

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

Minutes of the Regular Meeting
held July 27, 2020 via teleconference during COVID-19

The meeting was called to order at 9:02 a.m.

Board Members Present: Matthew Bell
 James Campbell
 Deborah Ford
 Tom Klusman
 Rudolph Konrad
 Nik Kovac
 Aycha Sawa
 Carmelo Patti, Chair

Retirement System Staff Present: Bernard J. Allen, Executive Director
 Melody Johnson, Deputy Director
 Daniel Gopalan, Chief Financial Officer
 Gust Petropoulos, Deputy Director Disability
 David Silber, Chief Investment Officer
 Erich Sauer, Deputy Chief Investment Officer
 Thomas Courtright, Pension Investment Analyst
 Anthony Lubarsky, Pension Investment Analyst
 Robin Earleywine, Pension Accounting Manager
 Jan Wills, Board Stenographer

Others Present: Carla Gogin, Jason Coyle, Baker Tilly; Tearman Spencer, Miriam Horwitz, Patrick McClain, City Attorney's Office; Eric Pearson, Budget Office; Terry Siddiqui, DS Consulting, Inc.; Jim Zalewski, Milwaukee Retiree Association; seven members of the public called in to the meeting.

Mr. Patti advised meeting participants to mute their phones when not participating and identify yourself when requesting to speak.

Approval of Minutes.

Regular Meeting Held June 22, 2020. Mr. Patti presented the minutes of the Regular Meeting held June 22, 2020. It was moved by Mr. Bell, seconded by Mr. Campbell, and unanimously carried, with Mr. Klusman's request to correct his statement from the June 22 minutes : " '...Combined, these provide \$38.1 million dollars of ~~revenue~~. reserves.' Our ERS records ~~of~~ show the City Employers' Reserve Fund balance to be approximately \$33.1 million dollars."

Chief Investment Officer Report. Mr. Silber noted the Fund finished the month of June at \$4.90 billion with a return of 1.0%, net of fees and outperformed the blended benchmark by 1.3%. Mr. Silber commented that the Fund's returns underperformed in all other time periods except for the 20-year period, net of fees. Mr. Silber noted the June performance drivers were Private Equity at 120 basis points, Reams & Loomis at 17 basis points, UBS & Newton at 12 basis points, Real Estate at negative 14 basis points and US Large Cap Value style bias at negative 12 basis points. Mr. Silber noted as of July 23, 2020, the Fund is up 3.2% month-to-date, which brought the Fund's year-to-date return to -6.0%, net of fees, with the Fund's approximate value at \$5.07 billion. He said eight of the 16 active managers are outperforming year-to-date, net of fees. Mr. Silber noted none of the asset classes are exceeding their benchmark year-to-date, net of fees. He said year-to-date, the Fund has generated investment losses of \$341.5 million, paid benefits and expenses of \$218.6 million and received contributions of \$104.7 million. He added that the Fund has a sufficient cash balance as a result of the Liquidity Management Framework approved in April, and will not need to make manager withdrawals in July.

Investment Committee Report. At its July 16th meeting, Chairman Konrad reported that the Committee went into closed session to hear presentations from three securities litigation law firms. He said the Committee, reconvening in open session, approved the motion to direct the City Attorney's Office to enter into a contract for legal representation with the selected securities litigation law firm as decided in closed session. Mr. Konrad stated the Investment Committee recommended approval of the selection of outside counsel.

Mr. Patti advised that the Annuity and Pension Board may vote to convene in closed session on the following item (A.), as provided in Section 19.85(1)(g), Wisconsin State Statutes, to confer with legal counsel concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Board may then vote to reconvene in open session following the closed session.

A. Selection of Outside Counsel.

Mr. Patti noted the Board did not convene in closed session as noticed.

It was moved by Mr. Bell, seconded by Ms. Ford, and unanimously carried, to approve the Investment Committee Report.

New Business.

Retirements, Death Claims, and Refunds (June). Staff presented the following activity for the month of June 2020.

Active Death Benefits reported	\$0.00
Duty Death Benefits reported	\$0.00
Ordinary Death Benefits reported	\$0.00
Deferred Death Benefits reported	\$0.00

Retired Death Benefits reported	\$25,390.45
Survivor Death – Termination Benefits reported	\$8,146.98
Refund of Member Contributions paid	\$91,192.19

It was moved by Mr. Campbell, seconded by Ms. Sawa, and unanimously carried, to approve the Retirements, Death Claims, and Refunds.

Conference Requests – July 2020 Board Meeting. Mr. Allen presented the Conference Requests this month.

Matthew Bell,	NCPERS 2020 Public Pension Funding
Jerry Allen	Forum
Sponsor:	NCPERS
Location:	Webinar
Date:	August 24-25, 2020
Estimated Cost:	\$250.00 per person

It was moved by Mr. Konrad, seconded by Mr. Klusman, and unanimously carried, to approve the Conference Requests – July 2020 Board Meeting.

Acceptance of Baker Tilly 2019 Financial Audit. As a matter of information, Board members received the Baker Tilly Independent Auditors’ Report, letters from Baker Tilly and the ERS, and the Baker Tilly Comprehensive Annual Financial Report for the year ended December 31, 2019. Ms. Gogin and Mr. Coyle discussed the audit that was performed and said no significant issues were found. Discussion ensued. Mr. Patti accepted and placed the report on file.

Approval of Annual Report of the Annuity & Pension Board 82nd Edition, December 31, 2019. It was moved by Mr. Klusman, seconded by Mr. Konrad, and unanimously carried, to approve the Annual Report of the Annuity & Pension Board 82nd Edition, December 31, 2019.

Approval of August Resolution. Staff indicated this resolution is a routine housekeeping item to pay the pension payroll while the Board is in recess during the month of August. It was moved by Mr. Campbell, seconded by Ms. Sawa, and unanimously carried, to approve the August Resolution.

Medical Reports.

All Duty & Ordinary Disability Applications & Re-examinations (June). Staff presented certifications (June 2020) of the Fire and Police Medical Panel Physicians and the Medical Council relative to Duty & Ordinary Disability Retirement benefits as follows:

Police – Re-examinations – DutyRecommendation

Vidal Colon

Approval

Dexter Love

Approval

Fire – Re-examinations – DutyRecommendation

Monica Blazekovic

Approval

Bradley Davis

Approval

John Elliott

Approval

Chad Hendricks

Approval

James Merchant

Approval

Thomas Repaci

Approval

Paul Singer

Approval

Mark Tesch

Approval

Police – Re-examinations – OrdinaryRecommendation

Michael Albright

Approval

David Brottlund

Approval

Laticia Robinson

Approval

Fire – Re-examinations – OrdinaryRecommendation

Dennis Kowalski

Approval

GC – Re-examinations – OrdinaryRecommendation

Demetrick Eskridge

Approval

Mary Krzywda

Approval

Damion Powell

Approval

It was moved by Ms. Ford, seconded by Mr. Kovac, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations.

Disability Findings – James McNichol. Mr. Patti presented the findings submitted by Hearing Examiner Hogan whose Decision states “The decision of the Medical Council denying this applicant’s duty disability...was confirmed by the independent reviewer. It is recommended to the Annuity and Pension Board that the application be denied.”

It was moved by Mr. Konrad, seconded by Mr. Patti, and unanimously carried, to accept the recommendations of Hearing Examiner Hogan.

Unfinished Business.

Legal Opinions and Service Requests Pending and Legal Opinions. As a matter of information, Staff presented a list of pending requests for legal opinions and service requests made to the City Attorney. Ms. Horwitz said items are current except for a couple recent opinions. Mr. McClain added that the first opinion is confirmation of several prior opinions. Mr. Patti accepted the report and placed it on file.

Staff mentioned a new opinion request regarding an inquiry from a member about the Firemen's and Policemen's Survivorship Fund Dissolution Bonus. Discussion ensued.

Legislation Requests Pending and Proposed Legislation. As a matter of information, Staff presented a list of pending requests for legislation. Staff presented no new items.

Executive Director's Report – Inventory of ERS Projects. As a matter of information, Mr. Allen presented a report on the ERS projects and updated the Board on ERS activities, a copy of which is on file with the ERS.

Employers' Reserve Fund. Mr. Patti noted this was a placeholder item. Discussion ensued briefly.

Informational.

The following is a list of informational items:

- 1) Report on Claims and Litigation.
- 2) Conferences.
- 3) Class Action Income 2020 YTD.

The following is a list of activities since the last Board meeting, copies sent with meeting notice and attached to minutes:

- 4) Minutes of the Investment Committee Meeting Held June 4, 2020.
- 5) Minutes of the Administration & Operations Committee Meeting Held June 22, 2020.
- 6) Minutes of the Investment Committee Meeting Held July 16, 2020.
- 7) Report on Bills.
- 8) Deployment of Assets.
- 9) Securities Lending Revenue and Budget Report.
- 10) Preliminary Performance Report/Asset and Manager Allocation Pie Charts.

Staff noted the decision in the case regarding Messrs. Miller and Holley and that an appeal by the city is pending.

Mr. Patti accepted and placed the aforementioned items on file.

It was moved by Mr. Klusman, seconded by Mr. Bell, and unanimously carried, to adjourn the meeting.

There being no further business, Mr. Patti adjourned the meeting at 10:12 a.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.)