



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

September 15, 2022

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 of the Employees' Retirement System has been scheduled for **Wednesday, September 21, 2022 at 9:00 a.m.** *Special Notice: Due to the COVID-19 pandemic, the meeting will be held remotely via video conference. Instructions on how to observe the meeting will be available on ERS's website (www.cmers.com) prior to the meeting.*

Please note and observe the following remote attendance etiquette to ensure a smooth and productive meeting:

- In order to cut down on background noise, participants in the meeting should put their phones on mute when they are not participating.
- At the start of the meeting, the Chairman will announce the names of the members of the Board present on the call, as well as anyone else who will be participating.
- Please request to be recognized by the Chairman if you would like to speak.
- Those participating on the call should identify themselves whenever they speak, and should ensure that the other participants on the call can hear them clearly.

The agenda is as follows:

- I. Renewal of Fiduciary Liability and Cyber Insurance.
- II. Renewal of Lease for 789 N. Water Street Building.
- III. Review of RFP for Financial Audit Services.
- IV. IT Projects Portfolio.
- V. 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

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF
MILWAUKEE

Fiduciary Liability

Insurance Update as of September 15, 2022

Policy Term November 1, 2022 – November 1, 2023



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Disclaimer

This renewal proposal document is furnished as a matter of information for your convenience. It only summarizes the proposed policies, and does not reflect all of the terms, conditions, and exclusions of said policies. Moreover, the information contained herein reflects proposed coverage as of the effective dates of the proposed policies and does not include subsequent changes. This document does not alter, amend, or extend the coverage afforded by the insurance policies themselves.

As respects coverage placed on claims made contracts, coverage is provided for claims first made against the Insured during the policy period. Any claim made against an Insured must be reported during that policy period. Hays Companies highly recommends ensuring all events which trigger the definition of Claim within the policy, even if they are under the retention/deductible, are reported to the current insurance carrier under the current policy period prior to expiration.

IMPORTANT NOTE

These quotations are conditioned upon there being no material change in risk between the date of this proposal and the inception date of the proposed coverage. In the event of such change, the underwriter(s) may, at their sole discretion, modify or withdraw the quotation. The coverage afforded hereunder may not be accepted after the quotation expiration date set forth above.

Hays Companies Inc highly recommends ensuring all events which trigger the definition of Claim within the policy, even if they are under the retention/deductible, be reported to the current insurance carrier under the current policy period to expiration.

Renewal Overview

Introduction

Hays Companies Inc, a Brown & Brown Company was appointed broker by the Employees' Retirement System of the City of Milwaukee (ERS) for its Fiduciary Liability insurance program in June of 2009. Hays was introduced to this program in conjunction with an engagement by the ERS to audit the existing program in 2008. Our audit uncovered a number of significant coverage issues and form inconsistencies. Ultimately, Hays replaced the former broker. Hays has rebranded to our Corporate parent, Brown & Brown, as of January of this year.

The commercial insurance marketplace for Fiduciary Liability has improved after several very tough years of rate increases, however insurers are still taking increases on all renewals, regardless of whether or not the insured has experienced any claims themselves. Insurers are also reducing the amount of limit they are willing to offer to reduce their overall risk.

Current public entity fiduciary claim trends include:

- ✓ A rise in litigation not previously common for the line of coverage
- ✓ Increased regulatory enforcement by DOL and the IRS
- ✓ Increased use of voluntary correction programs

In preparation for the November 1, 2022 – November 1, 2023 policy year renewal, we spoke with each of the incumbent insurers to:

- Ensure ongoing interest in governmental accounts and, specifically in your Plan
- Determine if there would be any coverage form changes that would be viewed as negative by Brown & Brown and the ERS
- Discuss renewal pricing

The renewal program is still a work in progress, and we expect to have final insurer responses received and reviewed next week. We believe the outcome of our negotiations thus far for 2022 are favorable, especially considering the changing insurance marketplace. Each program is discussed below in more detail.

Cyber Update:

We have received preliminary results for the first two of the three total Cyber Liability layers. Primary Insurer Chubb has made changes to their form which we are working to negotiate and the quote is not ready as of 9/15/2022 to present. Most of the changes will not have a significant impact on CMERS. Chubb's renewal pricing came in at about a 25% rate increase, which is less than half of the average increase we are seeing on renewals currently. We have sent submissions to 16 alternate markets as well. Both Excess insurers have indicated that they intend to offer renewals as well and will likely follow the lead market in pricing and coverage.

We hope to receive the renewals prior to the 9/21/22 committee meeting and will provide an update as soon as we are able.



Fiduciary Liability Update

Black = Quote Received. Red = Indication Only, subject to underwriting.

Results as of 9/14/2022

FIDUCIARY LIABILITY				
INSURER	PROGRAM LIMITS	NOVEMBER 1, 2021 – NOVEMBER 1, 2022 PREMIUM	NOVEMBER 1, 2022 – NOVEMBER 1, 2023 PREMIUM	% CHANGE
Primary (Hudson)	Primary \$10M with \$500,000 Retention	\$99,857*	\$104,658*	Up \$4,801 or 4.8%
1st Excess (RLI)	\$10M x/s Primary	\$77,675**	\$81,759**	Up \$4,084 or 5.3%
2nd Excess (Chubb)	\$10M x/s Underlying \$20M	\$54,573***	\$57,500	
3rd Excess (Axis)	\$10M x/s Underlying \$30M	\$45,450^	\$48,000	
Non-Indemnifiable (RLI)	\$10M x/s Underlying \$40M	\$39,900^^	\$42,000	
Total Policy Year Premium All Layers:		\$317,455	\$335,000	+5% / +\$18,000

Waiver of Recourse Premium included above by policy is; *\$100 / **\$200 / ***\$200 / ^\$200 / ^^Included in first layer

Marketing Update:

- Hudson and RLI have provided their renewal quotes, as shown above. Neither have required any changes to terms and conditions.
- Chubb has not yet released their quote, but to aid in our discussion today, they have indicated they will continue to offer the \$10MM limit and require an approximately 5% rate increase to follow the underlying.
- Axis can provide their terms once Chubb's quote is released, and they have indicated that if Chubb's quote is received as expected, they too will continue to offer the \$10MM limit and require an approximately 5% rate increase to follow the underlying.
- RLI can provide their terms once Axis releases their quote. They have not provided an independent indication for this layer, but they have suggested they will continue to offer the \$10MM limit. They required a 5% increase on the primary layer, and we expect a similar result for this final Side A layer.

Fiduciary Liability

Program Description

The current ERS fiduciary liability insurance program provides a \$50,000,000 annual aggregate limit of liability which includes \$10,000,000 of Non-Indemnifiable Coverage, which is specifically carried to protect the Trustees. The primary policy is subject to a \$500,000 retention (\$0 as respects non-indemnifiable claims). The limit of \$50,000,000 is achieved through a layered approach. The current and the proposed insurers by policy remain the same, as follows:

Program Layers	Expiring Program Insurers
Primary \$10MIL	Hudson Insurance Company, a subsidiary of Odyssey Re Holdings Corp. (Euclid Specialty Managers)
1 st Excess \$10MIL	RLI Insurance Company
2 nd Excess \$10MIL	Federal Insurance Company (Chubb)
3 rd Excess \$10MIL	Axis Insurance Company
4 th Excess-Non-Indemnified Losses Only \$10MIL	RLI Insurance Company

The above companies are high quality insurers with excellent AM Best ratings, evidenced on the ratings page.

Marketing Effort

- Outside marketing was not completed in the 2022 policy term because of the exceptional renewal results from the incumbent insurers, and the lack of competitive options identified last year.
 - Although the market conditions have improved, they have not changed significantly enough for the insurers that declined last year to provide premium savings.
- Last year we approached 16 markets. 4 markets provided pricing indications that were significantly higher than the incumbents and the remaining 12 markets declined because they could not compete on price, the program was too large for their appetite, or the market was not offering coverage to public entities.

Analysis of Results

- A 5% rate increase result is better than anticipated given the recent results we have seen elsewhere in the marketplace and is better than initial renewal indications. Increases of 10-15% are still very common for the best risks.
- As of 9/14/2022, all program participants have indicated that they will continue to offer the expiring \$10MM limit. This is also better than anticipated. The Fiduciary Liability market continues to pull back on capacity due to the litigation activity for the space. Reductions to \$5MM per layer are very common.
- For the two quotes received, coverage has been quoted per expiring which is what was expected from the markets this year. Most markets made the program changes they required at the last renewal.

Coverage Changes

- No changes from Hudson nor RLI.
- Chubb and Axis Quotes have not yet been received

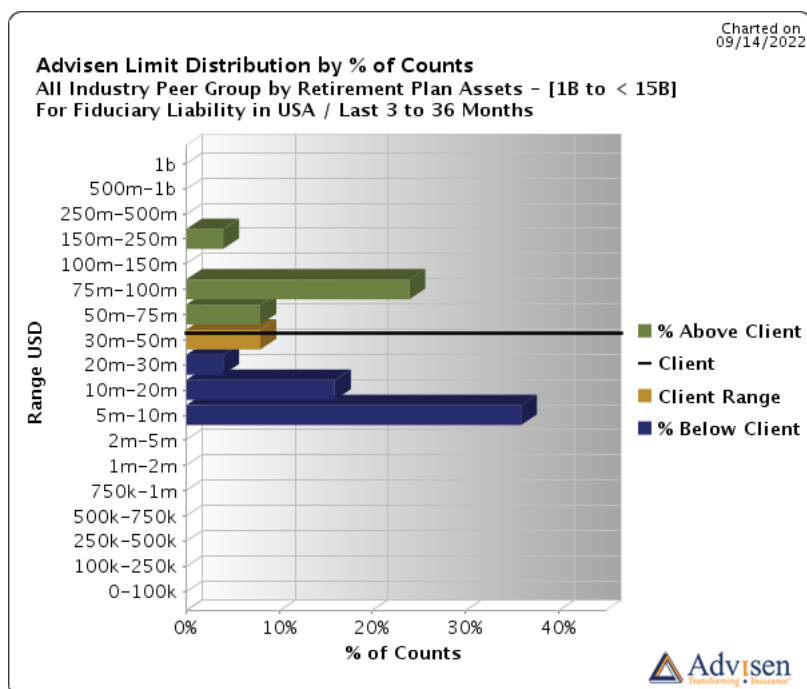
Binding Subjectivities

- None known as of 9/14/2022

Fiduciary Benchmarking - Limit

Advisen Peer Group for City of Milwaukee ERS

Coverage Type:	Fiduciary Liability – Limit Benchmarking
Company Type / Industries:	All
Retirement Plan Asset Size:	\$1 Billion to \$15 Billion
Number of Respondents:	25
Limit	\$50,000,000



Advisen Limit Distribution by % of Counts

All Industry Peer Group by Retirement Plan Assets – [1B to < 15B]
For Fiduciary Liability in USA / Last 3 to 36 Months

Client: 50M		
% Below or Equal to Client: 64.0		
% Above Client: 36.0		
Range USD	% of Counts	Cumulative %
150m-250m	4.0	100.0
75m-100m	24.0	96.0
50m-75m	8.0	72.0
30m-50m	8.0	64.0
20m-30m	4.0	56.0
10m-20m	16.0	52.0
5m-10m	36.0	36.0
Program Count: 25		



The Client's Limit of USD 50,000,000, when compared to the Single Peer Group - All, is in the Middle of the range.

The chart above illustrates the percentage of program counts that are within each limit range.

Market Security Analysis

Insurer	Line of Coverage	AM Best Rating	Financial Strength Rating Outlook	Credit Rating Outlook
Hudson Insurance Company	Fiduciary	A / XV	Stable	Stable
RLI Insurance Company	Fiduciary	A+ / XII	Stable	Stable
Federal Insurance Company (Chubb)	Fiduciary	A++ / XV	Stable	Stable
AXIS Insurance Company	Fiduciary	A / XV	Stable	Stable
ACE American Insurance Company (Chubb)	Cyber	A++ / XV	Stable	Stable
Underwriters at Lloyd's, London	Excess Cyber	A / XV	Stable	Stable
Starr Surplus Lines Insurance Company	Excess Cyber	A / XV	Stable	Stable

For more information see the Best Ratings System page provided at the end of this proposal, or go to the web and visit: <http://www.ambest.com/ratings/index.html>

Primary Fiduciary Liability

Policy Term November 1, 2022 – November 1, 2023

Named Insured:	<ul style="list-style-type: none"> ○ Employees' Retirement System of the City of Milwaukee ○ Policemen's Annuity and Benefit Fund of Milwaukee
Insurance Company:	Hudson Insurance Company, a subsidiary of Odyssey Re Holdings Corp. (Euclid Specialty Managers) - (Admitted)
Policy:	The Euclid Specialty Vanguard Fiduciary Liability Insurance Policy
Policy Type:	Claims Made Defense Within the Limits Insurer Duty to Defend - Insured has right to select counsel per policy terms

Primary Liability

Program Description	
Insured Benefit Plan:	Employees' Retirement System of the City of Milwaukee
Policy Form:	The Euclid Specialty Vanguard Fiduciary Liability Insurance Policy Form ESF-31210001 (9/2012)
Limit of Liability (Annual Aggregate):	\$10,000,000 Defense Expense Is Included Within Policy Limit
Retention (Each Claim):	\$500,000
Extended Reporting Period:	Twelve (12) month extended reporting period is available for 100% of total annual premium, subject to Section IV.B Extended Reporting Period of the Policy
Prior or Pending Date:	March 26, 1997

Limits of Liability

Limits of Liability	
(a) Aggregate Limit - Aggregate limit of liability for all Loss under this policy, including Claim Expenses	\$10,000,000
(b) Trustee Claim Expenses Sublimit [defense of non-fiduciary claims] - Aggregate limit of liability for all Claims Expenses in connection with Claims solely alleging Wrongful Acts as defined in Section II.R(3) of the policy (included within and not in addition to the maximum aggregate limit of liability above)	\$2,000,000
(c) Voluntary Compliance Program Expenditures Sublimit - Aggregate limit of liability for all Voluntary Compliance Program Expenditures (included within and not in addition to the maximum aggregate limit of liability above)	\$250,000
(d) ERISA 502(c) Civil Penalties Sublimit - Aggregate limit of liability for all Loss in the form of civil fines or any excise tax imposed pursuant to Section 502(c) of ERISA and the Pension Protection Act	\$250,000

(e) HIPAA and HITECH Fines & Penalties Sublimit - Aggregate limit of liability for all Loss in the form of civil fines and penalties imposed pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the HITECH Act of 2009 (included within and not in addition to the maximum aggregate limit of liability above)	\$1,500,000
(f) PPACA Fines & Penalties Sublimit - Aggregate limit of liability for all Loss in the form of civil fines and penalties imposed pursuant to the Patient Protection and Affordable Care Act (PPACA) (included within and not in addition to the maximum aggregate limit of liability above)	\$250,000
(g) Section 4975 Penalties Sublimit - Aggregate limit of liability for all Loss in the form of excise taxes imposed pursuant to Section 4975 of the Internal Revenue Code (included within and not in addition to the maximum aggregate limit of liability above)	\$250,000
(h) ERISA Section 502(a)(3) Relief Sublimit - Aggregate limit of liability for all Loss in the form of equitable relief imposed pursuant to Section 502(a)(3) of ERISA (included within and not in addition to the maximum aggregate limit of liability above)	\$250,000
(i) Benefit Overpayment Sublimit - Aggregate limit of liability for all benefit overpayments as defined in Section II.H(5) of the policy (included within and not in addition to the maximum aggregate limit of liability above)	Not Applicable
(j) Cyber Essentials - Aggregate limit of liability for Content Restoration Expenditures and Crisis Notification Expenditures as defined in Sections II.E and II.G of the policy (included within and not in addition to the maximum aggregate limit of liability above)	Not Applicable

Endorsements

1. Wisconsin Amendatory Endorsement
2. Public Entity Fiduciary Liability Endorsement (amended with Hays changes)
3. **Additional Insured Plan Endorsement - Policemen's Annuity and Benefit Fund of Milwaukee**
4. Amended Vanguard Elite Enhancement Endorsement Amended with Hays Changes: Provides coverage for both indemnifiable & non-indemnifiable governmental claims; provides full settlor coverage, pre-claim investigation costs for DOL investigations, and interview coverages for other regulatory investigations, and coverage for penalties imposed under Section 203 (Death Master File Penalties) of the Bipartisan Budget Act of 2013, all at the full policy limits.
5. Hays Amendatory Endorsement Includes:
 1. revised definition of claim
 2. revised notice provision
 3. revised changes in exposure provision
 4. revised allocation provision
 5. revised Employee Benefit Law definition
6. Plan Sponsor Endorsement - City of Milwaukee
7. Non-Rescindable Endorsement
8. Additional Insured Natural Person and/or Organization Endorsement
9. Vanguard Notice of Terrorism Insurance

1st Excess Fiduciary Liability

Policy Term November 1, 2022 – November 1, 2023

Named Insured:	<ul style="list-style-type: none">○ Employees' Retirement System of the City of Milwaukee○ Policemen's Annuity & Benefit Fund of Milwaukee
Insurance Company:	RLI Insurance Company
Policy:	Fiduciary Liability - Excess
Policy Type:	Claims Made

1st Excess Fiduciary Coverage

	Expiring RLI	Renewal RLI
Annual Aggregate Limit of Liability (inclusive of Defense Expenses)	\$10,000,000 excess of \$10,000,000	\$10,000,000 excess of \$10,000,000
Coinurance	0%	0%
Pending or Prior Date	March 26, 1997	March 26, 1997

Endorsements

1. Excess Follow Form Labor Management Trust #XFF 100 (09/10) / XFF 101 (09/10)
2. RIL 110A (01/08) - Supplemental Declarations
3. RIL 200 (10/00) - Attention Policyholder
4. UW 1048 (03/04) - State of Wisconsin Disclosure Notice
5. UW 20342 (03/12) - Policyholder Notice – OFAC
6. ILF 0001C (04/16) - Signature Page - Commercial Lines

Notice of Carrier Financial Status

Hays Companies, Inc., and its parent company, Brown & Brown, Inc. (collectively “Brown & Brown”) do not certify, warrant or guarantee the financial soundness or stability of any insurance carrier or alternative risk transfer entity. We endeavored to place your coverage with an insurance carrier with an AM Best Company financial rating of “A-” or better.* While Brown & Brown cannot certify, warrant or guarantee the financial soundness or stability of a company or otherwise predict whether the financial condition of a company might improve or deteriorate, we are hereby providing you with notice and disclosure of financial condition so that you can make an informed decision regarding the placement of insurance coverage. Accordingly, this will serve as notice of the following with regard to the placement of the insurance indicated below and with regard to any subsequent renewal of such insurance:

- Brown & Brown may have other options for your insurance placement, including quotations with insurance carriers holding an “A-” or better rating from AM Best Company. Alternative quotes may be available with an A- or better rated carrier upon your request.
- The financial condition of insurance companies may change rapidly and that such changes are beyond the control of Brown & Brown.
- You have had the ability to review the financial information for this carrier as found in one or more of the following sources: a state department of insurance website, AM Best Company website, carrier or a carrier website.
- You have had an opportunity to consider the information provided regarding your insurance quote and insurance placement and review it with your accountants, legal counsel and advisors.

Market Security Explanation

Ratings

A++, A+	Superior
A and A-	Excellent
B++, B+	Good
B and B-	Fair
C++, C+	Marginal
C and C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Rating Suspended

Rating Modifiers

U	Under Review
The rating may change in the near term typically within 6 months. Generally this is event driven, with positive, negative or developing implications.	

Rating Outlooks

Assigned to an Interactive Financial Strength Rating (A++ to D) to indicate its potential direction over an intermediate term, generally defined as 12 to 36 months.

Adjusted Policyholder's Surplus (\$000's)

Class I	Up	to	1,000
Class II	1,000	to	2,000
Class III	2,000	to	5,000
Class IV	5,000	to	10,000
Class V	10,000	to	25,000
Class VI	25,000	to	50,000
Class VII	50,000	to	100,000
Class VIII	100,000	to	250,000
Class IX	250,000	to	500,000
Class X	500,000	to	750,000
Class XI	750,000	to	1,000,000
Class XII	1,000,000	to	1,250,000
Class XIII	1,250,000	to	1,500,000
Class XIV	1,500,000	to	2,000,000
Class XV	2,000,000	or	Greater

Opinion Outlooks (In Addition to Rating)

Positive:

Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.

Negative:

Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.

Stable:

Indicates low likelihood of a rating change



Learn more from
AMBest.com

"Understanding Best's Ratings" can
be found at
www.ambest.com/ratings/index.html

Consumer Disclosure

Disclosure of Sources of Compensation

Compensation. In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or “pooled”) with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

If an intermediary is utilized in the placement of coverage, the intermediary may or may not be owned in whole or part by Brown & Brown, Inc. or its subsidiaries. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services is derived from your premium payment, which may on average be 15% of the premium you pay for coverage and may include additional fees charged by the intermediary.

Questions and Information Requests. Should you have any questions, or require additional information, please contact this office at (612) 333-3323 or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry/>



About Us



- Hays Companies was founded in 1994
- Became part of the Brown & Brown Team in 2018
- Full-service insurance brokerage consultancy specializing in:
 - Employee Benefits
 - Property & Casualty
 - Risk Management Consulting
 - Private Client Group
 - National Programs
 - Wholesale Brokerage
- Over 490,000 clients
- 1,300+ insurer relationships

300+
LOCATIONS

**5th
Largest**
**INSURANCE
BROKERAGE**
in the nation according to
Business Insurance Magazine



11,000+
TEAMMATES

BRO
**PUBLICLY
TRADED**



\$2.613 B
ANNUAL REVENUE



- Passionate consultants & unrivaled expertise
- A culture built on discipline and customer focus
- Our customers are our purpose
- Authentic and experienced team in whom you can place your trust
- Proactive, responsive service with a sense of urgency





Fiduciary Liability Proposal- Final

FIDUCIARY LIABILITY				
INSURER	PROGRAM LIMITS	NOVEMBER 1, 2021 – NOVEMBER 1, 2022 PREMIUM	NOVEMBER 1, 2022 – NOVEMBER 1, 2023 PREMIUM	% CHANGE
Primary (Hudson)	Primary \$10M with \$500,000 Retention	\$99,857*	\$104,658*	Up \$4,801 or 4.8%
1st Excess (RLI)	\$10M x/s Primary	\$77,675**	\$81,759**	Up \$4,084 or 5.3%
2nd Excess (Chubb)	\$10M x/s Underlying \$20M	\$54,573***	\$57,291***	Up \$2,718 or 5.0%
3rd Excess (Axis)	\$10M x/s Underlying \$30M	\$45,450^	\$47,545^	Up \$2,095 or 4.6%
Non-Indemnifiable (RLI)	\$10M x/s Underlying \$40M	\$39,900^^	\$40,794^^	Up \$894 or 2.2%
Total Policy Year Premium All Layers:		\$317,455	\$332,047	Up \$14,592 or 4.6%

Waiver of Recourse Premium included above by policy is; *\$100 / **\$200 / ***\$200 / ^\$200 / ^^Included in first layer.
Final renewal premium is \$332,047, compared with the \$335,000 indication provided 9/15/2022.

Cyber Liability Marketing Update:

Cyber negotiations are ongoing, however we have received very competitive quotes & indications for pricing & coverage from the incumbents. Cyber Liability premium increases currently average 50%-75% with required increases in deductibles and reductions in coverage. In 2021 we marketed to 29 insurers and this year we have approached 20 to ensure the best possible outcome.

CYBER LIABILITY		
INSURER	NOVEMBER 1, 2021 – NOVEMBER 1, 2022 PREMIUM	NOVEMBER 1, 2022 – NOVEMBER 1, 2023 PREMIUM
Chubb	\$26,543 \$1M with \$100,000 Retention	\$33,438 Final \$1M with \$100,000 Retention
Underwriters at Lloyd's, London (MGU: EmergIn Risk)	\$63,345 \$2.5M excess of Primary \$1M	\$81,000 Indication \$2.5M excess of Primary \$1M
Starr Surplus Lines Insurance Company	\$46,762 \$1.5M excess of \$3.5M	\$58,500 Indication \$1.5M excess of \$3.5M
TOTAL	\$136,650	\$172,938 Indication (+27%)

TEARMAN SPENCER
City Attorney

ODALO J. OHIKU
ROBIN A. PEDERSON
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Assistant City Attorneys

September 15, 2022

Employees' Retirement System
Annuity and Pension Board Members
789 North Water Street
Suite 300
Milwaukee, WI 53202

RE: First Amendment to Lease Agreement

Dear Board Members:

Attached to this letter is an amendment that extends the Employees' Retirement System's current lease at 789 North Water Street until March 1, 2030. The City Attorney's Office has reviewed and approved the form of the amendment.

If you have any further questions concerning this matter, please do not hesitate to contact this office.

Very truly yours,

A handwritten signature in dark ink, reading "Jordan M. Schettle". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline that extends across the name.

JORDAN M. SCHETTLE
Assistant City Attorney



FIRST AMENDMENT TO WATER STREET INVESTMENT LEASE

This FIRST AMENDMENT TO WATER STREET INVESTMENT LEASE ("First Amendment") is made and entered effective the 28th day of September, 2022 ("Effective Date"), by and between Druml Marine LLC ("Landlord"), a Wisconsin limited liability company, successor in interest to Water Street Investment LLC and K&K McKinney Properties LLC, and the City of Milwaukee Employees' Retirement System, a Wisconsin body corporate and politic ("Tenant"). Landlord and Tenant are each a "Party"; together, they are the "Parties."

WHEREAS, the Parties entered into a Lease Agreement, dated July 1, 2007 (the "Lease"), for the premises located at 789 North Water Street, Milwaukee, Wisconsin 53202 (the "Building") on the third floor, known as Suite 300, and the fourth floor known as the Server Room, or Suite 440 (the "Premises"); and

WHEREAS, the Parties desire to amend the Lease; and

NOW, THEREFORE, in consideration of the agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. LANDLORD PARTY. The Landlord is now known as Druml Marine LLC, a Wisconsin limited liability company, with a mailing address of 10425 West North Avenue, Suite 245, Milwaukee, Wisconsin 53226.
2. PREMISES. The Third Floor Premises, as defined in the Lease, will be deemed to contain 16,481 Rentable Square Feet. The Server Room, as defined in the Lease, will be deemed to contain 488 Rentable Square Feet per BOMA 2017 Method A calculations by Kahler Slater dated 9/14/2021. The total Rentable Square Footage of the Premises will be 16,969 Rentable Square Feet.
3. TERM. The Lease Term will be extended seven (7) years and will run from March 1, 2023 until midnight on March 1, 2030.
4. BASE RENT. The base rent rate beginning March 1, 2023 will be Two Hundred Forty-Six Thousand Fifty Dollars and 50/100 (\$246,050.50) annually at the rate of Twenty Thousand Five Hundred Four Dollars and 21/100 (\$20,504.21) per month, or Fourteen Dollars and Fifty/100 (\$14.50) per Rentable Square Foot. The annual base rent shall be adjusted on each twelve-month anniversary of March 1 of each year, to an amount equal to 102.75% of the base rent payable immediately prior to that anniversary.
5. NOTICE.
 - a. The following shall replace the language in Section 20, Subsection A, of the Lease:

All rent and other payments required to be made by Tenant to Landlord hereunder shall be payable to the Landlord at the Landlord's address provided in this Section.
 - b. Landlord's contact information in Section 20 of the Lease shall be amended to the following:

LANDLORD:

Druml Marine LLC
10425 W. North Avenue, Suite 245
Milwaukee, WI 53226
6. PROPORTIONATE SHARE. The last sentence of Section 21, Subsection M, of the Lease, shall be amended to now read as the following: For purposes hereof, the numerator is 16,969 and the denominator is 68,096 and Tenant's Proportionate Share is 24.9%.
7. PARKING. Section 27 Parking will be removed in its entirety.
8. USE OF CONFERENCE FACILITIES AND FITNESS ROOM. Section 28 Use of Conference Facilities will be removed in its entirety and replaced with the following:

28. Use of Conference Facilities and Fitness Room. Landlord to allow Tenant to utilize the common area conference room and fitness room located on the fourth floor of the Building. Tenant's use of the conference room shall be subject to reasonable scheduling with Landlord. Prior scheduling for Tenant's use of the fitness room and other common areas shall not be required by Landlord. There is no additional cost to Tenant for use of the rooms other than related common area operating costs.

9. SEVERABILITY. If any term or provision of this First Amendment is held invalid or unenforceable, then the remaining terms and provisions of this First Amendment shall be affected thereby, but each remaining term and provision shall be valid.
10. OTHER TERMS AND CONDITIONS. Except as specifically modified or amended herein, all other terms and conditions of the Lease, as amended by this First Amendment, shall remain in full force and effect. In the event of a conflict between the terms and conditions of the Service Contract and the terms and conditions of this First Amendment, the terms of this First Amendment shall control.
11. PUBLIC RECORDS. The Landlord understands that Tenant is bound by the Wisconsin Public Records Law, and as such, all of the terms of the Lease and this First Amendment are subject to and conditioned on the provisions of Wis. Stat. § 19.21, et seq. Landlord acknowledges that it is obligated to assist Tenant in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of the Lease and this First Amendment. Except as otherwise authorized, those records shall be maintained for a period of seven (7) years after receipt of final payment under the Lease.
12. COUNTERPARTS. This First Amendment may be executed in counterparts.

The Parties have executed this First Amendment effective as of the Effective Date.

LANDLORD
Druml Marine LLC

By: _____

Name: Daniel B. Druml

Title: Sole Member

TENANT:
Employees' Retirement System of the City of Milwaukee

By: _____

Name: Bernard J. Allen

Title: Executive Director

CHAIRMAN, ANNUITY & PENSION BOARD:
Employees' Retirement System of the City of Milwaukee

By: _____

Name: Matthew P. Bell

Title: Chairman

ERS Lease Extension 789 N Water, Suite 300

July 27, 2022

For preliminary discussion

General Information

- ERS started renting space at 789 N. Water in 2007 after moving out from City Hall. We occupy the 3rd floor, a small server room on the 4th floor, and have use of a conference room on the 4th floor that is shared with other tenants. This is considered a Class A office space.
- The current lease is set to expire March 1, 2023, with one option to extend for 5 years remaining
- Area Leased: 16,296 square feet (total)
- Current Rate is \$25,080.77 per month that includes \$15,230.74 (base) plus \$9,850.03 (common area maintenance (CAM) charge). This is an effective rate of \$18.47/sq ft/year.

Aggregate Market Comparison

Landlord's Proposed Rate: \$22.71/sq ft/year

Source	Downtown East	Downtown Overall	Milwaukee Overall
CBRE Q4-2021 (All Classes)	\$26.34	\$23.36	\$20.19*
Commercial Café 2020 (All Classes)			\$25.10
Commercial Café 2020 (Class A)			\$28.79
Cushman Wakeman Q4-2021 (Class A)	\$29.14	\$28.32	\$24.18
Cushman Wakeman Q4-2021 (All Classes)	\$28.63	\$26.68	\$20.07
AVERAGE	\$28.04	\$26.12	\$24.54

Rates are per square foot per year

*includes suburbs

Nearby Market Comparison

Landlord's Proposed Rate: \$22.71/sq ft/year

Location	Estimated Rate	Availability
833 E Michigan	\$23.00	At least 2 floors with >18,000 sq ft available in 2 to 10 months
US Bank Center	\$20.00 - \$23.00	At least 1 floor with > 17,000 sq ft available
511 N Broadway	\$22.00 - \$24.00	At least 2 floors with > 28,000 sq ft available
735 N Water	\$23.00	At least 2 floors with >24,000 sq ft each available
411 E Wisconsin	\$18.00	About 24,000 sq ft available
Associated Bank Building	\$18.50	About 19,000 sq ft available
BMO Tower	\$20.00	Several floors available with >25,000 sq ft
Chase Tower	\$13.00	Over 100,000 sq ft available, but unclear how many floors; 1 floor is about 22,000 sq ft
250 E Wisconsin	\$14.00	Insufficient availability
330 E Kilbourn	\$14.00	At least 2 floors with > 19,000 sq ft available in 4 months

Rates are per square foot per year

Additional Information

- DPW has advised the ERS that they currently do not have space available in the City Hall complex (including the Municipal Building), and do not anticipate any availability for a few years. They will also be conducting a space study in the coming year(s).
- ERS rents space for a DR Site at Two Park Place (TPP), the current rent for which is \$6,188 per month for 3,300 sq ft. This is an effective rate of \$22.50 / sq ft / year. This lease is in effect until March 31, 2025.

Pros and Cons of Staying at 789

Staying

- No additional cost incurred for moving, setup, etc.
- Infrastructure is already in place, so no disruption in services
- Landlord will provide additional upgrades to our facility (such as security)
- Space requirements are adequate with the office open for visitors

Moving

- Lower rate may be available
- Depending upon distance from CH, may cause some challenges to services such as mail, meetings, network connectivity to CH, etc.
- Infrastructure will need to be relocated for substantial cost (IT and office setup)

Technology Infrastructure Considerations

Data Center

- Power (floor may need reinforcement to hold UPS)
- HVAC, including redundancy
- Networking and telecom lines
- Security
- Fire suppression and emergency power cut-off
- Space for 4 racks of equipment

Telecom

- Redundant ISP lines
 - Connections needed to City, Internet, Disaster Recovery Site (Madison)
- Hardwire connection to City campus (may require trenching to street which will involve construction costs)
 - Needed for City applications (e.g. time entry, etc.)

Office Setup

- Wiring for network
 - Wi-fi study will be needed to ensure proper coverage
- Phones
 - Option 1: Connect to City Hall (may require trenching)
 - Option 2: New equipment to connect via ISP (single point of failure introduced)
 - Option 3: Port all phone numbers (or use new numbers, if City does not relinquish existing 286 numbers) using cellular network – divest from City
- Sufficient power for cubes/offices

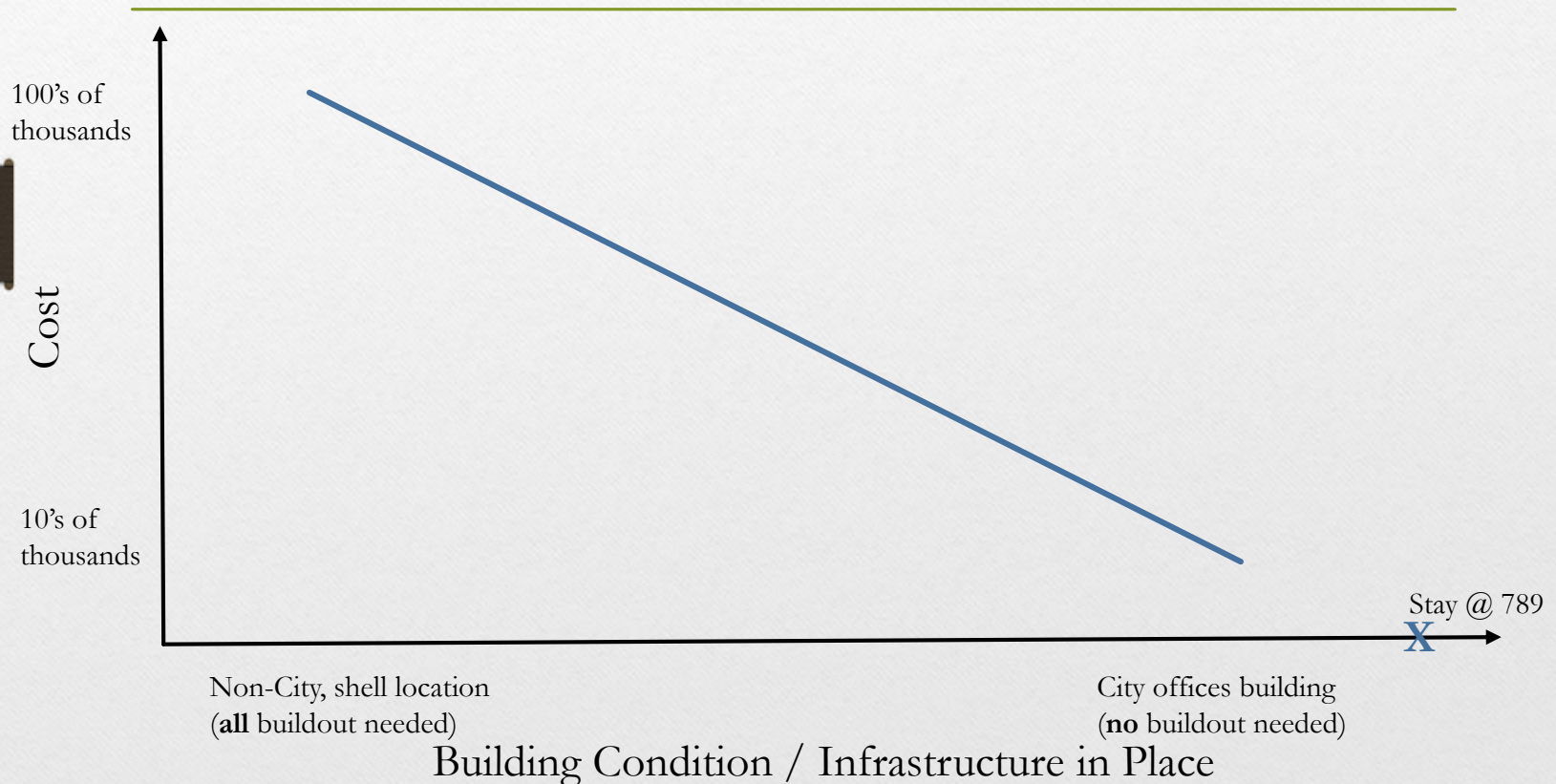
Business Continuity/Disaster Recovery

If we use TPP as the main office with no other physical site:

- Loss of an office location for use in case of a disaster; a DR site would no longer exist for activities such as physical mail/paper processing, meetings/counseling sessions, staff synergies, etc. if the main office is lost
- BC will rely on working from home (virtual office), adding costs for staff equipment and services, plus infrastructure considerations, and will require a plan/contingency to obtain physical space for limited activities
- Data center relocation will require new space at TPP
- Loss of a BC/DR site increases our risk for continuity of operations, lowers our standard of care, and may detrimentally impact our insurability

Costs will vary based upon the location and infrastructure of the new site

Technology Infrastructure Moving Cost



Options

- Continue to lease space at 789 N. Water Street, Suite 300 at the proposed rate of \$22.71/sq ft/year (new 7 year lease)
- Exercise the option to renew the current for 5 years (terms/rates TBD but more expensive)
- Continue to work with DPW to relocate ERS to City Hall, if that is a viable option (not expected for 5 to 7 years)

Appendix

(screenshots of information sources)

Aggregate Market Rates

- See following slides

Source: CB Richard Ellis

FIGURES | MARKET SECTOR | Q4 2021

FIGURE 7: Milwaukee Market Office Statistics

Submarket	Market Rentable Area (SF)	Vacancy Rate (%)	Availability Rate (%)	Q4 2021 Net Absorption (SF)	Year-to-date 2021 Net Absorption (SF)	Overall Gross Avg. Asking Lease Rate (\$/SF/Yr)
Downtown East	9,206,550	15.1	21.9	85,690	51,382	26.34
Downtown West	4,254,766	20.8	28.4	(19,830)	282,440	19.36
Third Ward/Walker's Point	2,646,221	7.9	14.0	1,252	(107,053)	22.76
CBD Subtotal	16,107,537	15.4	22.3	67,112	226,769	23.36
Milwaukee North Shore	2,566,042	18.1	20.8	9,758	5,230	13.80
Milwaukee Northwest	1,899,780	20.2	34.0	9,426	(75,463)	17.25
Milwaukee Central	785,789	1.9	8.7	0	10,152	14.79
Mayfair/Wauwatosa	3,648,681	15.8	21.1	(17,468)	(126,712)	20.66
West Allis	1,902,917	11.0	22.8	(1,645)	(144,557)	17.22
Milwaukee Southwest	832,056	12.7	15.1	19,148	23,575	15.71
Milwaukee Southeast	1,017,160	23.1	25.4	(1,484)	75,525	22.16
Brookfield	5,855,042	15.4	22.6	(8,172)	(89,965)	19.86
Waukesha/Pewaukee	2,763,237	9.8	16.6	22,819	5,321	19.99
Waukesha North	1,482,879	8.4	8.9	5,128	(925)	18.86
Waukesha South	622,568	14.8	16.8	0	(23,069)	12.48
North Suburban	2,124,540	11.6	17.3	(3,623)	(67,516)	16.80
South Suburban	1,786,610	7.4	10.5	(5,734)	1,409	15.42
Suburban Subtotal	27,287,301	13.8	19.8	28,153	(406,995)	18.32
TOTAL	43,394,838	14.4	20.8	95,265	(180,226)	20.19

Source: CBRE Research, Q4 2021.

Source: Commercial Cafe



For Lease ▾ For Sale ▾ Commercial Real Estate Coworking

Add a Listing Log In

Milwaukee Office Rent Price & Sales Report

2020 Office Space Rent & Sales

\$25.10
2020 Avg. Asking Rent

18.02%
2020 Office Vacancy Rate

\$53M
2020 Total Office Sales

\$49.72
Avg. Sale Price/SF

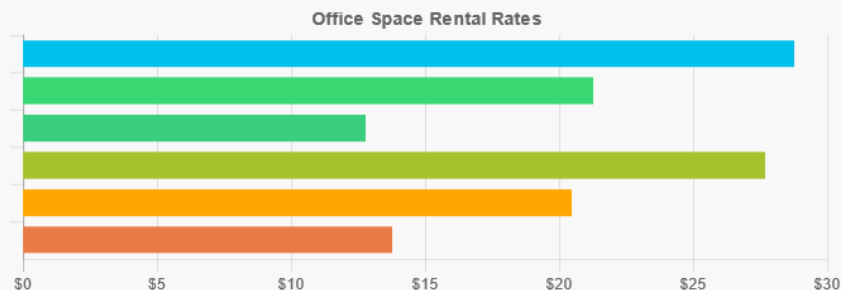
Milwaukee office price per square foot in 2020 was \$25.10 on average. The local office market recorded an average vacancy rate of 18.02% across all asset classes combined. The 10 transactions that closed here throughout 2020 amounted to a total sale volume of \$53M. Milwaukee office space commanded an average sale price per square foot of \$49.72.

Average Rent by Office Class

2020 Average Office Rent per Square Foot

● Milwaukee Class A Office Space	\$28.79
● Milwaukee Class B Office Space	\$21.28
● Milwaukee Class C Office Space	\$12.80
● Wisconsin Class A Office Space	\$27.72
● Wisconsin Class B Office Space	\$20.47
● Wisconsin Class C Office Space	\$13.78

Milwaukee, WI Office Asking Rents by Class



Source: Commercial Cafe

Milwaukee Office Rent Price & Sales Report

2020 Office Space Rent & Sales

\$25.10

2020 Avg. Asking Rent

18.02%

2020 Office Vacancy Rate

\$53M

2020 Total Office Sales

\$49.72

Avg. Sale Price/SF

Milwaukee office price per square foot in 2020 was \$25.10 on average. The local office market recorded an average vacancy rate of 18.02% across all asset classes combined. The 10 transactions that closed here throughout 2020 amounted to a total sale volume of \$53M. Milwaukee office space commanded an average sale price per square foot of \$49.72.

2020 Office Vacancy Rates in Milwaukee

Submarket	Asking Rents	Vacancy Rates
Milwaukee South	\$29.58	7.27%
Downtown	\$26.71	18.78%
West Allis	\$25.33	7.81%
Wauwatosa	\$20.77	10.49%
Milwaukee Northeast	\$18.61	17.42%
Park Place	\$18.61	36.49%

Data provided by Commercial Edge

Source: Cushman Wakefield

2021 MILWAUKEE OFFICE MARKETBEAT | JANUARY 26, 2022

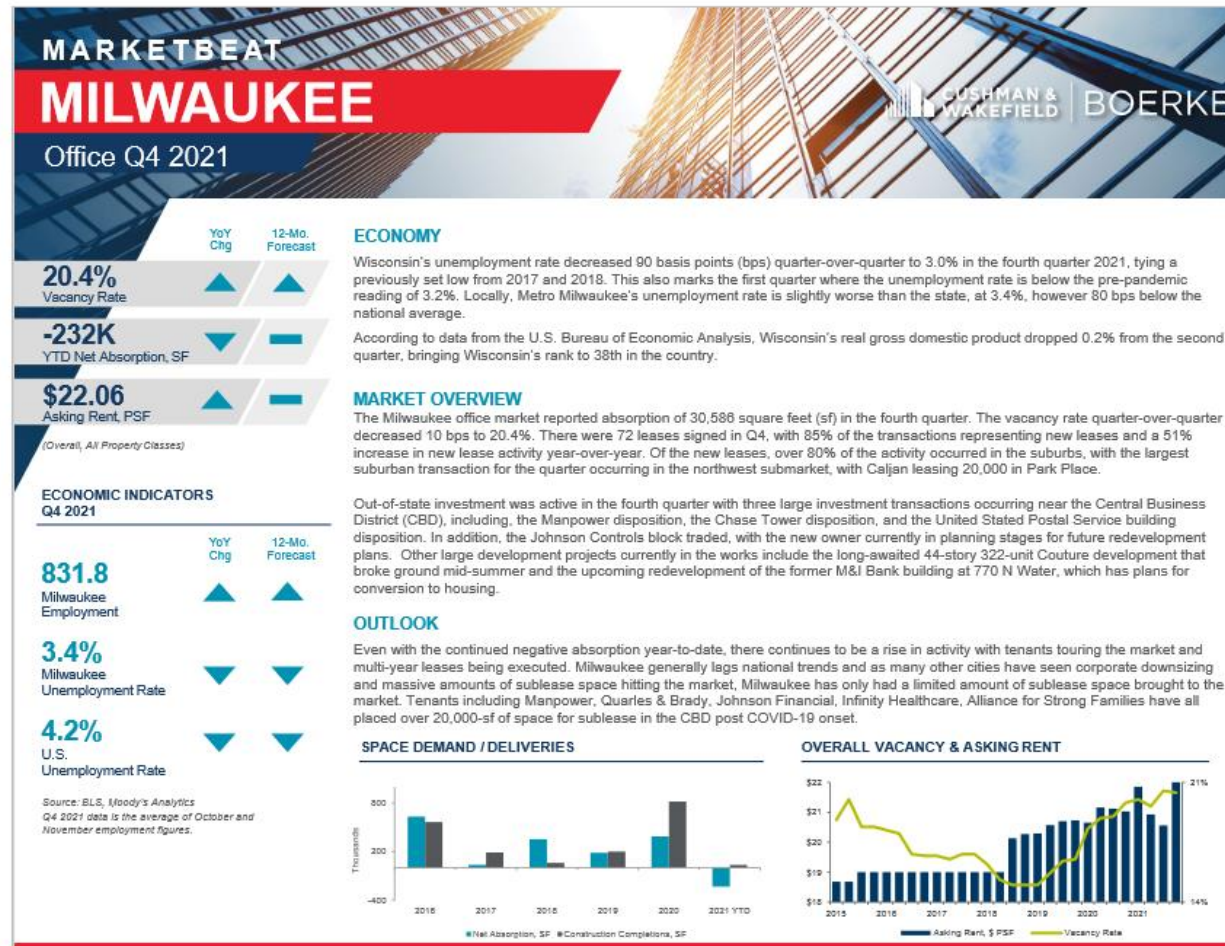
Milwaukee Office Marketbeat | Q4

<div> <div>MARKETBEAT</div> <div>MILWAUKEE</div> <div>Office Q4 2021</div> <div>CUSHMAN & WAKEFIELD BOERKE</div> </div>										
MARKET STATISTICS										
SUBMARKET	INVENTORY (\$F)	SUBLET VACANT (\$F)	DIRECT VACANT (\$F)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (\$F)	YTD OVERALL NET ABSORPTION (\$F)	YTD LEASING ACTIVITY (\$F)	UNDER CONSTR (\$F)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown East	7,687,744	0	1,259,281	16.4%	20,826	-96,717	268,505	0	\$28.63	\$29.14
Downtown West	3,511,631	0	938,868	26.7%	-28,320	-25,311	94,680	0	\$19.80	\$19.11
CBD TOTALS	11,199,376	0	2,198,149	19.6%	-7,494	-122,528	363,185	0	\$25.56	\$26.32
Mayfair / Wauwatosa	2,973,252	0	613,212	20.6%	-4,721	-97,610	122,087	0	\$21.34	\$24.61
North Shore	1,952,981	0	571,948	29.3%	23,036	-25,558	60,295	0	\$16.51	\$23.61
Northwest	1,735,002	0	357,351	20.6%	15,852	36,511	105,003	0	\$19.73	\$21.61
Southeast	421,846	0	220,946	52.4%	0	14,775	23,578	0	\$16.04	N/A
Southwest	354,606	0	79,025	22.3%	-6,435	-2,373	24,567	0	\$15.44	\$15.19
Third Ward / Walker's Point	2,239,336	0	359,873	16.1%	-8,276	6,056	33,679	0	\$26.28	\$28.28
West Allis	2,041,155	0	393,834	19.3%	19,949	28,980	56,763	0	\$18.01	N/A
MILWAUKEE SUBURBAN TOTALS	11,718,178	0	2,686,189	22.2%	\$8,406	-39,219	425,972	0	\$20.97	\$24.18
Ozaukee	608,436	0	77,794	12.8%	-1,456	10,664	18,027	0	\$15.13	\$12.50
Brookfield	4,093,266	0	847,838	20.7%	-21,727	-66,473	174,224	186,000	\$20.31	\$22.06
Waukesha / Pewaukee	2,623,265	0	439,855	16.8%	21,858	-14,145	219,851	0	\$19.41	\$20.61
MILWAUKEE OUTLYING TOTALS	7,324,967	0	1,365,487	18.8%	-1,325	-89,954	412,102	0	\$19.34	\$21.62
CBD	11,199,376	0	2,198,149	19.6%	-7,494	-122,528	363,185	0	\$25.56	\$26.32
Suburban	19,043,145	0	3,961,676	20.8%	38,080	-109,173	838,074	186,000	\$19.97	\$22.74
MILWAUKEE TOTALS	30,242,520	0	6,159,825	20.4%	\$0,586	-231,701	1,201,259	186,000	\$22.06	\$24.53

Source: Cushman Wakefield

2021 MILWAUKEE OFFICE MARKETBEAT | JANUARY 26, 2022

Milwaukee Office Marketbeat | Q4



Nearby Market Rates

- See following slides




833 East | 833 E Michigan St

79,305 SF of 5-Star Office Space Available in Milwaukee, WI

- Ideal location in the heart of Milwaukee with easy access to the Interstate.
- Higher than the average ceiling heights (9'6") for Class A Office Buildings.
- State of the art amenities offered to all tenants such as shared conference rooms and Fitness Center.
- Lots of Natural light with panoramic views of both Lake Michigan and the downtown skyline.

ALL AVAILABLE SPACES(7)

Display Rental Rate as [\\$/SF/YR](#) ▾

SPACE	SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
4th Fl, Ste 400	18,357 SF	Negotiable	Upon Request	Office	Full Build-Out	Feb 2023 ▾
6th Floor 	1,500-7,342 SF	Negotiable	Upon Request	Office	Shell Space	60 Days ▾
7th Fl, Ste 700	1,500-2,794 SF	Negotiable	Upon Request	Office	Shell Space	60 Days ▾
8th Fl, Ste 800	1,500-2,744 SF	Negotiable	Upon Request	Office	Shell Space	60 Days ▾
9th Floor	18,985 SF	Negotiable	Upon Request	Office	-	60 Days ▾
9th Fl, Ste 900	2,993 SF	Negotiable	Upon Request	Office	Full Build-Out	60 Days ▾
11th Fl, Ste 1100	26,090 SF	Negotiable	Upon Request	Office	Full Build-Out	Jul 2023 ▾



CityCenter | 735 N Water St

105,229 SF of 4-Star Office Space Available in Milwaukee, WI

- Excellent regional access with convenience to I-794, I-94, and I-43.

ALL AVAILABLE SPACES(22)

Display Rental Rate as

\$/SF/YR ▾

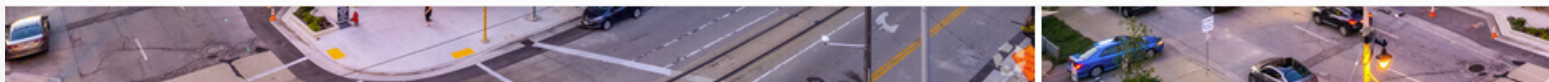
SPACE	SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
2nd Fl, Ste 200	3,900-9,458 SF	Negotiable	\$23.00 /SF/YR	Office	Full Build-Out	30 Days ▾
3rd Fl, Ste 300	15,178-24,505 SF	Negotiable	\$23.00 /SF/YR	Office	-	Now ▾
4th Fl, Ste 400	13,000-24,505 SF	Negotiable	\$23.00 /SF/YR	Office	-	Now ▾
7th Fl, Ste 701	777 SF	Negotiable	\$23.00 /SF/YR	Office	-	Now ▾
7th Fl, Ste 710	1,158 SF	Negotiable	\$23.00 /SF/YR	Office	-	Now ▾
7th Fl, Ste 715	730 SF	Negotiable	\$23.00 /SF/YR	Office	-	Now ▾
7th Fl, Ste 727	1,714 SF	Negotiable	\$23.00 /SF/YR	Office	-	Now ▾
7th Fl, Ste 728	928 SF	3-5 Yrs	\$23.00 /SF/YR	Office	-	Now ▾
8th Fl, Ste 802	2,338 SF	Negotiable	\$23.00 /SF/YR	Office	-	Now ▾
8th Fl, Ste 807	1,381 SF	3-5 Yrs	\$23.00 /SF/YR	Office	-	Now ▾

[+ View 12 More](#)



Huron Building | 511 N Broadway

57,614 SF of 4-Star Office Space Available in Milwaukee, W



HIGHLIGHTS

- Unrivaled location in Milwaukee's CBD, namely its Historic Financial ("HiFi") district & is adjacent to the Historic Third Ward
- High profile signage opportunities & convenient freeway access
- Impeccable views of Downtown, Lake Michigan & the Milwaukee River
- Class A amenities & finishes as well as bespoke tenant buildouts

ALL AVAILABLE SPACES(2)

Display Rental Rate as [\\$/SF/YR](#)

SPACE	SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
6th Floor	5,000-28,807 SF	Negotiable	\$22.00 /SF/YR	Office	Shell Space	Now
7th Floor	5,000-28,807 SF	Negotiable	\$22.00 /SF/YR	Office	Shell Space	Now



SERVICES

EXPERTS

PROPERTIES

RESEARCH

LOCATIONS

1 of 1



411 E Wisconsin Avenue Milwaukee, WI 53202

411 E Wisconsin Avenue

Office | For Lease: 588 - 24,002 SF

[VIEW WEBSITE >](#)

[SHARE](#) [PRINT](#)

[VIEW DOCUMENTS](#)

FOR LEASE

\$18 / RSF USD

Get More Info

FOR LEASE

1 of 1



111 E Kilbourn Avenue

Associated Bank River Center

Office | For Lease: 3,674 - 19,422 SF

[SHARE](#) [PRINT](#)

[VIEW DOCUMENTS](#)

FOR LEASE

\$18.50 / SF USD

Get More Info

Menu

CoTour



Help



BMO Tower | 790 N Water St

142,105 SF of 5-Star Office Space Available in Milwaukee, WI

ALL AVAILABLE SPACES(7)

Display Rental Rate as

\$/SF/YR ▾

SPACE		SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
12th Floor		2,500-14,111 SF	Negotiable	Upon Request	Office	Shell Space	Now ▾
18th Floor		2,500-25,800 SF	Negotiable	Upon Request	Office	Shell Space	Now ▾
19th Floor		2,500-25,800 SF	Negotiable	Upon Request	Office	Shell Space	Now ▾
20th Floor		2,500-25,800 SF	Negotiable	Upon Request	Office	Shell Space	Now ▾
21st Floor		2,500-25,800 SF	Negotiable	Upon Request	Office	Shell Space	Now ▾
22nd Floor		2,500-11,159 SF	Negotiable	Upon Request	Office	Shell Space	Now ▾
23rd Floor		2,500-13,635 SF	Negotiable	Upon Request	Office	Shell Space	Now ▾



CHASE
TOWER | MKE

FOR LEASE

111 E. Wisconsin Ave.
Milwaukee, WI 53202

Chase Tower serves as an iconic part of downtown Milwaukee, centrally located on the corner of Wisconsin Avenue and Water Street. The building is connected to the citywide skywalk system and offers immediate access to the Milwaukee Riverwalk. Substantial renovations are planned for 2022, bringing upgraded tenant space and market leading amenities to one of the most distinguished buildings in the city.

BUILDING OVERVIEW



Total Building Size
477,772 SF



Total Floors
22



Class
A



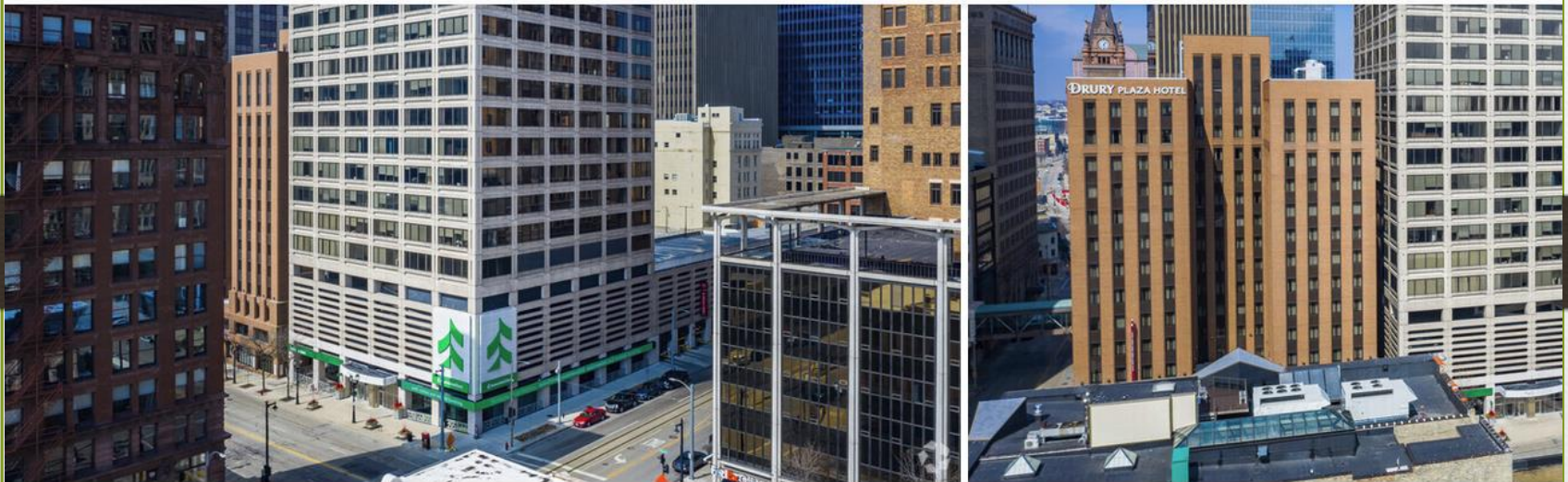
Total Available
107,930 SF



Lease Rate
\$13.00/RSF Net

250 E Wisconsin Ave

Coworking Space Available in Milwaukee, WI



ALL AVAILABLE SPACE(1)

Display Rental Rate as

\$/SF/YR ▾

SPACE	SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
18th Fl, Ste 1800	100-5,000 SF	Negotiable	Upon Request	Office	Full Build-Out	TBD ▾



? Help

330 Kilbourn | 330 E Kilbourn Ave

202,590 SF of 4-Star Space Available in Milwaukee, WI

ALL AVAILABLE SPACES(22)

Display Rental Rate as [\\$/SF/YR](#)

SPACE	SIZE	TERM	RATE	SPACE USE	CONDITION	AVAILABLE
1st Fl, Ste 100 (Tower I&II)	7,822 SF	Negotiable	\$13.00 /SF/YR	Retail	Shell Space	Now
1st Fl, Ste 150 (Tower I)	6,851 SF	Negotiable	\$13.00 /SF/YR	Office	Full Build-Out	Now
2nd Fl, Ste 200 (Tower II)	27,505 SF	Negotiable	\$13.00 /SF/YR	Office	-	Jul 2022
2nd Fl, Ste 222 (Tower I)	6,636 SF	Negotiable	\$13.00 /SF/YR	Office	Full Build-Out	Now
2nd Fl, Ste 225 (Tower I)	14,657 SF	Negotiable	\$13.00 /SF/YR	Office	-	Jul 2022
3rd Fl, Ste 300 (Tower I)	20,002 SF	Negotiable	\$13.00 /SF/YR	Office	Shell Space	Now
3rd Fl, Ste 375 (Tower II)	19,822 SF	Negotiable	\$13.00 /SF/YR	Office	-	Jul 2022
4th Fl, Ste 400 (Tower I)	9,504 SF	Negotiable	\$13.00 /SF/YR	Office	-	30 Days
4th Fl, Ste 450 (Tower II)	19,822 SF	Negotiable	\$13.00 /SF/YR	Office	-	Jul 2022
6th Fl, Ste 625 (Tower I)	5,217 SF	Negotiable	\$13.00 /SF/YR	Office	Spec Suite	Now

	Current	New - Year 1	Increase %	
Area (sq ft)	16,296	16,969	4%	
Rent Rate	11.22	14.50	29%	
Monthly Charge	15,230.74	20,504.21	35%	
Annual Charge	182,768.88	246,050.50	35%	
CAM Rate	7.25	7.31	1%	CAM sq ft rate back calculated from amount provided on 6/17 email
Monthly Charge	9,850.03	10,342.59	5%	
Annual Charge	118,200.36	124,111.08	5%	
Total Monthly	25,080.77	30,846.80	23%	
Total Annual (Mar 2023 to Feb 2024)	300,969.24	370,161.58	23%	
\$/Sq. Ft.	18.47	21.81	18%	
\$/orig. Sq.Ft.	18.47	22.71	23%	

7 year term provided in the proposal with 3% annual escalator

	Annual Rent	Running Total
Total Annual (Mar 2024 - Feb 2025); Year 2	381,266.43	751,428.01
Total Annual (Mar 2025 - Feb 2026); Year 3	392,704.42	1,144,132.43
Total Annual (Mar 2026 - Feb 2027); Year 4	404,485.55	1,548,617.98
Total Annual (Mar 2027 - Feb 2028); Year 5	416,620.12	1,965,238.10
Total Annual (Mar 2028 - Feb 2029); Year 6	429,118.72	2,394,356.82
Total Annual (Mar 2029 - Feb 2030); Year 7	441,992.28	2,836,349.11

**Request for Proposal
for Financial Auditing Services to be provided to the
Employees' Retirement System of the City of Milwaukee
on behalf of the Annuity and Pension Board**

Required for use and Issued by the:
Employees' Retirement System (ERS)
Of the City of Milwaukee

All proposals will be emailed to:

RFP@cmers.com
Employees' Retirement System
City of Milwaukee
789 N Water Street, Suite 300
Milwaukee, Wisconsin 53202

**Proposals must be received at the above address no later than 4:45 P.M., C.S.T.,
on Wednesday, November 23, 2022.**

For information, questions should be e-mailed to RFP@cmers.com. The deadline for questions is 4:45 P.M., C.S.T., on Monday, November 7, 2022.

Please note: The Annuity and Pension Board reserves the right to reject any and all proposals that are not received nor completed as specified within this document. The Annuity and Pension Board also reserves the right to accept or reject any and all proposals or not proceed with any action, to waive any informalities in proposals, and to accept only those proposals that are in the best interest of the ERS. The ERS will incur no liability for the cost of proposal preparation.

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Appendices

- Appendix A: ERS Member Handbook
- Appendix B: Proposer Information Worksheet
- Appendix C: Proposer References
- Appendix D: Designation of Confidential and Proprietary Information
- Appendix E: Sample Contract
- Appendix F: ERS Parties in Interest List and Policy

1 Introduction

The Employees' Retirement System of the City of Milwaukee (ERS) invites qualified independent Certified Public Accountants, licensed to practice in the State of Wisconsin, to submit proposals to annually conduct an audit of its financial records for the years ending December 31, 2023 through December 31, 2027, in accordance with the specification listed below:

1.1 Objectives

The objectives of this RFP are to:

- Convey the ERS' requirements to qualified proposers.
- Understand the Proposer's approach, organizational and personnel qualifications, previous experience, fees, and ability to meet the ERS' needs in an expert and expedient manner.
- Establish the basis for a contract with an independent professional services firm to fulfill the RFP requirements.

1.2 ERS Overview

The Employees' Retirement System (ERS) of the City of Milwaukee (City) manages the City's \$5.9 billion pension fund. The ERS was created by an act of the Wisconsin Legislature in 1937 to provide retirement-related benefits for members and their beneficiaries. The Annuity and Pension Board (Board) governs the ERS in accordance with City Charter and serves as trustee of the ERS funds. The Board is comprised of appointed as well as elected members. The ERS' executive director is responsible for daily operations and also serves as secretary for the Board.

1.3 ERS Background

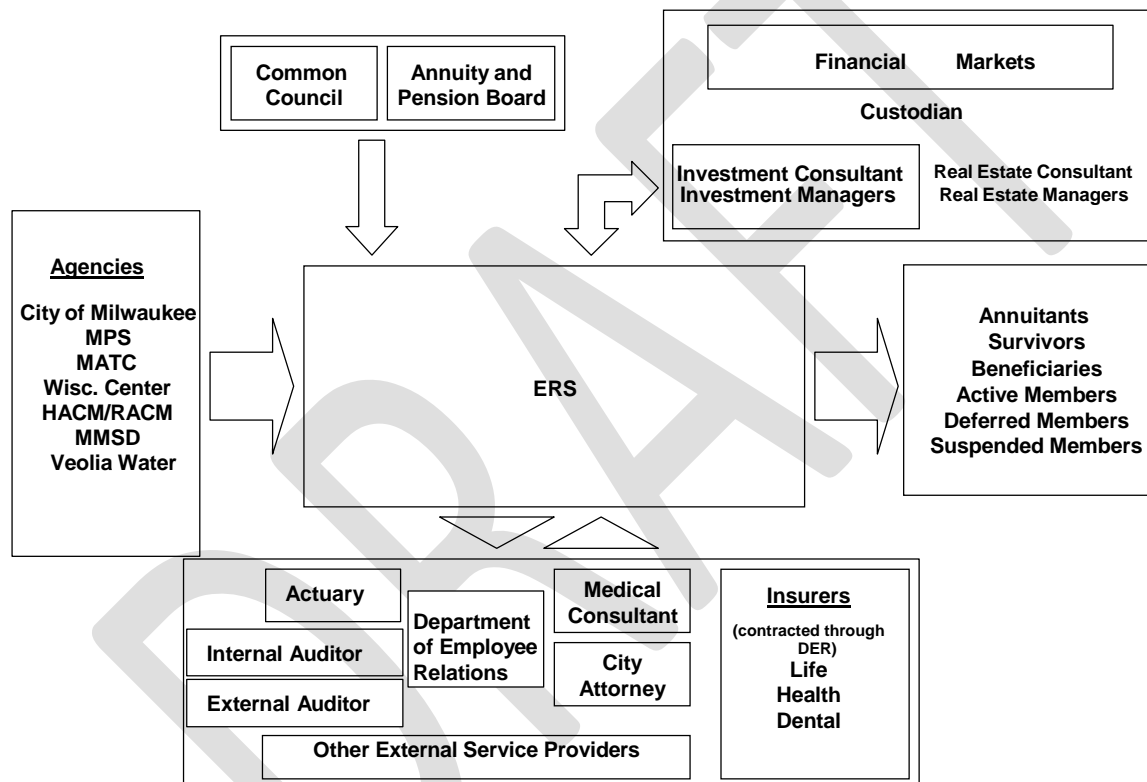
The ERS provides a wide variety of benefits to its members and their beneficiaries, including:

- Service retirement benefits
- Disability retirement benefits
- Separation benefits
- Death benefits
- Survivorship options
- Group life insurance
- Retiree health and COBRA dental insurance programs

The ERS covers approximately 15,000 active and deferred employees from the City of Milwaukee and its participating City agencies. Approximately 14,000 retirees, survivors, and beneficiaries receive monthly pension payments.

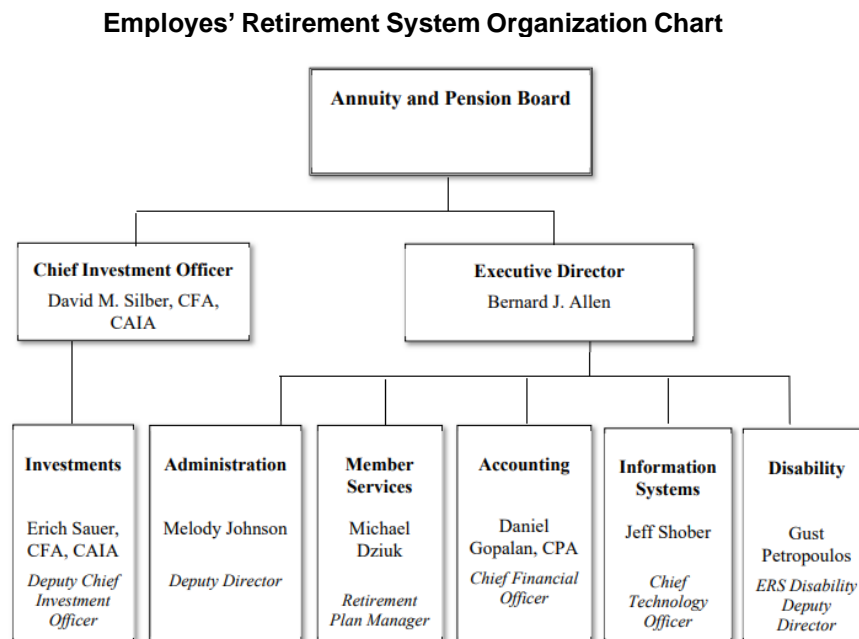
The Board and the Common Council provide oversight of the ERS and help to ensure that the ERS provides an appropriate level of service to its customers. The ERS receives data from six sources, including the City and its agencies. These agencies provide the information required to calculate and administer insurance and pension benefits. The following represents the ERS as an enterprise model:

ERS Enterprise Relationship Model



1.4 Current Organization

The ERS executive-level organization chart follows:



1.5 Current Operations

1. The ERS utilizes a custom comprehensive pension administration software system called, MERITS (Milwaukee Employees' Retirement Information Technology System).
2. The assets that the ERS manages consist of fixed income and equity investments (including private equity and hedge funds), real estate, index funds, infrastructure and cash equivalents.
3. All investment decisions are made by outside investment managers subject to written objectives and guidelines as established by the Board.
4. The custodian of the ERS' fund assets is the Northern Trust Company, Chicago, Illinois.
5. The ERS demand deposit accounts are maintained through Wells Fargo Bank, N.A., Milwaukee, Wisconsin.
6. The ERS' actuary is Cavanaugh McDonald Consulting, Omaha, Nebraska.
7. The internal audit firm for the ERS is CliftonLarsonAllen.
8. The City Attorney (an elected official) serves as the statutory legal counsel for the ERS and the Board
9. The most recent financial audit of the ERS was performed during 2022 for the period

ending December 31, 2021, by Baker Tilly Virchow Krause LLP. The ERS received an unqualified audit opinion.

Many detailed documents about the ERS are available on our website www.cmers.com, including copies of the 2021 financial statements and audit report, governing regulations, meeting minutes and board rules.

1.6 Description of ERS Records

1. The ERS maintains its financial records on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).
2. The ERS utilizes Sage 300, general ledger accounting software to maintain financial records.
3. Member records are being stored in an electronic format within MERITS.
4. The ERS processes the pension payroll using MERITS.
5. Custodian investment statements and transaction reports are available on-line or in printed form.

1.7 ERS Provided Assistance

1. All financial statements will be prepared by the ERS in accordance with GAAP as set forth by GASB and any other applicable pronouncements of accounting standard setting bodies. The ERS shall prepare the necessary notes, schedules and exhibits to the financial statements that provide for adequate disclosure as required by generally accepted governmental accounting principles and standard setting bodies.
2. ERS submits its Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers' Association for consideration of the Certificate of Achievement in Financial Reporting Program. This award requires ERS to go above and beyond the minimum requirements of GAAP and GASB. For more information about the Certificate, please see <https://www.gfoa.org/coa-award>.
3. Staff of the ERS will assist in preparing all necessary documenting worksheets and schedules for the auditor's consideration. The auditors will have use of the ERS staff for typing of confirmations and representation letters and also access to equipment for photocopying of documents. The ERS also agrees to provide office space, computer time and material during the engagement fieldwork.
4. The City Attorney will provide letters concerning contingent liabilities and potential litigation. In the event the Board has engaged outside counsel for legal representation, the Board's outside counsel will provide a response to the audit firm's request for litigation disclosure.

2 Scope of Work

1. A financial and compliance audit for the years ending December 31, 2023 through December 31, 2027, with the purpose of expressing an opinion of the Board with respect to the financial statements and all notes is required. The audit opinions are to be delivered to the Board within 60 days of completion of audit fieldwork or at a later date by mutual agreement. Audit fieldwork shall commence within 30 days of the ERS notifying the audit firm of completion of statements but not before April 16th following the year of examination or at a later date by mutual agreement.
2. The examination shall be conducted in accordance with generally accepted governmental auditing standards and include such tests and other auditing procedures that the auditor deems necessary under the circumstances.
3. The examination shall include a review of the ERS's actuarial report including testing of actuarial assumptions for reasonableness.
4. The audit shall include procedures to test compliance with legal requirements imposed by statute, ordinance, resolution and contract. Such tests will be sufficient to determine whether the ERS is in conformance with significant compliance requirements that could have a material effect upon the ERS' financial position.
5. The audit shall include an evaluation of the ERS internal controls to assess the extent the controls can be relied upon to ensure accurate information and compliance with laws and regulations. Specific areas to be reviewed include agency contributions, member document completeness, payroll processing, benefit calculations, retro calculations and any other areas the auditor feels are sensitive to internal control issues.
6. The audit firm shall retain work papers and reports for a minimum of three years from the conclusion of the audit engagement or longer if requested by the Board. The audit firm shall make work papers available to the Board and the ERS upon request.
7. The audit firm shall respond to reasonable inquiries of successor auditors and allow successor auditors to review work papers relating to matters of continuing significance.
8. The audit firm shall provide assistance to the ERS for application of GASB 67 and 68 and all current and relevant GASB Statements.
9. The audit firm shall annually provide the ERS a minimum of eight hours of accredited continuing professional education to the ERS staff subject to review and approval of the Chief Financial Officer by January 31st of each year.
10. The audit firm shall be available for technical advice on matters related to the financial statements prepared by the ERS.

11. The audit firm shall conduct audit entrance and exit conferences with the ERS to discuss audit approach and any subsequent findings and recommendations. Information regarding audit adjustments will be brought to the attention of management prior to the exit conference. At the conclusion of the audit, the ERS staff will review draft copies of the required reports before such reports are presented to the Board.
12. At the conclusion of the audit and within 60 days of completion of audit fieldwork or at a later date by mutual agreement, a representative of the audit firm shall appear before the Board to present the audited financial statements and audit report.
13. The audit report should be issued within six months of ERS' fiscal year-end, which is December 31st.

2.1 Deliverables

The ERS is seeking a Vendor that will perform its duties under the negotiated agreement with the care, skill, prudence and diligence under the circumstances then prevailing; all in accordance with applicable federal and state law, and the ERS policies, guidelines and procedures. In consideration of the above, the Vendor shall perform such work as is required to accomplish the following general objectives:

1. For the years ending December 31, 2023 through December 31, 2027, conduct an annual audit of each of the ERS-prepared Statements of Fiduciary Net Position and the related Statements of Changes in Fiduciary Net Position, including footnote disclosures and supplementary information for each year end.
2. For the years ending December 31, 2023 through December 31, 2027, issue a standalone audited opinion on the Schedules of Employer Allocations and Pension Amounts by Employer, and the accompanying Notes to the Schedules of Employer Allocations and Pension Amounts by Employer.
3. Conduct each audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.
4. Express an opinion as to whether all "Required Supplementary Information" and supporting schedules and exhibits as prescribed by the GASB or any other accounting standard setting body is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole is required. Required Supplementary Information may include but is not limited to the Schedule of Changes in the Net Pension Liability, Schedules of Net Pension Liability and Investment Returns, Schedule of Employer Contributions and Notes to the Required Supplementary Information. Supporting schedules may include but are not limited to the Schedule of Administrative Expenses, Schedule of

Investment Expenses, Schedule of Payments to Consultants and various reports concerning investment activities and policies, asset allocations, actuarial information, and other statistics. This report is due at the completion of the audit and before report presentation to the Board as specified in Section 2.

5. Express an opinion in writing, on each set of the ERS-prepared financial statements listed above, at the conclusion of each audit on their conformity with accounting principles generally accepted in the United States of America.
6. A management letter summarizing audit findings and recommendations affecting the financial statements, internal controls, accounting and accounting systems is required. This report is to be addressed to the Executive Director and delivered to the ERS prior to report presentation to the Board as specified in Section 2.
7. Printed and bound copies (35 copies) of the ERS' general purpose financial statements with audit report are to be delivered to the ERS prior to report presentation to the Board as specified in Section 2.

3 RFP Evaluation Process

3.1 Selection Process

All proposals will be evaluated by the Board to determine the extent to which a proposal meets the ERS' and Annuity and Pension Board requirements set forth above. This assessment will also include an evaluation of the cost proposal.

The ERS may require oral presentations in person or by telephone. Proposals should be complete on their face. The ERS reserves the right to request clarifying information at any point.

3.2 Evaluation Team

The Annuity and Pension Board and/or its designees will review, evaluate and verify information submitted by Proposers. The Board will review the RFP submittals in accordance with the submittal requirements and evaluation criteria set forth below. The Board will evaluate all proposals and make a final selection and recommend that the executive director begin negotiating a contract.

3.3 Questions

Any questions concerning this RFP may be submitted by e-mail to Mary Turk at RFP@cmers.com. The deadline for questions is 4:45 P.M., CST, on Monday, November 7, 2022. The ERS will transmit responses via e-mail to questions received for Proposers who have acknowledged an interest in responding to this RFP by 4:45 P.M., CST on November 14, 2022. Proposer may not rely on any representations from the ERS or Annuity and Pension Board members other than the responses provided through the above-described procedure.

3.4 Calendar of Events

<u>Event</u>	<u>Date</u>
• Advertise Search*	October 31, 2022
• Issue RFP*	October 31, 2022
• Questions to the ERS	November 7, 2022
• Response to Questions	November 14, 2022
• Proposal Submittal	November 23, 2022
• Board Presentation *	December 15, 2022
• Selection of Vendor*	December 15, 2022
• Contract or hire date	As Soon as Possible

* Indicates proposed tentative schedule

Procurement Modification

The ERS reserves the right to change the Calendar of Events or modify any part of the procurement process, prior to the date fixed for submission of the Proposals, by issuance of an addendum to all participating Proposers. The ERS also reserves the right to cancel or reissue the procurement in whole or in part, and for any reason, at the sole discretion of the ERS at any time prior to execution of a contract. In the event it becomes necessary to revise any part of the procurement, Proposers will be notified via email.

3.5 Proposal Evaluation

The Annuity and Pension Board will evaluate all submitted proposals along the following criteria including, but not limited to:

- Proposer experience and references 40%
- Approach, work plan, presentation 30%
- Cost 30%

4 Proposal Requirements

The emailed response to the proposal (formatted for standard 8 1/2" x 11" letter-size paper) will contain, at a minimum, the following sections:

A. Letter of Transmittal

The letter of transmittal should briefly and concisely (limited to two pages) state the proposer's understanding of the work to be performed. The letter should make a commitment to meet the time frame suggested and include the names of those authorized to make representations on behalf of the proposer and the all inclusive maximum contract fee for which this work will be performed.

B. Title Page

The title page should include "Request for Proposal – Employees' Retirement System, 2023-2027 Audits", proposal date, the name of the proposer's firm, local address, telephone number, contact person and effective period of the proposal.

C. Table of Contents

The table of contents should include a clear identification of the material presented according to section and page number.

D. General Proposal Contents

(As detailed in Section 5 below)

A copy of the proposal should be e-mailed to Mary Turk at RFP@cmers.com.

The Annuity and Pension Board reserves the right to accept any submittal and/or any part or parts thereof and/or reject any or all submittals. The Annuity and Pension Board will be the sole judge as to compliance with the instructions contained in this RFP. The ERS reserves the right to seek clarification of submitted information during the evaluation process including, but not limited to, Proposer financial stability, Dun & Bradstreet reports, pending or current lawsuits, previous engagement experience, and results of past awards to the Proposer by the ERS and/or the City of Milwaukee.

The ERS reserves the right to retain all proposals and accompanying documentation submitted and to use any ideas contained in proposals regardless of whether that proposal is selected. Proposals retained shall become the property of the ERS and will not be returned. Submission of a proposal constitutes acceptance of all conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed and expressly accepted in the subsequent contract between the firm and the ERS.

5 General Proposal Contents

The proposals will consist of two parts, a proposal and a cost proposal. The required content is described below.

5.1 Proposal Content Details

All proposals will comply with the requirements identified in this document. Although Proposers are encouraged to provide any information that may be pertinent to their ability to meet the ERS' needs, generic boilerplate is discouraged.

5.1.1 Proposer Overview

Proposers will describe their history, scope of operations, organization, size, and any other relevant information that the Proposer chooses to include. At a minimum, the Proposer will provide basic information about its organization, including:

- name of firm and ownership structure (Partnership, Sole-proprietorship, corporation, etc.)
- number of years in business;
- nature of business/ scope of services offered;
- headquarters location;
- location from which the project described in the proposal will be staffed and managed;
- number of full-time employees, contract employees, and total employees.

Also complete Appendix B: Proposer Information Worksheet

5.1.2 Proposer Requirements

Proposers will summarize their understanding of the requirements set forth in this RFP, describe their proposed approach to satisfying the ERS' conditions and requirements, and present a work plan and schedule for the proposal.

Proposers will clearly identify and describe any and all assumptions made in preparing their proposal.

5.1.3 Project Organization and Staffing

Proposers will describe their staffing based on the project approach and work plan described in their proposals. Proposers will address the following:

- 5.1.3.a. Describe their governmental practice and list major governmental clients, locally, regionally, and nationally.
- 5.1.3.b. Indicate which services are specialties or areas of greatest expertise, and describe how expertise is maintained and expanded.
- 5.1.3.c. Describe ability to research various technical questions related to investment accounting treatments of new and/or complex investment instruments.

- 5.1.3.d. State size of firm, size of firm's audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement.
- 5.1.3.e. Indicate the following about each anticipated assigned staff: if registered or licensed to practice as a certified public accountant in Wisconsin; experience and proficiency in financial audits of public pension fund investment activities and government financial statement reviews.
- 5.1.3.f. Provide resumes of all staff to be assigned to this engagement.
- 5.1.3.g. Describe their public positions on emerging and key FASB, GASB, AICPA, or other pertinent legislative initiatives affecting the ERS that could be viewed as significant and/or controversial to the environment in which the ERS operates (discuss and provide examples of publications it has published in these areas).
- 5.1.3.h. Discuss their ability to provide advice and consulting services regarding international tax issues (such services would be provided on an as-needed basis and would be separately reimbursed).
- 5.1.3.i. Discuss their ability to provide ongoing educational materials and opportunities to its clients regarding key FASB, GASB, or other pertinent issues.
- 5.1.3.j. Provide their most recent PCAOB inspection report.

5.1.4 Engagement Management

The ERS Chief Financial Officer will serve as the contact for audit requests and ensure the successful Proposer receives complete and timely information. Proposers will address the following:

- 5.1.4.a. Outline their basic audit approach and areas of audit emphasis.
- 5.1.4.b. Outline their planning approach, including time frames for planning, discussion items, interim control testing, etc.
- 5.1.4.c. Document the role that the partner(s) play during the planning phase to ensure that the financial reporting model and basic financial statement content is addressed prior to fieldwork.
- 5.1.4.d. Describe their process for independently valuing investments, including alternative asset classes.
- 5.1.4.e. Provide proposed engagement letters.

5.1.5 Client Relationships and References

Proposer will describe (1) the types of clients with which it conducts the majority of its business, (2) its goal(s) in servicing its clients and (3) the type of relationship it prefers to have with its clients. Proposers will submit the names of at least three references. References will be persons with substantial knowledge of the Proposer's performance on projects that are similar in scope to the Proposer's proposal, and who do not have any financial interest in the Proposer. Appendix C contains a reference form indicating the minimum required information.

5.1.6 Independence and Conflicts of Interest

Proposer will address the following:

- 5.1.6.a Answer if the firm is independent of the ERS as defined by generally accepted auditing standards and Government Auditing Standards.
- 5.1.6.b. Explain in detail any potential for conflict of interest which would be created by its representation of the ERS.
- 5.1.6.c. Include any activities of affiliated or parent organizations as well as other client relationships which may inhibit services to the ERS.
- 5.1.6.d. Indicate for each staff that will be planning, directing, conducting and reporting on these projects whether they are free from personal or external impairment to independence.

5.1.7 Pending Litigation or Other Disciplinary Actions

Proposer will answer the questions in the following section require a yes, no or N/A response. If the answer is yes, Proposer will provide an explanation and/or indicate the current status.

- 5.1.7.a Has there been any significant litigation against your firm in the past three years?
- 5.1.7.b. Is there any current litigation against your firm pending?
- 5.1.7.c. Were there material issues raised in the firm's most recent external quality control review?
- 5.1.7.d. Has there been any inquiry or investigation related to your firm by governmental or professional authorities in the past three years?
- 5.1.7.e. Has any disciplinary action been taken against the firm during the past three years by state regulatory bodies or professional organizations?

5.1.7.f. Is there currently any disciplinary action pending against the firm by state regulatory bodies or professional organizations?

5.1.8 Exceptions to RFP Requirements

List any exceptions to the specifications included in this RFP and provide alternative language. Failure to list exceptions will be construed as acceptance of the specification(s) should a contract be awarded.

5.1.9 Disclosure of Proposal Information

All information concerning the proposals and the evaluation process will become part of the public record at the time that the notice(s) of award is issued. Any restrictions on the use of the data contained in a Proposer's response to this RFP must be clearly stated per Appendix D, Designation of Confidential and Proprietary Information. Proprietary information submitted in response to this RFP will be handled in accordance with the Wisconsin Public Records Law."

5.2 Cost Proposal Content Details

The Cost Proposal will be clearly identified on a separate sheet with the words "Cost Proposal" at the top of the page. All-inclusive, guaranteed fixed fees submitted for the proposed contract shall be guaranteed for a period not less than five years from the effective date of the contract.

The Cost Proposal will provide a total estimated price for all work and all deliverables proposed. The fee for work performed shall be based upon the number of hours proposed at the fixed fee. Advice and services on specific accounting, internal auditing, financial, and other issues are expected to be included as part of the fixed fee and will not be separately reimbursed. Front loading of fees is not permitted. In no case will the negotiated fee for a project be higher than the fee contained in the proposal.

The Cost Proposal shall include attendance costs and the cost of lodging, meals and refreshments provided at any client conferences offered by the contractor and attended by the ERS staff or Board members.

Cost Proposals will conform to the following requirements:

- The Cost Proposal will be signed by an officer authorized to commit to the Proposal.
- The Proposer should provide a detailed description of its cost proposal for its services.

The Proposer should ensure that the cost information presented is complete and all-inclusive.

6 Miscellaneous

6.1 Contract for Services

The selected Proposer will be expected to execute a contract for services with the ERS. The Proposer's proposal and this RFP will be attachments to the contract for services. Any situations of conflicting language will be governed by the following priorities:

- Contract for services
- Proposer's proposal
- This RFP

A sample contract is attached as Appendix E.

6.2 Proof of Insurance

The Successful Proposer shall, at its own expense, obtain and keep in force insurance coverage which shall be maintained in full force and effect during the term of the contract. The successful Proposer shall furnish evidence in the form of a Certificate of Insurance, and a copy shall be forwarded to the Agency within fifteen (15) days of the notification as the Successful Proposer. A contract with the Successful Proposer will not be executed until insurance coverage has been verified. A Certificate of Insurance shall be forwarded to ERS annually.

7 Indemnification and Insurance Requirements

7.1 Indemnification

Notwithstanding any references to the contrary in the contract documents, the CONTRACTOR will assume full liability for all of its acts in the performance of the Contract. The CONTRACTOR will save and indemnify and keep harmless the Employees' Retirement System of the City of Milwaukee, the Annuity and Pension Board, their staffs, present and former employees, officers and directors against all liabilities, judgments, costs, and expenses which may be claimed against the ERS in consequence of the granting of the Contract to the CONTRACTOR, or which may result from negligence and/or willful acts of the CONTRACTOR, or the agents, employees or workmen of the CONTRACTOR in any respect whatever. If judgment is recovered, whether in suits of law or in equity, against the ERS by reason of the negligence and/or willful acts or by acts of commission of the CONTRACTOR, such persons, firms or corporations carrying out the provisions of the Contract for the CONTRACTOR, the CONTRACTOR assumes full liability for such judgment not only as to the amount of damages, but also the cost, attorneys fees or other expenses resulting there from.

7.2 Insurance Requirements

Contractor and its subcontractor will verify that the following types and amounts of insurance coverage are in effect. In the absence of the required insurance coverages, the contractor and its subcontractor will provide proof that it has the financial ability to respond for all loss and expense costs which arise from or are connected with claims of tort, statutes and benefits under the State of Wisconsin Workers' Compensation Law and/or vicarious liability for employees.

Certificates of insurance which verify that the following coverages are in effect will be provided prior to the start of the project and annually thereafter.

Types of Coverage

Coverage Amounts

Workers' Compensation and Employers' Liability:

Bodily Injury by accident	Each accident	\$100,000
Bodily Injury by disease	Each employee	\$100,000
	Policy limit	\$500,000

To Include:

Other states coverage.

General Liability:

Bodily Injury/Property Damage	Each occurrence	\$1,000,000
	Each aggregate	\$1,000,000
	Products/completed operations aggregate	\$1,000,000

Personal Injury	Aggregate	\$1,000,000
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To Include:

Personal Injury form should include libel, slander, discrimination, invasion of the right of privacy, humiliation, mental anguish and emotional distress. Contractual liability for risks assumed in the agreement.

Automobile Liability:

Bodily Injury/Property Damage	Each accident	\$1,000,000
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To Include:

Coverage is to apply for the operation of any vehicle.

Umbrella Liability:

Bodily Injury/Property

Damage/Personal Injury	Each occurrence	\$5,000,000
	General aggregate	\$5,000,000
	Products/completed operations aggregate	\$5,000,000

Professional Liability:

Wrongful Act	Each claim	\$15,000,000
	Aggregate	\$15,000,000

To Include:

If the policy provides claims made coverage, contractor shall certify that the retroactive date will not change during the term of the contract or will warrant that the extended reporting period option will be exercised without cost to the ERS if the retro date is changed.

- Contractor must warrant that evidence of professional liability coverage will be provided ERS during the term of the contract and for three years after the end of the contract.
- ERS is to be an additional insured with respect to all of the proceeding coverage except Workers; Compensation, Employer's Liability and Professional Liability.
- Insurance certificates shall be in the Industry Standards Accord form.
- Certificates should confirm that 90 days written notice will be provided to the ERS prior to termination, non-renewal or modification in the terms of the coverage.
- All policies must be issued by insurance companies whose A.M. Best rating is A-VIII or higher.
- Additional insured status under the General Liability, Workers's Compensation and Umbrellas Liability shall be primary and non-contributory with regard to ERS.
- The General Liability, Automobile Liability, Workers's Compensation and Umbrellas Liability shall contain a waiver of subrogation in favor of ERS.

8 Other Requirements

A. Conflict of Interest

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

The PROPOSER covenants that it 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 its services if a contract is awarded to PROPOSER. The PROPOSER further covenants that in the performance of the contract, no person having any conflicting interest shall be employed. An interest on the part of the PROPOSER or its employee must be disclosed to the ERS.

B. Audit

At any time during normal business hours and as often as the ERS, or if federal or state grants or aids are involved, as the appropriate federal or state agency may deem necessary, there shall be made available to the ERS or such agency for examination all of its records with respect to all matters covered by the contract, and PROPOSER shall permit the ERS to audit, examine and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by the contract, if the contract is awarded to PROPOSER.

C. Public Records Law

PROPOSER understands that the ERS is bound by the Wisconsin Public Records Law, and as such, all of the terms of the RFP, proposal, and the contract awarded to the successful PROPOSER are subject to and conditioned on the provisions of Wis. Stats. sec. 19.21 et. seq. PROPOSER acknowledges that it is obligated to assist the ERS in retaining and producing records that are subject to the Wisconsin Public Records Law, (including, but not limited to any records produced or collected by PROPOSER under this Agreement, pursuant to Wis. Stats. §19.36(3)), and that the failure to do so shall constitute a material breach of the contract, and that the PROPOSER must defend and hold the ERS harmless from liability due to its fault under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years.

D. Choice of Law/Venue

The contract awarded to the successful PROPOSER, and all questions arising in

connection with such contract 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 the contract 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.

E. Prompt Payment Policy

It is the ERS's policy to pay all invoices within 30 days. If the ERS does not make payment within 45 days after receipt of properly completed documentation supporting payment, the ERS shall pay simple interest beginning with the 31st calendar day at the rate of one percent per month (unless the amount due is subject to a good-faith dispute, and, before the 45th day of receipt, notice of the dispute is sent to the contractor in accordance with the notice provisions in the contract). If there are subcontractors, consistent with s. 66.0135(3), Wis. Stats., the prime contractor must pay the subcontractors for satisfactory work within seven days of the prime contractor's receipt of payment from the ERS, or seven days from receipt of a properly submitted and approved invoice from the subcontractor, whichever is later. If the prime contractor fails to make timely payment to a subcontractor, the contractor shall pay interest at the rate of 12 percent per year, compounded monthly, beginning with the 8th calendar day.

9 Organization of Proposal Submittal

- Letter of Transmittal
- Title page
- Table of contents
- Proposer Overview (include Appendix B)
- Proposer Requirements
- Project Organization and Staffing
- Engagement Management
- Client Relationships and References (include Appendix C)
- Independence and Conflicts of Interest
- Pending Litigation or Other Disciplinary Actions
- Cost Proposal
- Designation of Confidential and Proprietary Information form, if desired (see Appendix D)

10 Proposal Submission

The proposal will be submitted in PDF format via email no later than **4:45 P.M., C.S.T., on Wednesday, November 23, 2022:**

RFP@cmers.com

Employees' Retirement System
City of Milwaukee
789 N Water Street, Suite 300
Milwaukee, Wisconsin 53202

Appendix A: ERS Member Handbook

The ERS Member Handbook may be found on the ERS website at:

www.cmers.com

Click “Library”

Under “Member Handbook”

Click on “Read More”

Click “Member Handbook”

Appendix B: Proposer Information Worksheet

1. Company name: _____
Street address: _____
City: _____ State: _____ Zip code: _____
FEIN number: _____
Telephone: () _____ FAX: () _____
Toll-free telephone: () _____

2. Contact Person For Questions About Your Proposal
Name: _____ Title: _____
Telephone: () _____ Fax: () _____
Email: _____

3. Form of Business or Organization
Check (X) applicable category and complete supplementary information if required.
Sole proprietorship _____ Partnership _____
Non-profit _____ Government _____
Corporation _____ State of incorporation: _____
Subsidiary _____ Of whom: _____

4. Size of Business
Submit audited annual financial statement for most recent year.
Annual gross revenues: \$ _____
Annual net revenues: \$ _____
Primary Sources of Revenues (type of service): _____

5. Special Business Status

Check (X) applicable category and identify certifying organization.

Not applicable _____

Minority Owned Business Enterprise (MBE) _____

Women Owned Business Enterprise (WBE) _____

Disadvantaged Business Enterprise (DBE) _____

By whom certified: _____

6. Affirmative Action Statement

Proposers may be required to submit an Affirmative Action statement. If such a statement is required, whom in your organization should we contact?

Name: _____ Title: _____

Telephone (____) _____ FAX: (____) _____

Email: _____

Appendix C: Proposers References

Name of Proposer: _____

Provide at least three (3) references for engagements in which your organization and the employees you are proposing were involved. Please use additional space, if required, to adequately complete the below required information.

1. Company or organization: _____

Street address: _____

City: _____ State: _____

Contact person: _____ Title: _____

Telephone no.: (____) _____

Were you a prime contractor? _____ or subcontractor? _____

If you were not prime, who was? _____

Description of engagement: _____

Services furnished: _____

Assigned personnel (name, role): _____

2. Company or Organization: _____

Street address: _____

City: _____ State: _____

Contact person: _____ Title: _____

Telephone no.: (____) _____

Were you a prime contractor? _____ or subcontractor? _____

If you were not prime, who was? _____

Description of engagement: _____

Services furnished: _____

Assigned personnel (name, role): _____

3. Company or Organization: _____

Street address: _____

City: _____ State: _____

Contact person: _____ Title: _____

Telephone no.: (____) _____

Were you a prime contractor? _____ or subcontractor? _____

If you were not prime, who was? _____

Description of engagement: _____

Services furnished: _____

Assigned personnel (name, role): _____

Appendix D: Designation of Confidential and Proprietary Information

Please note: prices always become public information when proposals are opened, and therefore, cannot be kept confidential.

The attached submitted material includes proprietary and confidential information that qualifies as a trade secret, as provided in Section 19.36(5), Wisconsin Statutes, or is otherwise material that can be kept confidential under the Wisconsin Open Records Law. As such, we ask that certain pages, as indicated below, of this proposal be treated as confidential material and not be released without our written approval.

Other information cannot be kept confidential unless it is a trade secret. Trade secret is defined in Section 134.90(1)(c), Wisconsin Statutes, as follows: "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process to which all of the following apply: 1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. 2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

We request that the following pages not be released: (indicate section, page number, and topic). _____

In the event the designation of confidentiality of this information is challenged, the undersigned hereby agrees to provide legal counsel or other necessary assistance to defend the designation of confidentiality.

Failure to include this form in the proposal may mean that all information provided as part of the proposal will be open to examination and copying. The City considers other markings of confidential in the proposal document to be insufficient. The undersigned agrees to hold the City harmless for any damages arising out of the release of any materials unless they are specifically identified above.

Company name: _____

Authorized representative: _____
signature

Authorized representative: _____
printed

Date: _____

IT Projects and Ticket Statistics

- Major Projects/Initiatives:
 - System Galaxy Security System Upgrade (In Progress)
 - VMware Workspace ONE Implementation (In Progress)
 - Titan Content Manager Upgrade (In Progress)
 - Tracker/Serena Business Manager/Solutions Business Manager Upgrade (In Progress)
 - VMware Upgrade (In Progress)
 - Server Firmware Upgrade (In Progress)
 - IP Address Review and Cleanup – 2021 (Completed)
 - DNS Review and Cleanup – 2021 (Completed)
 - AD Review and Cleanup – 2021 (Completed)
 - Firewall Review and Cleanup – 2021 (Completed)
 - Backup Exec Upgrade (Completed)
 - Altiris/Symantec IT Management Suite Upgrade (Completed)
 - UPS Systems Upgrade (Completed)
 - Upgrade Struts and Modernize MERITS Website (In Progress)
 - FileNet P8-WebSphere Application Server Upgrade (In Progress)
 - MERITS-WebSphere Application Server Upgrade (In Progress)

Application Statistics

Category	High Priority	Low Priority	Total
Current Inventory	5	0	5
PIR's	1	0	1
CCR's	4	0	4
Pending/Hold	0	0	0
Deployed(Awaiting Next stage) /Ready for Production	0	0	0
Net Current Inventory	5	0	5

Portfolio as of September 14, 2022

Project Health	% Work Complete	Priority	Complexity (S / M / L)	Project Name	Project Mgr	Description	Strategic Goal	Status	Additional Vendor Required: Y/N	Actual Start Date	Target Completion Date	Estimates (Hours)	Actuals (Hours)	Hours Variance = Estimates - Actuals
G	70%	1	M	FileNet - WebSphere Application Server & FileNet P8 Patching @	Manchu	Periodic Security Patches and Fixes	G1	IP	N	4/1/22	10/30/22	100	80	20
G	97%	2	M	Upgrade VMware Environments @	Zampino	Upgrade VMware Environments to Latest Stable Version	G1	IP	N	6/30/22	9/30/22	100	27	74
G	15%	3	M	Implement VMware Workspace ONE for MDM @	Zampino	Implement Mobile device management system	G1	IP	N	7/27/22	11/30/22	200	10	190
G	1%	4	M	TitanCMS Upgrade for CMERS.com @	Zaffiro	Upgrade Website management system	G1	IP	Y	8/1/22	1/31/23	100	1	100
G	40%	5	M	Upgrade Tracker/ Serena Business Manager @	John	Upgrade Ticket management system	G1	IP	N	7/31/22	1/31/23	40	11	30
G	20%	6	M	Upgrade System Galaxy Security System @	Zampino	Upgrade Physical access security system	G1	IP	Y	7/31/22	1/31/23	100	3	97
G	35%	7	M	MERITS - WebSphere Application Server Patching @	Manchu	Periodic security patches and fixes	G1	IP	N	8/1/22	10/31/22	100	30	70
G	25%	8	L	Upgrade Struts and Modernize MERITS Website	Manchu	Upgrade Struts framework and Modernize MERITS Web Application	G1	IP	N	6/10/21	3/29/24	18,850	6,509	12,341

Green = On Target / No Significant Issues / All Updates Approved

Yellow = On Watch List – Issues Being Addressed

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

@ = Activity (no charter)

NS = Not Started

IP = In Process

OH = On Hold

C = Completed

Completed Projects & Tasks in Last 12 Months	Finished	Hours
MERITS - WebSphere Application Server Patching @ (Manchu)	7/30/2021	36 hours
Planet Press Upgrade @ (John)	8/30/2021	31 hours
VMware Upgrade @ (Zampino)	9/22/2021	13 hours
Investigate & Implement Multi-Factor Authentication @ (Zampino)	11/10/2021	129 hours
MERITS & FileNet Databases Patching @ (John)	11/10/2021	48 hours
WUG Upgrade @ (John)	11/4/2021	6 hours
Symantec Endpoint Protection Upgrade @ (Zampino)	11/30/2021	15.50 hours
Upgrade Desktop PC's @ (Powell)	12/11/2021	101 hours
Implement Security Incident and Event Mgmt Capabilities @ (Zampino)	1/28/2022	99 hours
Upgrade Printer Firmware @ (Powell)	2/15/2022	13 hours
Upgrade Perforce @ (John)	2/11/2022	18 hours
DR Test - 2021 @ (Siddiqui)	3/3/2022	12 hours
POC - FileNet P8 to IBM BAW Upgrade @ (Manchu)	4/18/2022	227 hours
Vulnerability Assessment @ (Raynal)	3/30/2022	139.8 hours

Completed Projects & Tasks in Last 12 Months	Finished	Hours
Upgrade 789 and RO PC Firmware (Powell)	3/24/2022	24.5 hours
MERITS - WebSphere Application Server Patching @ (Manchu)	4/4/2022	40 hours
Upgrade SAN Firmware and DSM @ (Raynal)	4/26/2022	25 hours
Upgrade Network Infrastructure Firmware/OS @ (Powell)	5/12/2022	80 hours
Upgrade SentryOne @ (John)	5/18/2022	23 hours
Upgrade SQL LiteSpeed @ (John)	6/16/2022	29 hours
Upgrade Altiris/Symantec IT Management Suite @ (John)	6/29/2022	63 hours
Upgrade SQL LiteSpeed @ (John)	6/16/2022	29 hours
Upgrade Altiris/Symantec IT Management Suite @ (John)	6/29/2022	63 hours
IP Address Review and Cleanup 2021 @ (Zampino)	7/7/2022	6.5 hours
DNS Review and Cleanup 2021 @ (Zampino)	7/29/2022	7.8 hours
AD Review and Cleanup 2021 @ (Zampino)	7/27/2022	23.8 hours
Firewall Review and Cleanup 2021 @ (Zampino)	7/7/2022	3.8 hours
Upgrade Backup Exec and Agents @ (John)	8/11/2022	177 hours
Upgrade Server Firmware @ (Zampino)	9/13/2022	5.5 hours

Organizational/Personnel Update

Administration and Operations Committee

Wednesday, September 21, 2022

ERS is working with DER to fill the following positions:

- Benefit Services Coordinator
- Lead Disability Specialist
- ERS Systems Administrator