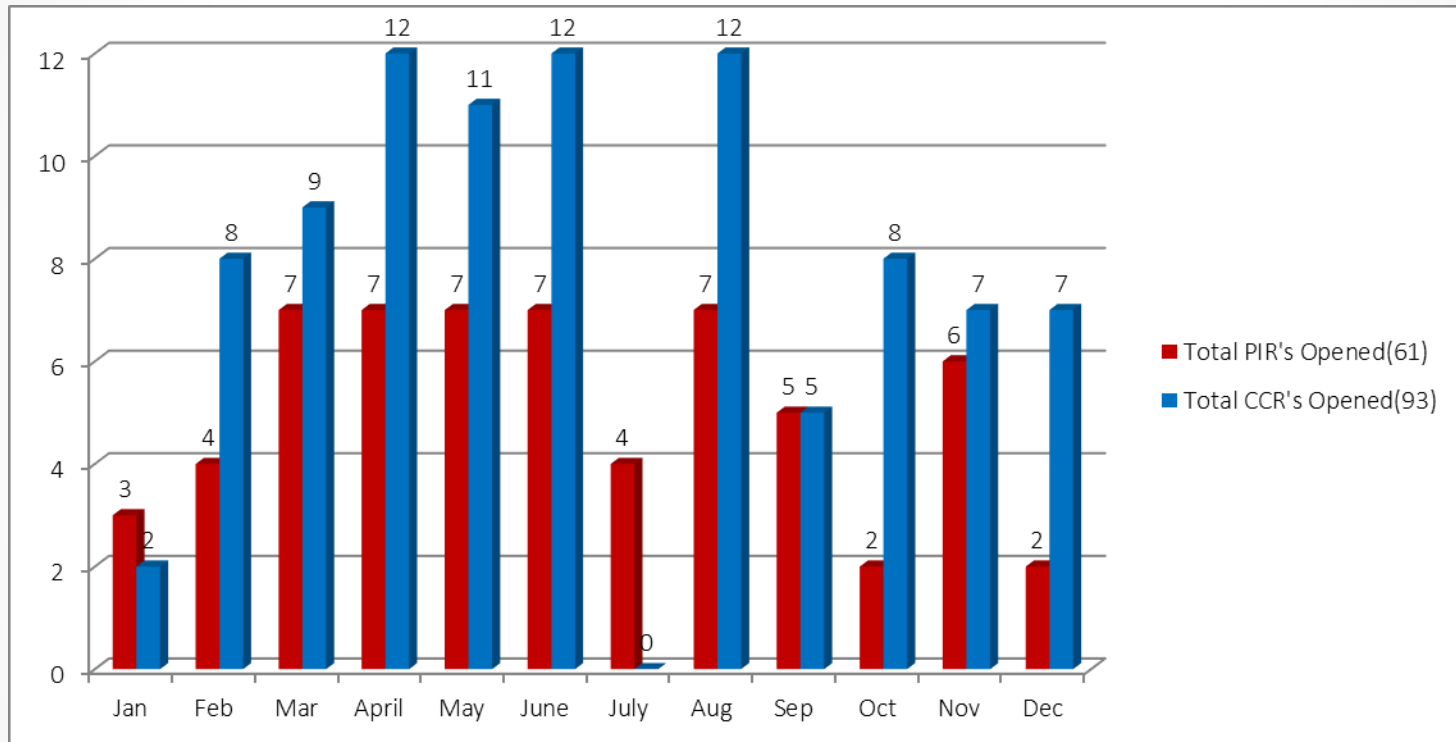
**User Support:** Includes assisting users with issues and questions related to the application as well as other hardware/software issues, and working with agencies related to contribution reporting

**Disaster Recovery:** Includes working with our backup and recovery environments, maintenance and upgrade of the equipment at the remote office, and the execution of disaster recovery and business continuity tests

**Audit:** Includes activities performed in conjunction with our internal and external auditors

**Administrative:** Includes administrative tasks performed by IT staff such as process updates, updates to the website, development of support plans, SPI documentation, reporting, etc.

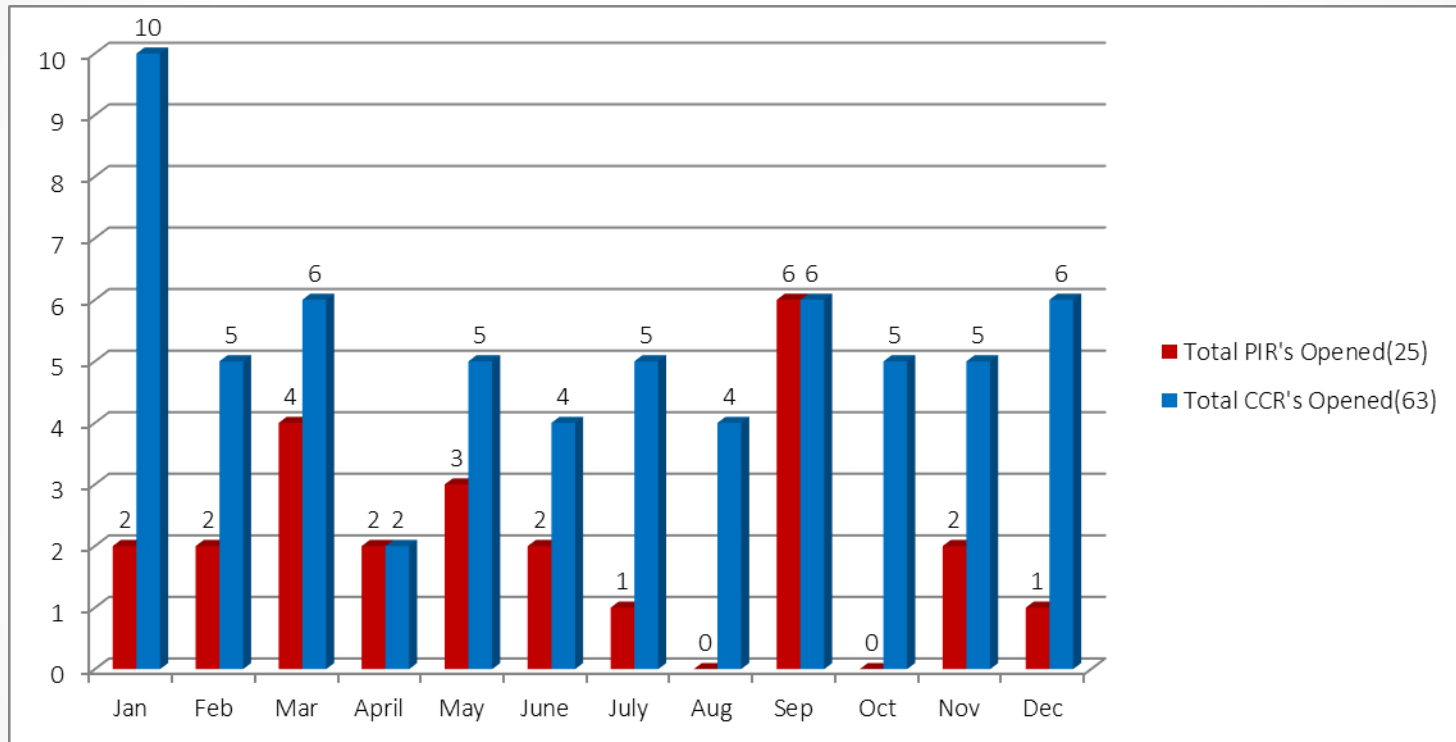
# Application Tickets Activity in 2016



A total of 154 tickets were opened for enhancements/fixes;  
Overall, staff has closed more tickets this year than were opened.

- Closed - 145
- Canceled - 13

# Infrastructure Tickets Activity in 2016



A total of 88 tickets were opened for Infrastructure related tasks  
63 were for upgrades, disaster recovery, and improvements  
25 were for maintenance activities

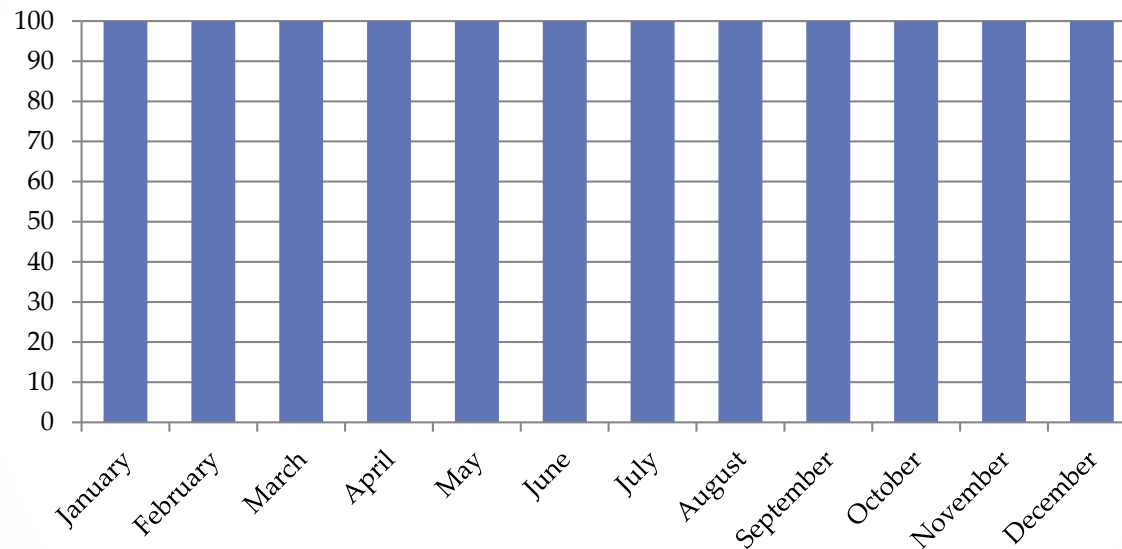
- Closed - 90
- Canceled - 4

# Batch Jobs

- A total of 5,827 application batch jobs were run in 2016:
  - 5,827 completed successfully
  - 7 failed and were successfully remediated (no critical jobs failed)
- Examples of batch jobs:
  - Payroll
  - Reports for users
  - Monthly COLA job
  - Wage and contribution reports
  - Eligibility reports for retirement
  - Open enrollment
  - Interest posting
  - Health care policy updates
  - Tax updates and 1099 reporting
  - Member statements
  - Actuarial extracts
  - Work queue reports
  - Disability reports
  - Ad hoc reports

# 2016 Uptime

**ERS Uptime Percentage 2016**



**ERS = 100% (0 outages)**

**vs**

**Amazon = 99.9952% (12 outages)**

**Google = 100% (0 outages)**

**IBM = 99.9471% (24 outages)**

**Microsoft = 99.9912 (72 outages)**

**RackSpace = 99.9673 (552 outages)**

Portfolio as of January 1, 2017

Project Health	% Complete	Project Priority	Complexity (S / M / L)	Project Name	Project Mgr	Description	Strategic Goal: G1 - G7	Status:	External Vendor Required: Y/N	Actual Start Date	Target Completion Date	Estimates (Hours)	Actuals (Hours)	Hours Variance = Estimates - Actuals	Hardware/Software & External Labor Budget (\$)	Actual Spent-to-Date on Hardware /Software & External Labor (\$)	Estimate to Completion (ETC) (of Hardware/ Software & External Labor Costs)
G	73%	1	L	BAA / PAP Optimization	Manchu	Evaluate, assess and implement MERITS Optimization and Clean-up	G7	IP	N	8/3/15	9/5/17	4,343	2,609	1,734	N/A	N/A	N/A
G	94%	2	L	MAM Struts 2 Upgrade	Manchu	Software development upgrade for MAM functional area	G7	IP	Y	7/1/16	1/12/17	1,313	878	435	\$33,418	\$33,294	\$124
G	4%	3	L	General Struts 2 Upgrade (Other functional areas)	Manchu	Software development upgrade all other functional areas	G7	IP	Y	10/17/16	8/15/19	11,438	457	10,981	\$730,290	\$26,272	\$704,018
G	90%	4	S	FileNet P8 Patching @	Manchu	FileNet P8 Patching	G7	IP	Y	11/14/16	12/15/16	90	72	18	\$13,330	\$12,900	\$430
G	6%	5	L	HCP Optimization	Manchu	Evaluate, assess and implement MERITS Optimization and Clean-up	G7	IP	Y	10/26/16	9/22/17	1,406	69	1,337	N/A	N/A	N/A

- Green =

On Target - No Significant Issues
- Yellow =

On Watch List – Issues Being Addressed
- Red =

Project cannot move forward as planned without management attention or approval.

NS = Not StartedOH = On Hold

IP = In ProcessC = Complete

@ = Activity (no charter)

Completed Projects & Tasks in Last 12 Months			Finished	Hours / \$ Spent	Special Note: Struts 2 Upgrade and FileNet P8 Patching @ costs are part of the 3-year HP maintenance contract.		
			Finished	Hours / \$ Spent			
Domain Controller Upgrade (John)			12/11/2015	273.45 hrs / N/A	FileNet P8 Implementation (Manchu / Zaffiro)		
Business Continuity Audit @ (Reid)			12/14/2015	40 hrs / \$6,800	5/12/16		
Refund Optimization (Manchu)			2/3/16	760.5 hrs / N/A	Vendor Management Application (Siddiqui)		
Software Licensing Audit @ (Reid)			2/15/16	60 hrs / \$6,800	5/31/16		
IT General Controls Audit @ (Reid)			2/15/2016	117 hrs / \$13,600	IT Social Engineering Audit @ (Reid)		
IT Disaster Recovery Test (Roemer / Raynal)			3/22/2016	29.25 hrs / N/A	6/2/16		
Legal Opinions on cmers.com @ (Zaffiro)			4/1/2016	30 hrs / \$3,480	8/1/16		
Desktop Rotation (Rogers)			5/11/2016	117.75 hrs / \$32,267	VMware Host Upgrades (Roemer)		
					9/21/16		
					Windows 2012 Server Upgrade @ (Raynal)		
					876 hrs / \$8,434		
					IT Disaster Recovery Test @ (Dugan / Rogers)		
					10/21/16		
					IT Network Vulnerability Audit @ (Reid)		
					140 hrs (Expiris Only)/ \$23,100		
					Physical Inventory @ (Rogers)		
					12/20/16		
					10 hrs / \$265		

# Organizational/Personnel Update

Administration and Operations Committee

Thursday, January 19<sup>th</sup> 2017

- ERS Reclasses and Reorgs still in progress.
- ERS is working with DER to fill the following positions:  
Pension Accounting Specialist, and a Disability Specialist Sr.
- Network Administrator position waiting for F&P Chair Approval.

