



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

February 9, 2018

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, February 15, 2018 at 9:00 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:

Please be advised that the Administration & Operations Committee may vote to convene in closed session of the following item (I.), as provided in Section 19.85 (1)(c), for considering employment, promotion, compensation or performance evaluation data of any public employee 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.

I. Baker Tilly Financial Audit.

Please be 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)(d), to consider "specific applications of probation, extended supervision, or parole, or consider[] strategy for crime detection or prevention." The Administration & Operations Committee may then vote to reconvene in open session following the closed session.

II. Experis Social Engineering (Phishing) Report.

III. Approval of Hearing Examiner Services Agreement.

IV. Close out of 2017 Budget.

V. IT Projects Portfolio.

VI. Organizational/Personnel Update.

Sincerely,

Bernard J. Allen
Executive Director

BJA:jmw

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.



HEARING EXAMINER SERVICES AGREEMENT

AGREEMENT made by and between <<First_Name>> <<Last_Name>> of <<City>>, Wisconsin (“Hearing Examiner”), and the Employees’ Retirement System of the City of Milwaukee (“ERS”), with its principal offices located at 789 North Water Street, Suite 300, Milwaukee, Wisconsin 53202.

RECITALS

1. ERS exists by virtue of Chapter 396, Laws of 1937, and Chapter 36 of the Milwaukee City Charter, 1971 compilation as amended, and has all of the powers and privileges of a corporation as enumerated in Chapters 180 and 182 of the Wisconsin Statutes.
2. The general administration and responsibility for the operation of the ERS and for making effective the provisions of Chapter 36 of the Milwaukee City Charter is vested in the Annuity and Pension Board (“Board”).
3. Under Milwaukee City Charter §36-15-7, the Board is authorized to engage such services as shall be required to transact the business of the ERS.
4. Pursuant to Milwaukee City Charter §36-15-18, any person aggrieved within the meaning of Wis. Stats. Ch. 68, by a determination of the Board reviewable under Wis. Stats. Ch. 68, may have such determination reviewed in accordance with the procedures established in Wis. Stats. §§68.08 to 68.13.
5. Under Wis. Stats. §68.09(2), review of an initial determination may be conducted by a person other than the person or entity who made the initial determination. Under Wis. Stats. §68.11, a hearing on an administrative appeal may be conducted by an impartial person designated by the Board to conduct a hearing and report to the Board.
6. The Board rules establishing the review procedure provide for an independent review,

and appointment of an impartial hearing examiner to review initial determinations and conduct administrative appeal hearings.

7. The Board is desirous of entering into an agreement with a person who shall serve in the capacity of a hearing examiner, and Hearing Examiner is desirous of serving in that capacity in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises of the parties contained herein, the ERS and the Hearing Examiner hereby agree as follows:

I. DESCRIPTION OF THE WORK

Hearing Examiner agrees to serve as an independent reviewer or hearing examiner for ERS in accordance with Articles XX and XXI of the Rules and Regulations of the Board annexed hereto. Hearing Examiner shall serve in a particular matter at the designation of the Board.

II. PAYMENT

ERS shall pay the Hearing Examiner at the rate of \$110.00 (One hundred fifty dollars) per hour for work performed as described in Section I, above. Compensation for fractions of hours worked shall be prorated on the basis of the hourly rate. In addition, ERS will reimburse Hearing Examiner for reasonable related expenses such as typing, photocopying and mailing.

III. PROMPT PAYMENT POLICY

ERS, as a matter of policy, shall strive to pay all timely and properly completed invoices within thirty (30) days of submission. Payment to the Hearing Examiner will be deemed timely if the payment is mailed, delivered, or transferred within forty fifth (45) days after receipt of a properly completed and undisputed invoice or receipt and acceptance of the service under this Agreement, whichever is later. If the ERS does not make payment by the 60th calendar day, the

ERS shall pay simple interest beginning with the 31st calendar day at the rate of one percent (1%) per month, unless the ERS disputes the amount of the invoice.

V. CUSTODY OF DOCUMENTS

The ERS shall retain ownership and custody of all documents provided to, reviewed or created by the Hearing Examiner in connection with the work he/she performs pursuant to this Agreement. Hearing Examiner shall return to the ERS all copies of all documentation with which he/she is provided, reviews, and/or creates in connection with his/her work under this Agreement, and no copies of such documents shall remain with the Hearing Examiner.

VI. COMPLIANCE WITH MEDICAL PRIVACY LAWS

At all times, Hearing Examiner shall abide by any and all applicable state and federal medical privacy laws and regulations, including but not limited to Section 146.82 of the Wisconsin Statutes and the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended from time to time, if applicable.

VII. RELATIONSHIP OF THE PARTIES

The Hearing Examiner is an independent contractor for the ERS. Hearing Examiner is not an employee of the ERS and is not entitled to any fringe benefits, including, but not limited to, group insurance and pension plan benefits. Personal income tax payments, social security contributions, and all other governmental reporting and contributions required as a consequence of the Hearing Examiner receiving payment under this Agreement shall be the sole responsibility of the Hearing Examiner. Hearing Examiner may practice his/her profession during those periods when he/she is not performing work under this Agreement. The Board may, during the term of this Agreement, engage independent contractors to perform the same work Hearing Examiner performs hereunder.

VIII. INDEMNIFICATION

The Board agrees to indemnify and hold harmless the Hearing Examiner for any and all liability, costs, attorneys' fees, and judgments which the Hearing Examiner may incur as a result of Hearing Examiner negligent performance under the terms of the Agreement. Hearing Examiner agrees to tender the defense of any claim or lawsuit falling within the terms of this paragraph by delivering the complaint, or otherwise providing notification of the lawsuit, to the Executive Director within five (5) business days of receipt thereof and to fully cooperate with the ERS and Board in the defense thereof.

IX. CONFLICTS OF INTEREST

No officer, employee, or agent of the City of Milwaukee ("City") who exercises any functions or responsibilities in connection with the carrying out of any services or requirements to which this Agreement pertains, shall have any personal interest, direct or indirect, in this Agreement. No member of the governing body of the City and no other public official of the City who exercises any functions or responsibilities in the review or approval of the carrying out of this Agreement shall have any personal interest, direct or indirect, in this Agreement.

The Hearing Examiner covenants that he/she presently has no interest, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of his/her services hereunder. An interest on the part of the Hearing must be disclosed to the ERS and/or the City.

X. QUALIFICATIONS OF HEARING EXAMINER

Hearing Examiner must be licensed to practice law in the State of Wisconsin, in good standing under the laws of the State of Wisconsin, and must remain so throughout the term of this Agreement.

XI. DURATION

This Agreement shall be in force as and from the date of execution of this Agreement until terminated by either party upon written notice of termination. Either party may cancel this Agreement on fifteen (15) days written notice.

XII. NOTICE

Notices provided under this Agreement shall be provided, via first class U.S. Mail, to:

For ERS:

Bernard J. Allen, Executive Director
Employees' Retirement System
789 North Water Street, Suite 300
Milwaukee, WI 53202

For the Hearing Examiner:

<<First_Name>> <<Last_Name>>
><<Address>>
<<City>>, WI <<Zip Code>>

XIII. CHOICE OF LAW AND VENUE

This Agreement, and all questions arising in connection herewith shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Venue for any action arising out of or in any way related to this Agreement shall be exclusively in the City of Milwaukee for matters arising under state law and in federal district court in the eastern district of Wisconsin for matters arising under federal jurisdiction.

XIV. PUBLIC RECORDS

The Hearing Examiner understands that the ERS is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. Sec. 19.21 et. sec., including but not limited to those records that are produced or collected under this Agreement. The Hearing Examiner acknowledges that he/she is obligated to assist the ERS in retaining and producing records that are subject to the Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Agreement, and that the Hearing Examiner must defend and hold the ERS harmless from liability due to his/her fault under that law. Except as otherwise required by this Agreement, those records shall be maintained for a period of seven years.

XV. NONDISCRIMINATION

To the extent applicable to this Agreement, if any, the Hearing Examiner agrees not to discriminate against any qualified employee or qualified applicant for employment because of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status, sexual orientation, gender identity or expression, past or present membership in the military service, familial status, or based on affiliation with or perceived affiliation with any of these protected categories. This requirement shall apply, but not be limited to, the following: tenure, terms or conditions of employment, promotion, demotion or transfer, recruitment or recruitment advertising, employment rules and policies, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship.

To the extent applicable to this Agreement, if any, no person in the United States shall, on the grounds of race, color, religion, sex, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made

possible by or resulting from this Agreement. The ERS and each employer will comply with all requirements imposed by or pursuant to the regulations of the appropriate federal agency effectuating Title VI of the Civil Rights Act of 1964.

To the extent applicable to this Agreement, Hearing Examiner agrees to comply with all applicable requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. 12101, et seq.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at Milwaukee, Wisconsin this ____ day of _____, 20__.

IN THE PRESENCE OF:

<<First_Name>> <<Last_Name>>

IN THE PRESENCE OF:

EMPLOYEES' RETIREMENT SYSTEM OF
THE CITY OF MILWAUKEE

Martin Matson, President
Annuity and Pension Board

Bernard J. Allen, Executive Director
Employees' Retirement System


This form document was drafted
by the office of the City Attorney.

1054-2018-221:

February 8, 2018

Memorandum

To:  Bernard J. Allen, Executive Director

From: Melody Johnson, Deputy Director 

Re: Final 2017 Payment to the City and 2017 Budget to Actual Expenditures

I have completed my analysis for our expenditure activity for fiscal year 2017. Our expenditures for 2017 total \$18,374,592.29 of which \$346,305.30 relates to non-trust activities. The remaining \$18,028,286.99 represents amounts that are funded by the Trust for 2017 expenses.

We have previously advanced the City \$16,392,000.00 toward these costs in 2017 leaving a balance owed of \$1,636,286.99.

The final amount payable to the City is primarily comprised of costs incurred since the middle of December, the last time the Trust reimbursed the City for expenses and for amounts accrued to close out the fiscal year.

An analysis was provided to the City with a cover letter requesting the City to prepare an invoice for this amount to be approved by the Board for final payment in settlement of 2017 expenses.

Below you will find the 2017 Budget to Actual Summary.

	BUDGET	ACTUAL	BALANCE
SALARIES	2,852,489.00	2,596,364.45	256,124.55
FRINGE	1,283,620.00	1,163,700.00	119,920.00
GENERAL OFFICE	207,000.00	182,686.28	24,313.72
OPERATING SUPPLIES	10,000.00	3,170.55	6,829.45
FACILITY RENT & PROPERTY SERVICES	691,000.00	546,807.49	144,192.51
EQUIPMENT RENTAL	16,000.00	18,479.54	-2,479.54
PROFESSIONAL SERVICES	15,970,000.00	11,198,065.80	4,771,934.20
INFORMATION TECHNOLOGY	2,270,000.00	1,657,121.26	612,878.74
OTHER OPERATING SERVICE	1,119,000.00	537,728.33	581,271.67
EQUIPMENT	564,000.00	470,468.59	93,531.41
TOTAL	24,983,109	18,374,592.29	6,608,516.71

c David Silber
Daniel Gopalan



Administration and Operations Committee

ERS IT Portfolio Report

February 15th 2018

Agenda

- Information Technology Projects Summary
- Application Stats
- What's Next
- IT Portfolio

Information Technology Projects Summary

- IT Insourcing of 2 Positions (In Progress)
- Altiris Upgrade (Completed)
- ERS Network Upgrade (In Progress)
- Experis/IT Vulnerability Audit (In Progress)
- What's Up Gold Application Upgrade (Completed)
- Research and Approval of Hard Drive Encryption for Laptops (Completed)
- Struts 2 and Optimization (In Progress)
- WebSphere Patching (In Progress)

Application Stats

Category	High Priority	Low Priority	Total
Current Inventory	11	0	11
PIR	3	0	3
CCR	8	0	8
Pending/Hold	1	0	1
Deployed(Awaiting Next stage) /Ready for Production	2	0	2
Net Current Inventory	8	0	8

What's Next...

- Complete IT Insourcing Goals (Server Administrator/Database Admin)
- Continue Vulnerability Audit
- Security Awareness Training for the ERS
- Continue Network Upgrade Project
- Video Conferencing
- Encrypt all ERS Laptops
- Update Storage Area Network Replacement Strategy and RFPs
- Struts/Optimization
- WebSphere Patching

Glossary of Terms

- *Applications/Acronyms Definitions:*

- **Perforce:** Primary application the development team uses to make code changes to MERITS. It provides the environments for testing, development and CCR/PIR deployments.
- **AccPac:** Accounting software that supports the general ledger.
- **Altiris:** Asset management software the technical team uses to inventory and support all IT assets. This application manages updates to computers, imaging, and software distribution from a centralized console.
- **Websphere Application Server (WAS):** The application server that we use to connect Web site users to Member Self Service and other MERITS related web services.
- **JAVA:** The programming language that MERITS was developed in and is running.
- **PIR:** Problem Incident Report- A person reports a bug with the application and requests priority resolution.
- **CCR:** Change Control Request- A person request a new feature, change or enhancement to MERITS.
- **Retirement Application Processing (RAP):** Functional module in Merits that processes retirement applications through workflow.
- **Merits Program Lifecycle Management (MPLM):** Process to upgrade, patch and keep current all of the MERITS related subsystems and ERS business applications.
- **Storage Area Network (SAN):** Primary storage technology used to centrally store all ERS data and manages Disaster Recovery.
- **Disaster Recovery Plan (DRP):** The technical planning, design and testing of all IT systems and staff to ensure that all technical systems can run at the off site location in Madison, WI called Femrite. IT staff does semi annually testing to ensure all applications and IT services are up and running within the designated service level objectives.
- **Recovery Time Objective/Recovery Point Objective (RTO/RPO):** These are I.T. service level goals for the amount of time it takes to cutover I.T. services to the Femrite location and the point in time (per the last backup) where we recover at. Currently at 24 hours recovery time and 8 hours for any loss of data. I.T. currently exceeds this expectation based off the last 2 tests.
- **Business Continuity Plan (BCP):** The process that ensure the ERS can continue running its services and daily operations at the Remote Office in the event that the primary location is not accessible. We engage ERS business users to physically work at the Remote office location and document the results on a reoccurring basis.
- **Remote Office (RO):** Backup Remote work facility located at TPP 10850 W. Park Place. It is connected to both the 789 N. Water Street facility and the Femrite Data Center in Madison, and users can physically work there and connect to any needed data center.
- **MERITS Optimization:** Project approved in 2012 to go through all 17 application modules in MERITS and clean up code, ensure best practices are implemented, SQL stored procedures for faster performance, reporting and user experience. It is the clean up of any non ERS related code that may have been carried over from the original jClarety (HP software) implementation.
- **ARIS:** Web based software used for mapping legal opinions to MERITS workflow processes and procedures.

Portfolio as of February 1, 2018

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	95%	1	S	Social Engineering Audit @	Reid	Testing staff's resistance to phishing.	G2	IP	Y	12/1/17	12/31/17	60	45	15	\$9,600	\$6,500	\$3,100
G	15%	2	H	2018 Network Replacement	Benedict	Create a more resilient network with all gear under support. Replaces Network Re-Architecture	G7	IP	Y	10/11/17	6/1/17	511	20	491	\$374,118	\$374,118	\$0
G	0%	3	M	WebSphere Patching @	Manchu	WS App Server, JBDC V6 & Java 8	G7	NS	Y	2/1/18	4/6/18	136	1	136	\$13,098	\$0	\$13,098
G	90%	4	M	Altiris Upgrade	Raynal	Software tracks our IT assets	G6	IP	Y	6/6/17	2/9/18	657	517	140	\$4,500	\$4,500	\$0
G	49%	5	L	Struts 2 Upgrade (functional areas besides MAM)	Manchu	Software development upgrade all functional areas but MAM.	G7	IP	Y	10/17/16	8/15/19	11,438	4,428	7,010	\$730,290	\$209,653	\$520,637
G	70%	6	L	OSC Optimization	Manchu	MERITS optimization & clean-up of Optional Service Credit	G7	IP	N	5/4/17	4/12/18	1,331	880	451	N/A	N/A	N/A
G	46%	7	L	CAD/CAR/GL Optimization	Manchu	MERITS optimization & clean-up of Cash Dispersements, Cash Receipts, and General Ledger	G7	IP	N	10/6/17	12/27/18	1,738	517	1,222	N/A	N/A	N/A
G	30%	8	S	Video Conferencing Options	John	Investigate our video conferencing options	G7	IP	N	12/1/17	2/15/18	80	18	62	\$2,000	\$0	\$0

Pipeline Projects (Next 6 months)

Build & Deployment Process Review (Manchu)
Phone Replacement (Zaffiro)

SAN Upgrade (Raynal)
IT Vulnerability Audit (Reid)

- 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 Started
- OH

 = On Hold
- @ = Activity (no charter)
- IP

 = In Process
- C

 = Completed

Special Note: Struts 2 Upgrade costs are part of the 3-year HP maintenance contract.		
Completed Projects & Tasks in Last 12 Months	Finished	Hours / \$ Spent
FileNet P8 Patching @ (Manchu)	1/7/2017	87 hrs / \$13,330
MAM Struts 2 Upgrade (Manchu)	1/25/2017	967 hrs / \$33,294
2017 Desktop Rotation (Powell)	5/8/2017	269 hrs / \$39,520
Member Education Videos [POC] (Zaffiro)	5/19/2017	67 hrs / \$1,889
Websphere Server Patching @ (Manchu)	5/26/2017	81 hrs / \$8,762
VMware vSphere Upgrade @ (Raynal)	6/15/2017	73 hrs / N/A
IT General Controls Audit @ (Reid)	6/20/2017	39 hrs / \$13,320
Printer Maint. Contract @ (Zaffiro)	6/21/2017	64.5 hrs / N/A

	Finished	Hours / \$ Spent
BAA / PAP Optimization (Manchu)	7/7/2017	3,129 hrs / N/A
DR Test (IT Only) @ (Dugan)	7/11/2017	67.5 hrs / N/A
Install Print Monitoring Software @ (Xiong/Zaffiro)	9/21/2017	57.7 hrs / N/A
Upgrade Network Infrastructure Firmware @ (Benedict)	9/22/2017	48 hrs / N/A
BCP Test @ (Siddiqui)	9/28/2017	17 hrs / N/A
HCP Optimization (Manchu)	10/2/2017	958.3 hrs / N/A
CMERS.com Upgrade & Redesign (Zaffiro)	11/13/2017	149.75 hrs / \$18,600
100 Meg Femrite Cutover @ (Xiong)	1/5/2018	18.5 hrs / N/A
IT Strategic Planning @ (Reid)	1/29/2018	100 hours / N/A

Organizational/Personnel Update

Administration and Operations Committee

Thursday, February 15, 2018

- ERS is working with DER to fill the following vacancies: Pension Accounting Manager, Accounting Assistant II, Records Technician II and Program Assistant II.
- An offer was made to the finalist candidate for the Database Administrator and is being negotiated with DER.
- DER is working with ERS to reclassify the Pension Accounting Specialist position.

