

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD**

Minutes of the Investment Committee Meeting
Held May 26, 2016

The meeting was called to order at 9:05 a.m.

Committee Members Present: John Barmore
 Karen Ellenbecker
 Larry Holland
 Tom Klusman
 Rudy Konrad
 Martin Matson
 Gerald Pace
 Carmelo Patti
 Gust Petropoulos
 Michael Murphy, Chair

Committee Members Not Present: Mark Nicolini (arrived 9:07 a.m.)

ERS Staff Present: Bernard J. Allen, Executive Director
 David Silber, Chief Investment Officer
 Erich Sauer, Pension Investment Analyst
 Tom Courtright, Pension Investment Analyst
 Matthew Ogren, Pension Investment Intern
 Jan Wills, Board Stenographer

Others Present: John Jackson, Mike Joecken and John Piron, Callan Associates.

Election of Vice Chair. Mr. Murphy called for nominations for Vice-Chair. It was moved by Mr. Barmore and seconded by Mr. Holland to nominate Mr. Petropoulos for Vice-Chair. Mr. Murphy asked three more times for any further nominations. There being no further nominations, nominations were closed and a unanimous vote was cast for Mr. Petropoulos as Vice Chair of the Investment Committee.

Fixed Income Structure Review Presentation, Approval of Fixed Income Structure and Update on Neuberger Berman contract negotiation. Mr. Murphy advised that the Investment Committee may vote to convene in closed session on the following items (II., II.a. and III.), as provided in Section 19.85(1)(e), Wisconsin State Statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Committee may then vote to reconvene in open session following the closed session.

It was moved by Mr. Barmore, seconded by Mr. Holland and unanimously carried, to convene in closed session. The committee convened in closed session at 9:06 a.m. and reconvened in open session at 11:25 a.m.

Due Diligence Reports.

Northern Trust. Mr. Sauer reported on his due diligence trip to Northern Trust in October 2015. Northern Trust is tasked with providing the return on the S&P 500. He stated the team is stable, they've tracked the benchmark well and there are no issues to report.

DFA. Mr. Courtright reported they are doing succession planning with CEO training. The U.S. strategy is outperforming and the international strategy is underperforming, but there are no concerns for the long term. Discussion ensued on strategy overview.

Global Equity Transition Analysis. Mr. Silber reported on the global equity rebalance. He said BlackRock managed the transition very well. He also commended Callan, BlackRock, and Northern Trust as custodian, for working together to minimize costs.

(Mr. Pace left at 11:35 a.m.)

1st Quarter 2016 Performance Update. Mr. Silber, Mr Sauer and Mr. Courtright provided a summary of the 1st Quarter 2016 Performance Update. Mr. Silber reported that ERS' Total Fund asset value was estimated to be \$4.80 billion as of May 25, 2015 with year-to-date estimated returns of 2.9 percent versus the benchmark return of 2.5 percent.

(Mr. Petropoulos left at 11:45 a.m.; Mr. Murphy left at 11:53 a.m., Mr. Holland left at 11:56 a.m.)

CIO Report. Mr. Silber stated he included the updated due diligence calendar.

There being no further business, Mr. Barmore adjourned the meeting at 12:00 p.m.

Bernard J. Allen
Secretary and Executive Director

(NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)