



The Employees' Retirement System of the City of Milwaukee
Annual Report of the Annuity and Pension Board
85th Edition • December 31, 2022

Dated July 18, 2023

**STATEMENT OF PLAN NET ASSETS
 FOR THE YEAR ENDED 12/31/2022**
 (in thousands)

ASSETS	
Cash & Cash Equivalents	\$ 67,517
Investments at Estimated Fair Value	
Fixed Income	\$ 1,224,648
Public Equity	2,351,067
Absolute Return	611,336
Real assets	709,543
Private equity	<u>716,391</u>
Total Investments	\$ 5,612,985
Receivables and Other Assets	
Employer	\$ 107
Member	846
Interest, dividends and foreign tax recoverable	16,876
Investments sold	49,033
Software development & equipment, net of depreciation	839
Securities lending collateral	286,297
Lease assets, net of amortizations	<u>1,876</u>
Total Receivables and Other Assets	\$ 355,874
TOTAL ASSETS	\$ 6,036,376
LIABILITIES	
Benefits payable	\$ 980
Unearned contributions	17,254
City of Milwaukee	1,410
Securities lending obligation	285,102
Investments purchased	203,683
Lease liability	<u>1,990</u>
TOTAL LIABILITIES	\$ 510,419
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 5,525,957</u>

**STATEMENT OF CHANGES IN PLAN NET ASSETS
 FOR THE YEAR ENDED 12/31/2022**
 (in thousands)

ADDITIONS	2022	2021
Contributions		
Employer	\$ 121,571	\$ 91,177
Member	32,204	31,444
Total Contributions	\$ 153,775	\$ 122,621
Investment Income (Loss)		
Net (depreciation) appreciation in fair value of investments	\$(645,552)	926,686
Interest, dividends, and other investment income	<u>121,292</u>	<u>269,157</u>
Total Investment Income	\$(524,260)	\$1,195,843
Less: Investment expense	<u>(70,115)</u>	<u>(84,853)</u>
Net Investment Income	<u>\$(594,375)</u>	<u>\$1,110,990</u>
TOTAL ADDITIONS	\$(440,600)	\$1,253,611
DEDUCTIONS		
Administrative expenses	\$ (7,181)	(6,733)
Benefits paid	(452,407)	(441,092)
Refund of contributions	<u>(5,211)</u>	<u>(4,164)</u>
TOTAL DEDUCTIONS	\$(464,799)	\$(451,989)
FUND BALANCE CHANGES		
Net (decrease) increase before fund balance transfers	\$(905,399)	\$ 781,622
Fund balance transfers	-	-
Net (decrease) increase after fund balance transfers	<u>\$(905,399)</u>	<u>\$ 781,622</u>
Net position held in trust for pensions benefits		
Beginning of year	<u>\$6,431,356</u>	<u>\$5,649,734</u>
End of year	<u>\$5,525,957</u>	<u>\$6,431,356</u>

ACTUARIAL BALANCE SHEET
 (in thousands)

ASSETS		LIABILITIES	
Market value of assets	\$ 5,525,957	Present value of future benefits	
Market adjustment	<u>321,447</u>	Annuitants	\$ 5,256,311
Actuarial value of assets	\$ 5,847,404	Inactive members	184,613
Unfunded actuarial accrued liability	1,219,705	Active members	<u>2,364,413</u>
Present value of future anticipated contributions	<u>738,228</u>	TOTAL LIABILITIES	\$ 7,805,337
Financial resources for actuarial accrued liability	<u>\$ 7,805,337</u>		

MEMBERSHIP STATISTICS 12/31/2022

	2022	2021
Active members	9,800	10,094
Retired, disability, and Survivorship	13,853	13,758
Deferred status members	<u>5,960</u>	<u>5,512</u>
TOTAL MEMBERSHIP	<u>29,613</u>	<u>29,364</u>

See notes to Basic Financial Statements

Section 36.15 (9) of the Milwaukee City Charter provides that the Annuity and Pension Board “shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the assets of the system, and the financial condition of the system as disclosed by an actuarial valuation of the retirements system.”

The Annuity and Pension Board submits herewith its annual report for the year ending December 31, 2022.

ANNUITY AND PENSION BOARD

as of 12/31/2022

Elected Representatives – Active Members

Matthew Bell
James Campbell
Molly Christianson

Elected Representatives – Retirees

Thomas Klusman, Retired

Appointed by the President of the Common Council

Nik Kovac, City of Milwaukee
Budget & Management Director
Deborah Ford, Retired
Rudolph Konrad, Retired

Ex-Officio Member

Aycha Sawa, City of Milwaukee
Comptroller

ADMINISTRATIVE PERSONNEL

as of 12/31/2022

Bernard J. Allen - Executive Director and Secretary

Melody Johnson - Deputy Director

David M. Silber, CFA, CAIA – Chief Financial Officer

Daniel Gopalan, CPA – Chief Financial Officer

G. Spencer Cogs – Custodian of Funds, City of Milwaukee Treasurer

Tearman Spencer – Legal Advisor, City of Milwaukee Attorney

INVESTMENT MANAGERS

Abbott Capital Management LLC
Almanac Realty Investors, LLC
Apogem Capital LLC
Apollo Global Real Estate Management, L.P.
AQR Capital Management, LLC
BlackRock Investments, LLC
Brandes Investment Partners, LP
Bryanston Realty Partners LLC
CastleArk Management LLC
Colony Capital, LC
Deutsche Asset Management
Dimensional Fund Advisors LP
Drawbridge Realty Partners Holdings, LP
Earnest Partners LLC
Fortress Investment Group
Goldman Sachs Asset Management
Greenfield Multi-State Partners, L.P.
H/2 Capital Partners
J.P. Morgan Investment Management Inc.
LaSalle Investment Management, Inc.
Loomis, Sayles & Company, L.P.
M&G Real Estate
Mesirow Financial, Inc.
MFS Investment Management
Morgan Stanley Real Estate Advisor, Inc.
Neuberger Berman
Northern Trust Securities, Inc.
Polen Capital Management, LLC
Principal Asset Management
Prologis, LP
Reams Asset Management
Standard Life
Stockbridge Capital Partners, LLC
UBS Hedge Fund Solutions, LLC
Walton Street Capital, L.L.C.
William Blair Investment Management, LLC

A list of investments held by the Employees' Retirement System as of December 31, 2022 is available for inspection at the System's office. The financial records of the Employees' Retirement System have been audited by Baker Tilly US, LLP for the year ending December 31, 2022. Complete audited Basic Financial Statements are available for inspection at the System's office or online at www.cmers.com

CONSULTANTS

Baker Tilly US, LLP
Bernstein Litowitz Berger & Grossman LLP
Callan LLC
Cavanaugh Macdonald Consulting, LLC
CliftonLarsonAllen LLP
Foley & Lardner LLP
Global Trading Analytics, LLC
Ice Miller LLP
The Northern Trust Company
Reinhart Boerner Van Deuren
Wells Fargo Bank Wisconsin, NA

MEDICAL COUNCIL

Gregory Brotzman, M.D.
David L. Drury, M.D.
William Greaves, M.D.

Please check that your Beneficiary Designation is current.

Change of Beneficiary Designation forms are available at the ERS office at 789 North Water Street, Suite 300, Milwaukee, WI 53202 or by calling 414-286-3557 or 1-800-815-8418 or online at www.cmers.com