

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

Minutes of the Regular Meeting
held May 24, 2022 via teleconference during COVID-19

The meeting was called to order at 9:03 a.m.

Board Members Present: Matthew Bell, Chair
 Deborah Ford
 Tom Klusman
 Rudolph Konrad
 Nik Kovac

Board Members Not Present: James Campbell (excused)
 Molly King (excused)
 Aycha Sawa (arrived at 9:06 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
 Jan Wills, Board Stenographer

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

Regular Meeting.

Approval of Minutes.

Regular Meeting Held April 27, 2022. It was moved by Mr. Konrad, seconded by Ms. Ford, and unanimously carried, to approve the Minutes of the Regular Meeting Held April 27, 2022.

Chief Investment Officer Report. As a matter of information, Board members received the May 24, 2022 Performance Update. Mr. Sauer noted the Fund as of April 30, 2022, had a value of \$5.92 billion. He said the April Fund return of -3.2%, gross of fees, outperformed the benchmark by approximately 1.2%. He noted interest rates rose in April, which caused bond prices, as well as growth stocks, to fall. He said the main drivers for the month were real estate as strong quarterly reports came in from Prologis and LaSalle, which added 49 basis points to the Fund's relative returns. Mr. Sauer said UBS also had a strong month in April and added 19 basis points to the Fund's returns and the Fund's US Large Cap Value Bias added 16 basis points. He said the Fund outperformed the benchmark in all time periods shown. He commented the Fund return, through May 23rd, was down -0.9% month-to-date, which brought the Fund return down to -4.5% year to date and the Fund value to \$5.87 billion. He noted nine 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 May 23, had seen a year-to-date change in the value of its investments of -\$279.0 million, paid benefits & expenses of \$155.1 million, and received contributions of \$85.8 million. He added that \$21 million of withdrawals for benefit payments would come from the US Government Bond Index and \$8 million from Principal.

Ms. Sawa arrived at 9:06 a.m.

Mr. Silber noted the Investment Committee Meeting is set for June 9. He said the expected agenda items will come from Callan who will provide a Real Estate update and continue a Public Equity Structure Review. He said the Investment Team is also in touch with the City Attorney's office and external counsel regarding the contract with the selected Hedge Fund of Funds Manager, which is contingent upon due diligence and contract negotiations. Mr. Silber noted the Hedge Fund of Funds Manager's contract would be on the agenda if it is ready. He also noted that performance reports and guideline items would be on the agenda.

New Business.

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

Active Death Benefits reported	\$0.00
Deferred Death	\$25,031.35
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$0.00
Retired Death Benefits reported	\$10,656.04
Survivor Death – Termination Benefits reported	\$12,494.59
Refund of Member Contributions paid	\$202,245.39

It was moved by Mr. Klusman, seconded by Mr. Konrad, and unanimously carried, to approve the Retirements, Death Claims, and Refunds (April 2022).

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

Thomas Courtright	Neuberger Berman 2022 LP Annual Meeting
Sponsor:	Neuberger Berman
Location:	New York, NY
Date:	June 22-23, 2022
Estimated Cost:	\$1,500.00

It was moved by Ms. Sawa, seconded by Ms. Ford, and unanimously carried, to approve the Conference Requests – May 2022 Board Meeting.

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)(c), for considering employment, promotion, compensation or performance evaluation data of any public employe over which the governmental body has jurisdiction or exercises responsibility. The Board may then vote to reconvene in open session following the closed session.

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

The Board convened in closed session at 9:15 a.m.

The Board reconvened in open session at 9:41 a.m.

Medical Reports.

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

<u>Police – Application – Ordinary</u>	<u>Recommendation</u>
Telly Kemos Effective 12/06/2021	Approval
<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Robert Henry	Approval
Michael Pendergast	Approval
<u>Fire – Application – Extended Life</u>	<u>Recommendation</u>
Charles Kazik Effective 12/22/2021	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Brett Michalowski	Approval
Walter Price	Approval
<u>GC – Application – Duty</u>	<u>Recommendation</u>
Gregory Fenning Effective 10/08/2021	Approval

GC – Application – OrdinaryRecommendation

Matthew Wytch
Effective 10/05/2021

Approval

GC – Re-examinations – OrdinaryRecommendation

Jeffrey Granberry
Kathy Wilder

Approval
Approval

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

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 the single pending legal opinion is in draft form and will be ready in the next month. He said there are no new updates for the other legal issues. Discussion ensued.

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

- 1) Pending Litigation Report.
- 2) Conferences.
- 3) Class Action Income 2022 YTD.
- 4) Adjusted Quarterly Cost Basis of Equity.
- 5) Minutes of the Investment Committee Meeting Held April 14, 2022.
- 6) Minutes of the A&O Committee Held April 20, 2002.

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 and Asset Allocation.

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

Mr. Bell adjourned the meeting at 9:56 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.)