

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF MILWAUKEE  
June 15, 2016**

*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 retirement system."*

*The Annuity and Pension Board submits herewith its annual report for the year ending December 31, 2015.*

**ANNUITY & PENSION BOARD  
AS OF DECEMBER 31, 2015**

**John Barmore - Board Chairman**

Milwaukee Fire Department  
Elected Representative – Active

**Martin Matson - City Comptroller**

Ex-Officio Member

**Karen Ellenbecker**

Appointed by the President of the Common Council

**Larry Holland**

Appointed by the Mayor

**Thomas Klusman**

Elected Representative – Retirees

**Rudolph Konrad**

Appointed by the President of the Common Council

**Alderman Michael J. Murphy**

10th Aldermanic District  
Appointed by the President of the Common Council

**Mark Nicolini - Budget Director**

City of Milwaukee  
Appointed by the Mayor

**Gerald Pace**

Milwaukee Public Schools  
Appointed by the Mayor

**Carmelo Patti**

Milwaukee Police Department  
Elected Representative – Active

**Gust Petropoulos - Board Vice Chairman**

Milwaukee Police Department  
Elected Representative – Active

**ADMINISTRATIVE PERSONNEL**

Executive Director and Secretary	Bernard J. Allen
Deputy Director	Beth Conradson Cleary
Chief Investment Officer	David M. Silber, CFA, CAIA
Custodian of Funds	G. Spencer Coggs, City Treasurer
Legal Advisor	Grant F. Langley, City Attorney

**INVESTMENT MANAGERS**

Abbott Capital Management, LLC  
Allianz Global Investors  
Almanac Realty Investors, LLC  
Apollo Global Real Estate Management, LP  
Ares Commercial Real Estate Corp.  
BlackRock, Inc.  
Brandes Investment Partners, LP  
Bryanston Realty Partners  
Carlyle Group  
CastleArk Management, LLC  
Colony Capital, LLC  
Cornerstone Investment Partners  
Cypress Acquisition Partners  
Dimensional Fund Advisors  
Drawbridge Realty Partners Holdings, LP  
Earnest Partners  
Fortress Investment Group  
GE Polish  
Greenfield Partners  
H/2 Capital Partners  
Jamestown Premier Property Fund, LP  
JP Morgan Asset Management  
LaSalle Investment Management, Inc.  
Loomis-Sayles & Company  
Lubert-Adler Partners  
M&G Real Estate  
Mesirow Financial  
Metlife Core Property Fund  
MFS Institutional Advisors  
Morgan Stanley Real Estate Advisor, Inc.  
Neuberger Berman  
Newton Capital Management, LLC  
Northern Trust Company  
Polen Capital Management  
Principal Global Investors, LLC  
Private Advisors, LLC  
Prologis, Inc.  
Prudential Investment Management  
Reams Asset Management Company  
Standard Life  
Stockbridge Capital Partners, LLC  
Townsend Group  
UBS Alternative & Quantitative Investments, LLC  
Union Bank of Switzerland  
USAA Eagle Real Estate  
Walton Street Capital  
Wellington Management Company, LLP  
William Blair & Company

**CONSULTANTS**

Baker Tilly Virchow Krause, LLP  
Buck Consultants, LLC  
Callan Associates  
Experis  
Global Trading Analytics, LLC  
HP State and Local Enterprise Services  
Townsend Group

**MEDICAL COUNCIL**

Michael Borkowski, M.D.  
Robin Clark, M.D. (alternate)  
William Greaves, M.D.  
Caroline Palmer, M.D.  
Azhar M. Yunus, M.D. (alternate)

**CITY OF MILWAUKEE**

*Employees'  
Retirement  
System*

***ANNUAL REPORT  
OF THE  
ANNUITY AND  
PENSION BOARD***

***78th  
EDITION  
December 31, 2015***

# City of Milwaukee Employees' Retirement System

## STATEMENT OF PLAN NET ASSETS AS OF DECEMBER 31, 2015 (in thousands)

## STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED DECEMBER 31 (in thousands)

## ACTUARIAL BALANCE SHEET JANUARY 1, 2016 (in thousands)

<b>ASSETS:</b>	
Cash and cash equivalents.....	\$ 121,387
<b>INVESTMENTS AT ESTIMATED FAIR VALUE:</b>	
Bonds and collateralized mortgage obligations .....	848,847
Common and preferred stocks .....	1,402,859
Barclay bond index funds .....	254,710
Blackrock index and emerging funds .....	321,855
Blair William emerging funds .....	34,393
DFA US and international small cap funds .....	300,606
Northern trust company collective equity index funds .....	479,675
Russell 1000 alpha value funds .....	122,357
Derivative investments .....	514
Newton.....	64,236
Hedge equity.....	202,725
Hedge Fund of Funds.....	-
Real estate investments .....	406,756
Private equity investments .....	182,910
<b>Total investments:</b> .....	<b>\$ 4,622,443</b>

<b>RECEIVABLES AND OTHER ASSETS:</b>	
Employer .....	21
Member .....	931
Actuarially determined contributions .....	9,689
Interest, dividends, and foreign taxes recoverable .....	11,812
Investments sold .....	3,839
Software development and equipment (net of depr)...	126
Securities lending collateral .....	334,145
<b>Total receivables and other assets:</b> .....	<b>\$ 360,563</b>
<b>Total assets:</b> .....	<b>\$ 5,104,393</b>

<b>LIABILITIES:</b>	
Benefits payable .....	111
City of Milwaukee .....	10,765
Securities lending obligation .....	334,145
Derivative liabilities .....	-
Investments purchased .....	7,064
<b>Total liabilities:</b> .....	<b>\$ 352,085</b>

**FOR PENSION BENEFITS** ..... \$ 4,752,308

<b>ADDITIONS:</b>		<u>2015</u>	<u>2014</u>
Contributions:			
Employer .....	\$ 72,198	\$ 72,844	
Member .....	49,553	43,663	
<b>Total contributions:</b> .....	<b>\$ 121,751</b>	<b>\$ 116,507</b>	
<b>Investment income (loss):</b>			
Net appreciation (devaluation) in fair value of investments .....	(4,939)	182,205	
Interest, dividends and other investment income .....	71,583	82,592	
<b>Total investment income (loss):</b> .....	<b>\$ 66,644</b>	<b>\$ 264,797</b>	
Less: investment expense .....	(31,662)	(25,812)	
<b>Net investment income (loss):</b> .....	<b>\$ 34,982</b>	<b>\$ 238,985</b>	
<b>Total additions:</b> .....	<b>\$ 156,733</b>	<b>\$ 355,492</b>	

<b>DEDUCTIONS:</b>		<u>2015</u>	<u>2014</u>
Administrative expenses .....	(9,686)	(10,831)	
Benefits paid .....	(333,336)	(321,279)	
Refund of contributions .....	(14,553)	(21,290)	
<b>Total deductions:</b> .....	<b>\$ (357,575)</b>	<b>\$ (353,400)</b>	

<b>FUND BALANCE CHANGES:</b>		<u>2015</u>	<u>2014</u>
Net increase (decrease) before fund balance transfers .....	\$ (200,842)	\$ 2,092	
Fund balance transfers .....	-	-	
<b>Net increase (decrease) after fund balance transfers</b> .....	<b>\$ (200,842)</b>	<b>\$ 2,092</b>	

<b>Net position held in trust for pension benefits:</b>		<u>2015</u>	<u>2014</u>
Beginning of year .....	\$ 4,953,150	\$ 4,951,058	
End of year .....	\$ 4,752,308	\$ 4,953,150	

See notes to Basic Financial Statements.

<b>ASSETS:</b>	
Market value of assets .....	\$ 4,752,308
Market adjustment .....	146,847
Actuarial value of assets.....	4,899,155
Present value of future anticipated contributions/(unfunded actuarial accrued liability) .....	165,986
<b>Financial resources for actuarial accrued liability: .....</b>	<b>\$ 5,065,141</b>

<b>LIABILITIES:</b>	
Actuarial accrued liability	
Annuitants.....	\$ 3,462,308
Inactive members:	
Member contributions .....	68,215
Employer financed portion .....	21,778
Active members:	
Member contributions .....	512,752
Employer financed portion .....	1,000,088
<b>Total liabilities:</b> .....	<b>\$ 5,065,141</b>

## MEMBERSHIP STATISTICS DECEMBER 31

	<u>2015</u>	<u>2014</u>
Active members .....	10,982	10,964
Retired, disability and survivorship .....	12,763	12,597
Members on deferred status .....	3,338	3,279
<b>Total membership</b> .....	<b>27,083</b>	<b>26,840</b>

*A list of investments held by the Employees' Retirement System as of December 31, 2015 is available for inspection at the System's office. The financial records of the Employees' Retirement System have been audited by Baker Tilly Virchow, Krause & Company, LLP for the year ending December 31, 2015. Complete audited Basic Financial Statements are available for inspection at the System's office or on-line at [www.cmers.com](http://www.cmers.com).*

**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 on-line at [www.cmers.com](http://www.cmers.com)*