

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

Minutes of the Investment Committee Meeting  
held February 13, 2020

The meeting was called to order at 9:04 a.m.

Committee Members Present:       Matthew Bell  
  James Campbell  
  Thomas Klusman  
  Rudy Konrad, Chair  
  Martin Matson  
  Carmelo Patti

Committee Members Not Present:   Deborah Ford (arrived at 9:25 a.m.)  
  Nik Kovac (arrived at 9:25 a.m.)

ERS Staff Present:                   Bernard J. Allen, Executive Director  
  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: John Jackson, Mike Joecken, Callan Associates; Miriam Horwitz, City Attorney Office; Molly King, Eric Pearson, Budget Office; Gust Petropoulos, Adecco.

**4<sup>th</sup> Quarter Performance Report.** As a matter of information, Committee members received in their meeting packet a copy of the ERS' 4<sup>th</sup> Quarter Performance Report dated February 13, 2020. Mr. Sauer provided the Fund overview. He said 2019 was a good year as the Public Equity benchmark went up 9% during the 4<sup>th</sup> quarter and 26.4% for the one-year. He said Fixed Income, Real Assets, Private Equity, and Absolute Return all had high single-digit or double-digit returns in 2019. He noted the Fund was up 5.4% for the 4<sup>th</sup> quarter and 18.4% for the one-year return. Mr. Sauer commented that the 5.4% total fund return exceed the 4.7% benchmark. Discussion ensued. Mr. Courtright and Mr. Lubarsky provided updates on some of the Fund's asset classes. Mr. Courtright provided updates on Public Equity. He noted the quarter's 9.2% return outperformed the 9.0% benchmark. Mr. Lubarsky spoke about Fixed Income, Absolute Return, and Private Equity. He noted Fixed Income had a 1.0% return for the quarter over the 0.2% benchmark. Mr. Lubarsky spoke about Absolute Return and said that Allianz and UBS had returns of 3.9% and 3.7%, respectively, for the quarter. He also noted the Private Equity portfolio as of September 30, 2019 had \$615 million in committed capital and \$448 million in invested capital, up \$14.7 million from last quarter. He noted uncalled commitments constitute 3.1% of the Private Equity portfolio. He commented that distributions were \$26.6 million in the third quarter, the largest since the inception of Private Equity. Finally, Mr. Sauer gave an estimate of Fund performance as of

February 12, 2020, stating the ERS Total Fund Market value was \$5.64 billion and the Fund's year-to-date return through February 12 was 1.2%. Discussion ensued.

Ms. Ford arrived at 9:25 a.m.

Mr. Kovac arrived at 9:25 a.m.

**Approval of Statement of Investment Policy Update.** Mr. Silber noted the placement agent language of "The Board requires any Investment Manager recommended by its Investment Consultant to disclose to ERS whether or not they utilize a placement agent" needed to be added into the investment policy so it is in line with the Board rules.

It was moved by Mr. Kovac, seconded by Mr. Matson, and unanimously carried, to approve the Statement of Investment Policy Update.

Mr. Konrad called for a break at 10:20 a.m.

Mr. Konrad resumed the meeting at 10:30 a.m.

**Consider Investment Consultant RFP Responses and Evaluation Team Feedback, and Authorize Further Action for Selected Consultant(s).** Mr. Konrad advised that the Investment Committee may vote to convene in closed session on this item 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 Investment Committee may then vote to reconvene in open session following the closed session.

It was moved by Mr. Campbell and seconded by Mr. Bell that the Committee convene in closed session. The motion prevailed by the following roll call vote: AYES: Ms. Ford, Messrs. Bell, Campbell, Klusman, Konrad, Kovac, Matson, and Patti. NOES: None.

The Investment Committee convened in closed session at 10:31 a.m.

(Mr. Kovac left at 11:05 a.m.)

It was moved by Mr. Bell, seconded by Mr. Campbell, and unanimously carried, to reconvene in open session.

The Investment Committee reconvened in open session at 11:29 a.m.

Mr. Konrad stated that it is the consensus of the Committee that the RFP process is completed according to the responsibilities to perform due diligence in this matter. He said, based upon the scoring results, the Committee has concluded that Staff should proceed with hiring and arranging a contract with the selected Consultant.

02/13/20

It was moved by Mr. Matson, seconded by Mr. Patti, and unanimously carried, to approve the selection of the Investment Consultant.

It was moved by Ms. Ford, seconded by Mr. Matson, and unanimously carried, to adjourn the meeting.

There being no further business, Mr. Konrad adjourned the meeting at 11:30 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.)