



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

April 12, 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, April 19, 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 on the following item (I.), 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 Committee may then vote to reconvene in open session following the closed session.

- I. Selection of Financial Auditor.
- II. ERS 2018 Draft City Budget Request.
- III. IT Projects Portfolio.
- IV. Organizational/Personnel Update.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bernard J. Allen".

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.





City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

April 13, 2018

Members of the Administration & Operations Committee
Annuity and Pension Board
789 North Water Street
Milwaukee WI 53202

Dear Committee Members:

Re: 2019 Draft City Budget Request

The ERS is required to submit the 2019 budget request to the City by May 8, 2018. We have completed estimating these needs for 2019 and have drafted details for your consideration.

This budget request was developed by reviewing the 2017 actual experience and the 2018 adopted budget and adjusting for anticipated changes in activity. Salaries were estimated using current and potential rates of pay.

Major approximate changes we anticipate in the O&M Budget in 2019 compared to 2018 can be summarized as follows:

- Decrease of \$160,000 for Professional Services - MMRO
- Decrease of \$150,000 for Information Technology - Systems Support
- Decrease of \$150,000 for Equipment - Completion of SAN Replacement
- Decrease of \$150,000 for Equipment - Completion of Network Gear Replacement
- Increase of \$82,000 for Professional Services - Investment Fees
- Increase of \$75,000 for Professional Services - Medical Exam

Enclosed for your input and approval is a draft of the 2019 budget request for the Employees' Retirement System. We have also enclosed, for your information, a schedule showing the amounts we recommend as requested by the City for non-Trust activity.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Gopalan".

Daniel Gopalan, CPA
Chief Financial Officer

2017 Actuals		2018 Adopted Budget	2019 Draft Request	Variance with Current Authority	Primary Details Resulting in Variance to the 2018 Adopted Budget
\$ 2,594,366	Total Salaries	\$ 3,258,822	\$ 3,308,018	\$ 49,196	Increase due to Pay Progression
\$ 1,163,665	Fringe Benefits (Budget Rate)	\$ 1,499,058	\$ 1,488,608	\$ (10,450)	Estimated Gross Fringe Benefit Rated decreased
	Operating Expenditures				
182,686	General Office Expense	220,000	221,000	1,000	Adjustment for inflation
3,171	Other Operating Supplies	10,000	20,000	10,000	Computer peripherals, keyboard, mouse, etc replacements
563,134	Facility Rent & Property Services	692,000	693,000	1,000	Decrease due to new IT communication vendor, increase office space and building maintenance
18,480	Non-vehicle Equipment Rental	16,000	16,000	-	
11,198,088	Professional Services	14,371,000	14,453,000	82,000	Investment performance fees increased and base fees decreased, increase for medical claims, Filenet Upgrade and replace Brio Reporting services.
1,657,121	Information Technology Services	1,760,000	1,493,000	(267,000)	Contractors contract ended and normal lifecycle maintenance
525,119	Other Operating Services	1,201,000	1,197,000	(4,000)	MailCom - favorable rate
\$ 14,147,800	Total Operating Expenditures	\$ 18,270,000	\$ 18,093,000	\$ (177,000)	
	Equipment Purchases				
470,469	Equipment	629,000	313,000	(316,000)	Storage expansion and networking gear replacement decreased
\$ 470,469	Total Equipment Purchases	\$ 629,000	\$ 313,000	\$ (316,000)	
\$ 18,376,299	Total Regular O&M	\$ 23,656,880	\$ 23,202,626	\$ (454,254)	
\$ 18,376,299	Total All ERS	\$ 23,656,880	\$ 23,202,626	\$ (454,254)	

Employees' Retirement System - City of Milwaukee
 2019 Non-Trust Recommendations for City Budget

2017 Actual		2018 Adopted Budget	2019 Draft Request	Recommendation Over (Under) Current Authority
	Non Trust Line Items Estimated by ERS			
-	Policemen's Pension Fund - Employer's Pension Contribution	-	-	-
176,239	PABF Payroll	290,000	200,000	(90,000)
10,000	PABF Lump-Sum Supplement Contribution	10,000	-	(10,000)
67,938,024	Employers' Retirement Fund - Employer's Pension Contribution	78,000,000	-	(78,000,000)
-	Former Town of Lake - Fireman's Pension Fund	7,300	-	(7,300)
3,038,030	Group Life Insurance Premium	3,000,000	3,000,000	-
62,469	Retirees' Benefit Adjustment Fund	80,000	65,000	(15,000)
\$ 71,224,762	Total Non ERS Estimates	\$ 81,387,300	\$ 3,265,000	\$ (78,122,300)

* Pending Actuarial Valuation



Administration and Operations Committee

ERS IT Portfolio Report

April 19th 2018

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

Information Technology Projects Summary

- IT Positions update
- ERS Network Upgrade RO, 809 and Femrite completed
- Experis/IT Vulnerability Audit (In Progress)
- Struts 2 and Optimization (In Progress)
- WebSphere, SQL 2012 and Windows Server Upgrades for MERITs
- ERS Phone System Enhancements

Application Stats

Category	High Priority	Low Priority	Total
Current Inventory	14	0	14
PIR	1	0	1
CCR	13	0	13
Pending/Hold	0	0	0
Deployed(Awaiting Next stage) /Ready for Production	7	0	7
Net Current Inventory	7	0	7

What's Next...

- Complete IT Insourcing Goals (Server Administrator/Database Admin)
- Complete Vulnerability Audit and Risk Assessment
- Continue Network Upgrade Project (Complete 789)
- MERITS Windows Server, SQL and WebSphere Upgrades
- ERS Phone System Cutover
- Struts/Optimization

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 April 1, 2018

Project Health	% Complete	Project Priority	Complexity (S / M / L)	Project Name	Project Mgr	Description	Strategic Goal	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	40%	1	S	IT Vulnerability Audit @	Reid	Internal/External penetration testing	n/a	IP	Y	2/1/18	3/16/18	100	40	60	\$23,800	\$11,900	\$11,900
G	45%	2	H	2018 Network Replacement	Benedict	Create a more resilient network with all gear under support. Replaces Network Re-Architecture	1	IP	Y	2/1/18	6/1/18	511	322	189	\$374,118	\$374,118	\$0
G	20%	3	L	MERITS Code Deployment Process Review@	Manchu	Review and improve process of code deployment	1	NS	Y	3/26/18	7/1/18	199	32	167	N/A	\$0	N/A
G	50%	4	L	Phone System Enhancements	Zaffiro	Create a better phone experience for members and staff	4	IP	Y	3/23/18	4/27/18	127	50	77	\$7,340	\$3,850	\$3,490
G	62%	5	L	Struts 2 Upgrade (functional areas besides MAM)	Manchu	Software development upgrade all functional areas but MAM.	1	IP	Y	10/17/16	8/15/19	11,438	5,266	6,173	\$730,290	\$245,784	\$484,507
G	99%	6	L	OSC Optimization	Manchu	MERITS optimization & clean-up of Optional Service Credit	1	IP	N	5/4/17	4/12/18	1,331	970	361	N/A	N/A	N/A
G	60%	7	L	CAD/CAR/GL Optimization	Manchu	MERITS optimization & clean-up of Cash Dispersements, Cash Receipts, and General Ledger	1	IP	N	10/6/17	12/27/18	1,738	833	905	N/A	N/A	N/A

Pipeline Projects (Next 6 months)

SAN Upgrade (Raynal)

- 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
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
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 / N/A

	Finished	Hours / \$ Spent
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
Social Engineering Audit @ (Reid)	1/31/2018	45 hours / \$9,600
Altiris Upgrade (Raynal)	2/9/2018	535 hours / \$26,090
Video Conferencing Options @ (John)	3/21/2018	55.3 hours / \$5,525

Organizational/Personnel Update

Administration and Operations Committee

Thursday, April 19, 2018

- ERS is working with DER to fill the following vacancies: Pension Accounting Manager, Records Technician II, and Administrative Assistant II.
- An offer was made and accepted by Rhana Funches for the Accounting Assistant II position and Gwen Hann accepted the Program Assistant II position.
- Liisa Gary also accepted a Program Assistant II position.

