



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

April 11, 2024

Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that a Meeting of the Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board of the Employees' Retirement System has been scheduled for **Wednesday, April 17, 2024 at 9:00 a.m.** *Special Notice: 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. Approval of Peraton Contract Amendment.
- II. Approval of Draft ERS 2025 Budget.

Sincerely,

A handwritten signature in black ink that reads "Bernard J. Allen". The signature is fluid and cursive, with the first name being particularly prominent.

Bernard J. Allen
Executive Director

BJA:jmw

**FOURTH AMENDMENT TO THE CONTRACT BETWEEN
THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
AND
PERATON STATE & LOCAL INC.**

THIS FOURTH AMENDMENT ("Fourth Amendment") to the Contract ("Contract") between the Employees' Retirement System of the City of Milwaukee (ERS) and Peraton State & Local Inc., previously known as Perspecta State & Local Inc., ("CONTRACTOR") is made effective July 1, 2024.

WHEREAS, On July 1, 2016, the ERS and CONTRACTOR entered into the Contract, which was subsequently amended in the First, Second and Third Amendments, and

WHEREAS, since the execution of the Third Amendment, effective July 1, 2019, CONTRACTOR completed a merger and is now named Peraton State & Local Inc.

WHEREAS, ERS and CONTRACTOR desire to amend the Contract term for an additional five years (5 years).

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

1. The term of the Contract, as set forth in the paragraph entitled "TIME OF PERFORMANCE" is amended to read: "July 1, 2016 through June 30, 2029."
2. Any and all confidentiality agreements entered into pursuant to paragraph 17 and Exhibit B are hereby extended until June 30, 2029.
3. The compensation amount set forth in the paragraph entitled "TOTAL AMOUNT OF SERVICES" is amended to read "Maximum Amount of Compensation Not to Exceed Six million four hundred twenty-five thousand four hundred thirty-five dollars (\$6,425,435)" utilizing the rates attached to this Amendment as Exhibit A.
4. The Prompt Payment Policy as stated in Section 5. B. of the Contract is amended to provide as follows:

PROMPT PAYMENT POLICY. ERS strives to make timely payment on all invoices. Payment to CONTRACTOR will be deemed timely if the payment is mailed, delivered, or transferred within 30 calendar days after receipt of a properly completed invoice or receipt and acceptance of service under the contract, whichever is later. If ERS does not make a payment by the 45th calendar day, ERS shall pay simple interest beginning with the 31st calendar day at the rate of 1% per month (unless ERS disputes the amount of the invoice or the performance of the service rendered by CONTRACTOR). Reference Common Council File No. 101137, adopted January 19, 2011. The Parties hereby agree that ERS'

failure to make payment of any undisputed amounts in accordance with this Contract shall constitute a material breach of the Agreement.

5. These changes constitute the entire Fourth Amendment to the Contract. All other covenants, provisions, terms and conditions of the Contract shall remain unchanged.

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

EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE

PERATON STATE & LOCAL INC.

Matthew Bell Date
Chair, Annuity and Pension Board

Name Date
Print name/title: _____

Bernard J. Allen Date
Executive Director, Employees'
Retirement System

COUNTERSIGNED:

Comptroller Date

Approved as to form and execution:

Alexander E. Foundos
Assistant City Attorney Date

Exhibit A

Rates for the Fourth Amendment to the contract between The Employees’ Retirement System of the City of Milwaukee and Peraton State & Local Inc.

Hourly Rates: 2024-2029

| Resource | 2024/25 Bill Rate | 2025/26 Bill Rate | 2026/27 Bill Rate | 2027/28 Bill Rate | 2028/29 Bill Rate |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| MERITS Developer - 2 (Offshore) | \$62.73 | \$63.98 | \$65.26 | \$66.57 | \$67.90 |
| Account Manager | \$206.00 | \$210.12 | \$214.32 | \$218.61 | \$222.98 |
| Technical Consultant - 2 (Contractor) | \$242.00 | \$246.84 | \$251.81 | \$256.81 | \$261.95 |

Employees' Retirement System - City of Milwaukee

Summary of 2025 Draft Budget Request as compared to 2024 Adopted Budget and 2023 Actual Expenditures

| 2023 Actuals | | 2024 Adopted Budget | 2025 Requested Draft | Variance with Current Authority | Primary Details Resulting in Variance to the 2024 Adopted Budget |
|----------------------|-------------------------------------|--------------------------------|---------------------------------|--|--|
| \$ 4,419,587 | Total Salaries | \$ 3,749,620 | \$ 5,344,289 | \$ 1,594,669 | The increase is due to Market Studies completed by DER in 2023 and 2024 |
| 1,858,556 | Fringe Benefits (Budget Rate) | 2,251,055 | 2,404,930 | 153,875 | This line item is dependent on the Salaries Expense. The Budgeted Fringe rate is calculated by the Comptroller's Office. |
| | Operating Expenditures | | | | |
| 194,722 | General Office Expense | 216,000 | 221,000 | 5,000 | Increase based upon 2023 actual costs |
| 7,980 | Other Operating Supplies | 5,000 | 5,000 | - | |
| 594,273 | Facility Rent & Property Services | 662,000 | 669,000 | 7,000 | New lease for Remote office in 2025 |
| 14,713 | Non-vehicle Equipment Rental | 25,000 | 25,000 | - | |
| 9,673,556 | Professional Services | 12,361,000 | 11,895,000 | (466,000) | Less investment mgmt fees due to asset allocation |
| 652,334 | Information Technology Services | 1,533,000 | 1,673,000 | 140,000 | Increase due to replacement cycle of IT hardware |
| 684,950 | Other Operating Services | 1,503,400 | 1,525,400 | 22,000 | Increase due to indirect costs related to Salaries |
| \$ 11,822,527 | Total Operating Expenditures | \$ 16,305,400 | \$ 16,013,400 | \$ (292,000) | |
| | Equipment Purchases | | | | |
| 247,761 | Equipment | 713,000 | 713,000 | - | |
| \$ 247,761 | Total Equipment Purchases | \$ 713,000 | \$ 713,000 | \$ - | |
| \$ 18,348,432 | Total Regular O&M | \$ 23,019,075 | \$ 24,475,619 | \$ 1,456,544 | |
| | Total All ERS | \$ 23,019,075 | \$ 24,475,619 | \$ 1,456,544 | |

**Employees' Retirement System
 Analysis of 2024 Operating Expenditure and Equipment Draft Budget Request as compared to 2023 Authority and 2022 Actual
 Expenditures**

| 2023 Actuals | | 2024 Adopted Budget | 2025 Draft Request | Variance with Current Authority | Primary Details Resulting in Variance to the 2024 Adopted Budget |
|------------------|--|------------------------|-----------------------|------------------------------------|--|
| | General Office Expense | | | | |
| 158,562 | Postage & Mailing | 170,000 | 170,000 | - | |
| 8,130 | Subscriptions, Publications | 16,000 | 16,000 | - | |
| 19,609 | Supplies-Forms | 15,000 | 20,000 | 5,000 | Increase due to prior year actual costs |
| 8,422 | Supplies-Office | 15,000 | 15,000 | - | |
| 194,722 | Total General Office Expense | 216,000 | 221,000 | 5,000 | |
| | Other Operating Supplies | | | | |
| 7,980 | Computer Parts | 5,000 | 5,000 | - | |
| 7,980 | Total Other Operating Supplies | 5,000 | 5,000 | - | |
| | Facility Rent & Property Services | | | | |
| 450,827 | Office Space | 487,000 | 490,000 | 3,000 | New Lease pending for Remote Office in 2025 |
| 89,601 | Telephone | 110,000 | 110,000 | - | |
| 34,344 | Electricity | 32,000 | 35,000 | 3,000 | Increase due to 2023 actual costs |
| 13,800 | Property & Liability Insurance | 15,000 | 16,000 | 1,000 | Increase due to 2023 actual costs |
| 5,701 | Building Machinery Maintenance | 18,000 | 18,000 | - | |
| 594,273 | Total Facility Rental & Property Serv | 662,000 | 669,000 | 7,000 | |
| | Non-vehicle Equipment Rental | | | | |
| 14,713 | Copier-Lease & Repair | 25,000 | 25,000 | - | |
| 14,713 | Total Non-vehicle Equipment Rental | 25,000 | 25,000 | - | |
| | Professional Services | | | | |
| 231,568 | Actuary Services | 125,000 | 125,000 | - | |
| 479,635 | Asset Management | 491,000 | 475,000 | (16,000) | Decrease due to retainer price change, less non-core Real estate fees |
| 169,362 | Audit | 250,000 | 250,000 | - | |
| 300,000 | Custody | 300,000 | 300,000 | - | |
| 6,625 | Memberships | 15,000 | 15,000 | - | |
| 56,626 | City Attorney | 200,000 | 200,000 | - | |
| 7,938,547 | Investment Manager Fees | 10,335,000 | 9,885,000 | (450,000) | Asset allocation from equity to fixed income resulting in less investment fees |
| 40,273 | Legal Services | 115,000 | 115,000 | - | |
| 118,125 | Medical-Council | 145,000 | 145,000 | - | |
| 174,204 | Medical-Exams And Reviews | 200,000 | 200,000 | - | |
| 33,668 | Other Professional Services | 55,000 | 55,000 | - | |
| 124,924 | Reporting Services | 130,000 | 130,000 | - | |
| 9,673,556 | Total Professional Services | 12,361,000 | 11,895,000 | (466,000) | |

**Employees' Retirement System
 Analysis of 2024 Operating Expenditure and Equipment Draft Budget Request as compared to 2023 Authority and 2022 Actual
 Expenditures**

| 2023 Actuals | | 2024 Adopted Budget | 2025 Draft Request | Variance with Current Authority | Primary Details Resulting in Variance to the 2024 Adopted Budget |
|-------------------|--|---------------------|--------------------|---------------------------------|---|
| | Information Technology Services | | | | |
| 601,825 | Systems Support | 1,188,000 | 1,102,000 | (86,000) | Decrease due to Filenet upgrade |
| 39,293 | Software Upgrades & Maintenance | 268,000 | 353,000 | 85,000 | Increase due to software licensing cycle |
| 11,216 | Hardware Upgrades & Maintenance | 77,000 | 218,000 | 141,000 | Increase due to Infrastructure maint. & where we are in the replacement cycle |
| 652,334 | Total Information Technology Services | 1,533,000 | 1,673,000 | 140,000 | |
| | Other Operating Services | | | | |
| 1,118 | Meeting Expenses | 2,000 | 2,000 | - | |
| 5,554 | Board Training | 50,000 | 50,000 | - | |
| 11,465 | Due Diligence | 20,000 | 20,000 | - | |
| 402 | Office Repairs | 5,000 | 5,000 | - | |
| 451,926 | Fiduciary Insurance | 1,023,000 | 1,023,000 | - | |
| 13,936 | Printing Services (MPR) | 18,000 | 18,000 | - | |
| 127 | Pool Autos | 400 | 400 | - | |
| 27,596 | Miscellaneous Services | 30,000 | 30,000 | - | |
| 25,567 | Staff Training | 90,000 | 90,000 | - | |
| 160 | Temporary Services | 60,000 | 60,000 | - | |
| 147,100 | Indirect Cost | 205,000 | 227,000 | 22,000 | This line item is based upon Salaries amount (4.2% of total salaries) |
| 684,950 | Total Other Operating Services | 1,503,400 | 1,525,400 | 22,000 | |
| | Equipment | | | | |
| 247,761 | Equipment | 713,000 | 713,000 | - | |
| 247,761 | Total Equipment | 713,000 | 713,000 | - | |
| 12,070,289 | Grand Total | 17,018,400 | 16,726,400 | (292,000) | |

**Employees' Retirement System - City of Milwaukee
2024 Non-Trust Recommendations for City Budget**

| 2023 Actuals | | 2024 Adopted Budget | 2025 Draft Request | Recommendation Over (Under) Current Authority | |
|---------------------------------------|--------------------|---|-------------------------------|--|-------------------------|
| Non Trust Line Items Estimated by ERS | | | | | |
| \$ | 15,293 | PABF Payroll | \$ 12,000 | \$ 6,000 | \$ (6,000) |
| | 10,000 | PABF Lump-Sum Supplement Contribution | 2,000 | 1,000 | \$ (1,000) |
| | 100,000,000 | Employers' Retirement Fund - Employer's Pension Contribution* | 205,410,000 | | \$ (205,410,000) * |
| | 3,951,098 | Group Life Insurance Premium | 4,200,000 | 4,200,000 | \$ - |
| | 18,000 | Retirees' Benefit Adjustment Fund | 25,000 | 18,000 | \$ (7,000) |
| \$ | 103,994,391 | Total Non ERS Estimates | \$ 209,649,000 | \$ 4,225,000 | \$ (205,424,000) |

* Pending Actuarial Valuation to be adopted in June 2024

Employees' Retirement System - City of Milwaukee

Summary of 2025 Draft Budget Request as compared to 2024 Adopted Budget and 2023 Actual Expenditures

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