

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

Minutes of the Regular Meeting  
held May 24, 2021 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, Chair  
  Nik Kovac  
  Aycha Sawa

Board Members Not Present:   Molly King (arrived at 9:09 a.m.)

Retirement System Staff Present:   Jerry Allen, Executive Director  
  Melody Johnson, Deputy Director  
  Daniel Gopalan, Chief Financial Officer  
  David Silber, Chief Investment Officer  
  Erich Sauer, Deputy Chief Investment Officer  
  Thomas Courtright, Pension Investment Analyst  
  Anthony Lubarsky, Pension Investment Analyst  
  Gust Petropoulos, Deputy Director Disability  
  Mary Turk, Business Operations Analyst  
  Jan Wills, Board Stenographer

Others Present: Patrick McClain, City Attorney's Office; Jim Zalewski, Milwaukee Retiree Association (MRA); Terry Siddiqui, DS Consulting, Inc., 60 members of the public called in to the meeting.

**Regular Meeting.**

**Approval of Minutes.**

**Regular Meeting Held April 26, 2021.** Mr. Allen commented that there is a revision on page five of the April 26, 2021 minutes to change the word "mute" to "moot." It was moved by Mr. Klusman, seconded by Mr. Kovac, and unanimously carried, to approve the Regular Meeting Held April 26, 2021.

**Chief Investment Officer Report.** As a matter of information, Board members received the May 24, 2021 Performance Update. Mr. Sauer noted the Fund as of April 30, 2021, had a value of \$5.81 billion. He said the return of 2.7%, gross of fees, outperformed the blended benchmark by 43 basis points. Mr. Sauer said April was an interesting month in the stock market as the trend this year has been that Small Cap and Value Stocks have outperformed on a year-to-date basis. He said the April relative performance drivers were William Blair at 15 basis points and Real Estate at eight basis points. Mr. Sauer said the overall allocation was favorable to returns with an Overweight Public Equity adding eight basis points. He said underweights to the other asset classes

added smaller amounts and helped as well. He said with large growth leading the way, the Fund's intentional biases to Small and Value detracted this month, although they have been favorable year to date. Mr. Sauer stated as of May 20, the Fund return is up 0.8% and the year-to-date return is 7.1%, net of fees. He noted the Fund's approximate value is \$5.86 billion and 13 out of the Fund's 16 mandates are outperforming year to date, net of fees. Mr. Sauer said Public Equity, Fixed Income, and Absolute Return asset classes, along with the Total Fund, are exceeding their respective benchmarks year to date, net of fees. He commented that year to date the Fund has generated investment gains of \$396.0 million, paid benefits and expenses of \$154.2 million and received contributions of \$85.6 million. Mr. Sauer said the monthly withdrawals for April were \$8 million from DFA US Small Cap Value, \$7 million from MFS, \$6 million from BlackRock Russell 1000 Value, \$6 million from DFA Large Cap Value, \$4 million each from AQR and Brandes.

### **New Business.**

**Retirements, Death Claims, and Refunds (April).** Mr. Allen presented the following activity for the month of April 2021.

Active Death Benefits reported	\$0.00
Deferred Death	\$35,143.13
Ordinary Death Benefits reported	\$39,353.22
Retired Death Benefits reported	\$15,387.70
Survivor Death – Termination Benefits reported	\$16,316.21
Refund of Member Contributions paid	\$127,249.76

It was moved by Mr. Campbell, seconded by Mr. Bell, and unanimously carried, to approve the Retirements, Death Claims, and Refunds (April).

### **Conference Requests – May 2021 Board Meeting.**

Matthew Bell	NCPERS Financial, Actuarial, Legislative & Legal (FALL) Conference
Sponsor:	NCPERS
Location:	Scottsdale, AZ
Date:	September 26-28, 2021
Estimated Cost:	\$2,400.00

Mr. Campbell also requested to attend the NCPERS Financial, Actuarial, Legislative & Legal (FALL) Conference in Scottsdale, AZ at a cost of \$2,400.00.

It was moved by Ms. Ford, seconded by Ms. Sawa, and unanimously carried, to approve the Conference Requests – May 2021 Board Meeting.

Ms. King arrived at 9:09 a.m.

**Medical Reports.**

**All Duty & Ordinary Disability Applications & Re-examinations (May).** Staff presented certifications (May 2021) of the Fire and Police Medical Panel Physicians and the Medical Council relative to Duty & Ordinary Disability Retirement benefits as follows:

<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Angel Alderman	Approval
Alejandro Arce	Approval
John Fredericks	Approval
Jason Mucha	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Denise Bekeris	Approval
Robert Bresette	Approval
Patrick Norton	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Ruby Esqueda	Approval
Katrina Warren	Approval
<u>GC – New Applications – Ordinary</u>	<u>Recommendation</u>
Tarji Heard	Approval
Jeffrey Granberry	Approval
<u>GC – Re-examinations – Duty</u>	<u>Recommendation</u>
Rosa Colin	Approval
<u>GC – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Phillip Holiday	Approval
Chara Morris	Approval
Ajamu Nosakhere	Approval
Debra Tabaka	Approval

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

**Disability Findings – Alexis David Acosta.** Mr. Konrad presented the findings submitted by Hearing Examiner Wasielewski who concluded in his decision, “Based upon the foregoing, I recommend approval of the Annuity and Pension Board Decision denying Disability Retirement Benefits due to malingering with respect to the PTSD and Severe Depressive Disorders. As to the Alcohol Use Disorder, I recommend approval of the Annuity and Pension Board Decision denying Disability Retirement Benefits because Mr. Acosta is not permanently and totally disabled and unable to perform the duties of a police officer.”

Mr. Campbell stated for the record that Mr. Acosta started in the police department as a police aide at 18 or 19 years of age and worked in the same unit as himself. Mr. Campbell said that some years later when the shooting happened at Children's Hospital, he was the first detective to respond being one of the detectives for that case. Mr. Campbell noted he secured a confession from the gunman in the incident who had pointed a gun at Mr. Acosta. Mr. Campbell commented that he met with the prosecution and testified against the suspect. He said he saw how the incident affected Mr. Acosta and how it changed him. Mr. Campbell said he had personal involvement in this and had spoken to him about the incident and how it affected him. Mr. Campbell remarked that he would not be able to separate his personal involvement from any decision involving this case and asked to abstain from any vote or any action regarding Mr. Acosta.

Mr. Konrad then asked for a motion. It was moved by Mr. Klusman, seconded by Ms. Ford, to accept the recommendations of Hearing Examiner Wasielewski. The motion prevailed by the following roll call vote: AYES: Mses. Ford, King, Sawa; Messrs. Bell, Klusman, Konrad, Kovac. NOES: None. ABSTENTION: Mr. Campbell.

### **Unfinished Business.**

**Pending and Legal Opinions and Service Requests Report.** As a matter of information, Board members received Mr. McClain's Pending Legal Opinions and Service Requests Report. Mr. McClain noted the City Attorney's Office is fairly well caught up on assignments from the Board. Mr. Allen thanked Mr. McClain for his and his colleagues diligent work.

**Pending Legislation Report.** As a matter of information, Board members received the Pending Legislation Report. Staff said there were no new items to report.

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

**Annuity & Pension Board Discretion Relating to Plan Sponsor Efforts to Seek State Legislation Relating to Employer Contributions.** Mr. Klusman said he had requested this item at the last meeting and it can be taken off now. Mr. Klusman stated he appreciated Mr. Kovac's work on file 210076.

Mr. Konrad advised that the Annuity and Pension Board may vote to convene in closed session on the following item as provided in Section 19.85(1)(f), Wisconsin State Statutes, for considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations.

### **Request by DDR Beneficiary to Waive Annual Re-Examinations by the Medical Panel pursuant to City of Milwaukee Charter Ordinance 36-05-3.c-1-b.**

It was moved by Mr. Campbell and seconded by Ms. King to convene in closed session. The motion prevailed by the following roll call vote. AYES: Mses. Ford, King, Sawa; Messrs. Bell, Campbell, Klusman, Kovac, and Konrad. NOES: None.

The meeting convened in closed session at 9:28 a.m.

The meeting reconvened in open session at 10:16 a.m.

Mr. Konrad said the matter before the Board is a response to a request to waive the re-examinations by a duty disability beneficiary and that the request is referred to the Medical Council as the Board's advisor pursuant to Chapter 36 to give their opinion to a reasonable degree of medical certainty based on the medical records available whether the duty disability beneficiary has any potential for improvement in his condition such that continued medical reexaminations are appropriate to determine his continued inability to engage in gainful employment of any sort. . Accordingly, staff would be directed to formulate questions for the Medical Counsel that incorporates those concepts and closely tracks the language of Chapter 36.

Mr. Konrad asked if there was a motion to direct the Staff as he outlined. Mr. Klusman noted the item on the agenda is a request for an annual re-exam waiver. Mr. Klusman stated he wanted to make a motion to deny the request for a waiver from the annual re-exam requirement. Mr. Konrad said he did not make a motion but was restating what he thought was the sense of the Board.

Mr. Konrad asked for Mr. Klusman's motion. It was moved by Mr. Klusman to deny the request for a waiver from the annual re-examination requirement. Mr. Konrad asked twice for a second to the motion. Mr. Konrad noted the motion failed due to a lack of a second. Mr. Konrad asked if there were any other motions. Mr. Bell said he agreed with how subsection E. was written. Mr. Konrad said the request could be granted or denied or the request could be sent to the Medical Panel for guidance on how to deal with the request. He said at a later meeting, the Board could vote on the request. Ms. King said she would make a second to deny the request. Mr. Kovac asked if there were another motion coming to include this motion or would this motion preclude the next motion. Mr. Konrad stated if this motion passes which would deny the request, it would be the end of the matter. Mr. Kovac said this motion could be objected to and another motion could be made. Mr. Konrad stated that would be correct. Mr. Kovac remarked that he would object to the motion. Mr. Konrad asked for a roll call on the motion to deny the waiver. The motion failed by the following roll call vote. AYES: Mr. Klusman. NOES: Messrs. Bell, Campbell, Kovac, and Konrad; Ms. Sawa. ABSTENTION: Mses. Ford, King.

Mr. Campbell made a motion to refer this to the Medical Council under the terms Mr. Konrad described earlier. It was moved by Mr. Campbell and seconded by Mr. Bell, to refer to the request to the Medical Council to advise the Board whether or not the re-examinations should be continued as outlined earlier in Mr. Konrad's initial remarks. The motion prevailed by the following roll call vote: AYES: Mses. Ford, King, Sawa; Messrs. Bell, Campbell, Kovac, and Konrad. NOES: Mr. Klusman.

### **Informational.**

The following is a list of informational items:

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (1)), 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.

- 1) Pending Litigation Report.

- 2) Conferences.
- 3) Class Action Income 2021 YTD.
- 4) Adjusted Quarterly Cost Basis of Equity.
- 5) Minutes of the Investment Committee Meeting Held April 15, 2021
- 6) Minutes of the Administration & Operations Committee Meeting Held April 21, 2021.

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

- 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.

Mr. Konrad asked if the Pending Litigation Report was a placeholder or if there was something to report. Mr. Allen noted the report was a placeholder and the closed session language was posted in case there was an update report but he said there was not.

Mr. Klusman noted "Part 3. Notice of Claim filed with ERS" of the Pending Litigation Report had incorrect information with "claimants from the police academy class of January 1, 2000". He said the report should be modified to accurately reflect the correct date of February 21, 2000.

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

There being no further business, Mr. Konrad adjourned the meeting at 10:28 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.)**