

City of Milwaukee Employees' Retirement System

STATEMENT OF PLAN NET ASSETS December 31, 2017 (in thousands)

ASSETS:	
Cash & Cash Equivalents	\$ 82,067
Investments at Estimated Fair Value:	
Bonds and collateralized mortgage obligations.....	1,076,344
Common and preferred stocks.....	1,486,516
Blackrock Global Alpha Tilts.....	325,157
Blackrock Russell 1000.....	177,316
Blair William Emerging.....	74,660
COLTV Stock Index Fund.....	362,948
DFA Invt Dimensions.....	216,734
DFA Small Cap Fund.....	218,939
Newton.....	117,010
Principal.....	174,774
AQR Emerging Equities Fund.....	107,430
Hedge equity.....	352,608
Real estate investments.....	341,220
Private equity.....	320,760
Total Investments	\$ 5,352,416
Receivables and Other Assets:	
Employer	\$ 88
Member	886
Actuarially determined contributions	5,577
Interest, dividends and foreign tax recoverable	7,766
Investments sold	64,069
Software development & equipment, net of depreciation	540
Securities lending collateral	351,401
Total Receivables and Other Assets	\$ 430,327
TOTAL ASSETS	\$ 5,864,810
LIABILITIES:	
Benefits payable	318
Unearned contributions.....	215
City of Milwaukee	1,640
Securities lending obligation	351,416
Investments purchased	114,694
TOTAL LIABILITIES	\$ 468,283
NET POSITION RESTRICTED FOR PENSIONS	\$ 5,396,527

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

	2017	2016
ADDITIONS:		
Contributions:		
Employer	\$ 83,524	\$ 74,095
Member	32,494	35,918
Total Contributions	\$ 116,018	\$ 110,013
Investment Income (Loss):		
Net appreciation (devaluation) in fair value of investments	\$ 735,547	317,937
Interest, dividends and other investment income	94,435	102,159
Total Investment Income (Loss)	\$ 829,982	\$ 420,096
Less: Investment expense	(42,173)	(36,349)
Net Investment Income (Loss)	\$ 787,809	\$ 383,747
TOTAL ADDITIONS	\$ 903,827	\$ 493,760
DEDUCTIONS:		
Administrative expenses	\$ (8,637)	(8,096)
Benefits paid	(380,001)	(346,937)
Refund of contributions	(5,331)	(4,366)
TOTAL DEDUCTIONS	\$ (393,969)	\$ (359,399)
FUND BALANCE CHANGES:		
Net increase (decrease) before fund balance transfers	\$ 509,858	\$ 134,361
Fund balance transfers	-	-
Net increase (decrease) after fund balance transfers	\$ 509,858	\$ 134,361
Net position held in trust for pension benefits:		
Beginning of year	\$ 4,886,669	\$ 4,752,308
End of year	\$ 5,396,527	\$ 4,886,669

See notes to Basic Financial Statements.

ACTUARIAL BALANCE SHEET JANUARY 1, 2018 (in thousands)

ASSETS:	
Market value of assets	\$ 5,396,527
Market adjustment	(163,041)
Actuarial value of assets.....	\$ 5,233,486
Present value of future anticipated contributions/(unfunded actuarial accrued liability)	586,276
Financial resources for actuarial accrued liability	\$ 5,819,762
LIABILITIES:	
Actuarial accrued liability	
Annuitants.....	\$ 3,993,493
Inactive members:	
Member contributions	81,567
Employer financed portion	65,398
Active members:	
Member contributions	482,151
Employer financed portion	1,197,153
TOTAL LIABILITIES	\$ 5,819,762

MEMBERSHIP STATISTICS DECEMBER 31

	2017	2016
Active members	10,845	11,083
Retired, disability and survivorship	13,196	12,888
Members on deferred status	3,135	3,416
Total membership	27,176	27,387

A list of investments held by the Employees' Retirement System as of December 31, 2017 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, 2017. Complete audited Basic Financial Statements are available for inspection at the System's office or online at www.cmrs.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 online at www.cmrs.com

**EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE**

July 12, 2018

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, 2017.

**ANNUITY & PENSION BOARD
AS OF DECEMBER 31, 2017**

Elected Representative - Active:

John Barmore - Board Chairman, Milwaukee Fire Department
Thomas Bell, City of Milwaukee - General Employee
Vacant , Milwaukee Police Department

Elected Representative - Retirees:

Thomas Klusman, Retired

Appointed by the President of the Common Council:

Nik Kovac, Alderman for 3rd District
Deborah Ford, Retired
Rudolph Konrad, Retired

Appointed by the Mayor:

Mark Nicolini, Retired
Himanshu Parikh, Milwaukee Public Schools
Larry Holland, Principal of Holland Properties LLC

Ex-Officio Member:

Martin Matson, City of Milwaukee Comptroller

**ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2017**

Bernard J. Allen - Executive Director and Secretary
Melody Johnson - Deputy Director
David M. Silber, CFA, CAIA - Chief Investment Officer
G. Spencer Coggs - Custodian of Funds, City of Milwaukee Treasurer
Grant F. Langlely - Legal Advisor, City of Milwaukee Attorney

INVESTMENT MANAGERS

Abbott Capital Management, LLC
Allianz Global Investors
Almanac Realty Investors, LLC
Apollo Global Real Estate Management, LP
AQR Capital Management
BlackRock, Inc.
Brandes Investment Partners, LP
Bryanston Realty Partners
Carlyle Group
CastleArk Management, LLC
Colony Capital, LLC
CPI Capital Partners
Cromwell Property Group
Cypress Acquisition Partners
Dimensional Fund Advisors
Drawbridge Realty Partners Holdings, LP
Earnest Partners
Fortress Investment Group
Fremont Realty Capital
Greenfield Partners
H/2 Capital Partners
Hunt Commercial Realty Partners
JP Morgan Asset Management
KKR & Co. L.P.
LaSalle Investment Management, Inc.
Loomis-Sayles & Company
Lubert-Adler Partners
M&G Real Estate
Mesirow Financial
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
RREEF America, LLC
R.W. Baird
Square Mile Capital
Standard Life
Stockbridge Capital Partners, LLC
UBS Hedge Fund Solutions, LLC
USAA Eagle Real Estate
Walton Street Capital
William Blair & Company

CONSULTANTS

Baker Tilly Virchow Krause, LLP
Conduent HR Consulting, LLC
Callan Associates
Experis
Global Trading Analytics, LLC
HP State and Local Enterprise Services

MEDICAL COUNCIL

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

CITY OF MILWAUKEE

*Employes'
Retirement
System*

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

***80th
EDITION
December 31, 2017***