

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

Minutes of the Regular Meeting  
held October 26, 2021 via teleconference during COVID-19

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

Board Members Present: Matthew Bell (excused)  
Joshua Benson  
James Campbell  
Deborah Ford  
Molly King  
Tom Klusman  
Rudolph Konrad, Chair  
Nik Kovac

Retirement System Staff Present: Jerry Allen, Executive Director  
Melody Johnson, Deputy Director  
Daniel Gopalan, Chief Financial Officer  
David Silber, Chief Investment Officer  
Jeff Shoher, Chief Technology Officer  
Erich Sauer, Deputy Chief Investment Officer  
Anthony Lubarsky, Pension Investment Analyst  
Gust Petropoulos, Deputy Director Disability  
Jan Wills, Board Stenographer

Others Present: Patrick McClain, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., seven members of the public called in to the meeting.

**Regular Meeting.**

**Approval of Minutes.**

**Regular Meeting Held September 29, 2021.** It was moved by Mr. Benson, seconded by Mr. Campbell, and unanimously carried, to approve the Regular Meeting Held September 29, 2021.

**Chief Investment Officer Report.** Mr. Silber reminded the Board members of the November 11, 2021 Investment Committee Meeting. He said Callan will recommend candidates for the Hedge Fund-of-Funds Manager search. He said Callan is also putting together a Fixed Income Structure Review for the Fund's 23% Fixed Income allocation and will be providing a Real Estate Review. Staff will be providing the Committee with the 3<sup>rd</sup> Quarter Performance Report. As a matter of information, Board members received the October 26, 2021 Performance Update. Mr. Sauer noted the Fund as of September 30, 2021, had a value of \$6.03 billion. He said the Fund return of -0.2%, net of fees, outperformed the blended benchmark by 54 basis points. Mr. Sauer commented that the Fund's returns outperformed in the year-to-date, one-, five-, 10- and 20-year periods, and matched in the 15-year period, net of fees. He said the September relative performance drivers were Manager Selection with Private Equity adding 56 basis points, William Blair detracting 12 basis points, and Style Bias adding 15 basis points, primarily from small and value. Mr. Sauer stated as of October 22, the Fund return was 2.2% in October, bringing the year-to-date return to 15.9%, net of fees. He noted the Fund's approximate value is \$6.16 billion and 12 out of the Fund's 15 active mandates are outperforming year to date, net of fees. Mr. Sauer said the Total Fund, along with all of the Fund's assets classes, are

exceeding their respective benchmarks year to date, net of fees. He commented that year-to-date, the Fund has generated investment gains of \$871.1 million, paid benefits and expenses of \$344.1 million and received contributions of \$101.9 million. Mr. Sauer said the monthly withdrawals for October were \$8.5 million from the NT S&P 500 Index, \$7 million from DFA US Small Cap Value, \$5.5 million from Polen, \$5 million from BlackRock Global Alpha Tilts, \$4 million from Earnest, \$3 million from BlackRock R1000 Value, \$3 million from CastleArk, and \$2 million from DFA US Large Cap Value. He also commented on a proxy vote for Prologis, noting the only change to vote on was the election of a different arrangement for the performance fee. He said the change was only to the timing of the fee. It gave investors the option for a third of the performance fee to hit each year instead of a three-year fee all at one time. Mr. Sauer said Callan noted this better aligns the incentives to keep the performance of the Fund consistent over time.

### **New Business.**

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

Active Death Benefits reported	\$0.00
Deferred Death	\$37,721.83
Deferred Death – Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$29,875.81
Retired Death Benefits reported	\$90,361.53
Survivor Death – Termination Benefits reported	\$8,496.39
Refund of Member Contributions paid	\$96,144.62

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

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

James Campbell	2022 Vision, Insights, and Perspectives Conference
Sponsor:	Institutional Real Estates, Inc.
Location:	Carlsbad, CA
Date:	January 24 – 26, 2022
Estimated Cost:	\$2,000.00

It was moved by Ms. King, seconded by Mr. Klusman, and unanimously carried, to approve the Conference Requests – October 2021 Board Meeting.

**Proposed 2022 Board and Committee Meeting Dates.** Staff noted the proposed 2022 Board Meetings are tentatively proposed for the 4<sup>th</sup> Tuesday of the month instead of the 4<sup>th</sup> Monday of the month due to a Board member's conflict with his meetings on the 4<sup>th</sup> Monday of the month. Mr. Klusman requested the proposed 2022 Board and Committee Meeting Dates be held until the November 23, 2021 Board Meeting pending the results of the November 5, 2021 At Large Member Election. He thought the newly-elected candidate might have some meeting date conflicts.

It was moved by Mr. Klusman, seconded by Mr. Benson, and unanimously carried, to hold the Proposed 2022 Board and Committee Meeting Dates until the November Board meeting.

### **Medical Reports.**

**All Duty & Ordinary Disability Applications & Re-examinations (October).** Staff presented certifications (October 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>
Willie Huerta	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Kenneth Berget	Approval
Bradley Davis	Approval
Derek Geppert	Approval
Martin Kozlowski	Approval
Mark Tesch	Approval
Phillip Quigley	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Lisa Heath	Approval
<u>GC – Re-examinations – Duty</u>	<u>Recommendation</u>
Augusto Gamboa	Approval
<u>GC – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Harold Cross	Approval
Kelly Pope	Approval

It was moved by Mr. Klusman, seconded by Mr. Kovac, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations (October).

### **Unfinished Business.**

**Pending and Legal Opinions and Service Requests Report.** As a matter of information, Board members received the Pending Legal Opinions and Service Requests Report. Mr. McClain said there were no outstanding Legal Opinions. Staff noted the service requests for the Abbott Capital Private Equity Investors regarding the Limited Partner Agreement and the LaSalle Property Fund have both been assigned to outside legal counsel for review.

**Pending Legislation Report.** As a matter of information, Board members received the Pending Legislation Report. Staff noted the communication transmitting the report of the Mayor’s Task Force on the City of Milwaukee’s Pension System was presented on October 06, 2021 in closed session. Staff noted there was no further action on the report but was referred to the Steering & Rules Committee. Staff said they are watching it closely to see if there is further draft legislation. Mr. Konrad

accepted the report and placed it on file.

**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.

**Informational.**

Mr. Konrad 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.

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

The Board convened in closed session at 9:29 a.m.

The Board reconvened in open session at 9:51 a.m.

The following is a list of informational items:

- 1) Pending Litigation Report.
- 2) Conferences.
- 3) Class Action Income 2021 YTD.
- 4) Minutes of the Investment Committee Meeting Held September 2, 2021.
- 5) Minutes of the Administration and Operations Committee Meeting Held September 22, 2021.

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

- 6) Report on Bills.
- 7) Deployment of Assets.
- 8) Securities Lending Revenue and Budget Report.
- 9) Preliminary Performance Report/Asset and Manager Allocation Pie Charts.

It was moved by Mr. Klusman and seconded by Ms. Ford to adjourn the meeting. Mr. Konrad adjourned the meeting at 9:52 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.)