

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

Minutes of the Regular Meeting
held March 29, 2022 via teleconference during COVID-19

The meeting was called to order at 9:01 a.m.

Board Members Present: Matthew Bell, Chair
 James Campbell
 Deborah Ford
 Molly King
 Nik Kovac
 Aycha Sawa

Board Members Not Present: Tom Klusman (excused)
 Rudolph Konrad (excused)

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
 Gust Petropoulos, Deputy Director - Disability
 Mary Turk, Business Operations Analyst
 Jan Wills, Board Stenographer

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

Regular Meeting.

Approval of Minutes.

Regular Meeting Held February 22, 2022. It was moved by Ms. Sawa, seconded by Ms. King, and unanimously carried, to approve the Minutes of the Regular Meeting Held February 22, 2022.

Chief Investment Officer Report.

As a matter of information, Board members received the March 29, 2022 Performance Update. Mr. Sauer noted the Fund as of February 28, 2022, had a value of \$6.17 billion. He said the Fund return of 1.4%, gross of fees, outperformed in all time periods shown. He noted eight out of 15 active mandates are outperforming year to date. Mr. Sauer stated the Public Equity, Fixed Income, and Absolute Return asset classes, along with the Total Fund, are outperforming their respective benchmarks year to date. Mr. Sauer said the Fund, through February 28, had seen a year-to-date change in the value of its investments of -\$47.9 million, paid benefits & expenses of \$77.7 million,

and received contributions of \$77.9 million. He noted the Fund is down slightly for the month of March through the 28th, bringing the value of the Fund to approximately \$6.16 billion. He added that the majority of benefit payments will come from the Fund's Cash Balance but \$9 million will be withdrawn from the Fund's investment with Principal for benefit payments. Staff asked about the Russia exposure and Mr. Sauer said it is very low, amounting to about 50 basis points of the Public Equity portfolio, which is one-half of 1% of the Fund's stocks. He said Russia is not anywhere else in the Portfolio.

Mr. Silber said the next Investment Committee Meeting is April 14. He said the agenda will include Callan's 2022 Work Plan for the rest of the year, phase 1 of the Public Equity Structure Review, and a Callan Asset Allocation Review, among other things. Mr. Silber concluded by stating that contract negotiations and due diligence are happening concurrently on the Hedge Fund of Funds Manager that the Investment Committee selected after the interviews in February.

Administration & Operations Committee Report.

Ms. Sawa said that at its March 17, 2022 Administration & Operations Committee Meeting, the Committee re-elected Ms. King as its Vice Chair, the financial auditor Baker Tilly kicked off the audit, and the internal auditor CliftonLarsonAllen (CLA) went through their 2022 audit and plan, IT audit presentation, and Finance and Accounting audit presentation. Ms. Sawa said two of their agenda items are before the Board today – the approval of the contract with United Mailing Services, Inc. and the approval of the Close out of the 2021 Budget. Discussion ensued.

Approval of Contract Amendment with United Mailing Services, Inc. As a matter of information, Board members received the Contract Amendment with United Mailing Services, Inc. materials. It was moved by Ms. Sawa, seconded by Mr. Kovac, and unanimously carried, to approve the Approval of Contract Amendment with United Mailing Services, Inc.

Approval of Close out of 2021 Budget. As a matter of information, Board members received the Close out of 2021 Budget materials. Discussion ensued. It was moved by Ms. King, seconded by Mr. Campbell, and unanimously carried, to approve the Approval of Close out of 2021 Budget.

New Business.

Board Rule II.C.5. – Role of Deputy Director in the Absence or Illness of the Secretary and Executive Director. Staff explained that this Board rule provides for the Deputy Director to act in the stead of the Secretary and Executive Director in the event of absence or illness. Discussion ensued.

Retirements, Death Claims, and Refunds (February). Mr. Allen presented the following activity for the month of February 2022.

Active Death Benefits reported	\$0.00
Deferred Death	\$0.00
Deferred Death-Member Only Refund	\$0.00

Ordinary Death Benefits reported	\$67,836.90
Retired Death Benefits reported	\$31,682.56
Survivor Death – Termination Benefits reported	\$17,641.58
Refund of Member Contributions paid	\$300,521.64

It was moved by Mr. Campbell, seconded by Ms. King, and unanimously carried, to approve the Retirements, Death Claims, and Refunds (February 2022).

Conference Requests – March 2022 Board Meeting. Staff presented the Conference Requests this month.

Erich Sauer	New Hedge Fund of Funds Manager Due Diligence
Sponsor:	New Hedge Fund of Funds Manager
Location:	
Date:	April 11 – 13, 2022
Estimated Cost:	\$1,400.00

Erich Sauer, Thomas Courtright	CastleArk Due Diligence
Sponsor:	CastleArk
Location:	Chicago, IL
Date:	April 20, 2022
Estimated Cost:	\$250.00 total

Jerry Allen	Callan Institute 2022 Annual Conference
Sponsor:	Callan
Location:	San Francisco, CA
Date:	April 25 – 27, 2022
Estimated Cost:	\$2,500.00

David Silber, Thomas Courtright	Loomis Sayles & MFS Due Diligence; Prologis Meeting
Sponsor:	Loomis Sayles, MFS, Prologis
Location:	Boston, MA
Date:	May 9 – 11, 2022
Estimated Cost:	\$1,600.00 per person

Deborah Ford	NCPERS Annual Conference & Exhibition and Trustee Education Seminar
Sponsor:	NCPERS
Location:	Washington, DC
Date:	May 21 – 25, 2022
Estimated Cost:	\$4,300.00

Staff noted Ms. King also requested to attend the NCPERS Conference and Trustee Education Seminar at \$4,300.00.

It was moved by Mr. Campbell, seconded by Mr. Kovac, and unanimously carried, to approve the Conference Requests – March 2022 Board Meeting.

Medical Reports.

All Duty & Ordinary Disability Applications & Re-examinations (March). Staff presented certifications (March 2022) of the Fire and Police Medical Panel Physicians and the Medical Council relative to Duty & Ordinary Disability Retirement benefits as follows:

<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Claude Hunter	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Daniel Lazarski	Approval
<u>GC – Re-examinations – Duty</u>	<u>Recommendation</u>
Albert Henry	Approval

It was moved by Ms. King, seconded by Ms. Ford, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations (March).

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 noted there were a couple pending legal opinions due to his being overseas on military leave. He noted there would soon be a completion of the opinions.

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

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. Discussion ensued.

Informational.

The following is a list of informational items:

Mr. Bell 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)(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 Ms. King, seconded by Ms. Ford, and unanimously carried to convene in closed session. The motion prevailed by the following roll call vote: AYES: Ms. Ford, King, and Sawa; Messrs. Bell, Campbell, and Kovac. NOES: None.

The meeting convened in closed session at 9:43 a.m.

The meeting reconvened in open session at 10:08 a.m.

- 1) Pending Litigation Report.
- 2) Conferences.
- 3) Class Action Income 2022 YTD.

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

- 4) Report on Bills.
- 5) Deployment of Assets.
- 6) Securities Lending Revenue and Budget Report.
- 7) Preliminary Performance Report and Asset Allocation.

There being no further business to come before the meeting, it was moved by Mr. Campbell and seconded by Ms. King to adjourn the meeting.

Mr. Bell adjourned the meeting at 10:08 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.)