

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
789 N. WATER ST. (Employees' Retirement System)
TUESDAY, MARCH 29, 2022 – 9:00 A.M.**

Special Notice: Due to the COVID-19 pandemic, the meeting will be held remotely via video conference. Instructions on how to observe the meeting will be available on ERS's website (www.cmers.com) prior to the meeting.

Please note and observe the following remote attendance etiquette to ensure a smooth and productive meeting:

- In order to cut down on background noise, participants in the meeting should put their phones on mute when they are not participating.
- At the start of the meeting, the Chairman will announce the names of the members of the Board present on the call, as well as anyone else who will be participating.
- Please request to be recognized by the Chairman if you would like to speak.
- Those participating on the call should identify themselves whenever they speak, and should ensure that the other participants on the call can hear them clearly.

REGULAR MEETING

- I. Approval of Minutes.
 - A. Regular Meeting Held February 22, 2022.
- II. Chief Investment Officer Report.
- III. Administration & Operations Committee Report.
 - A. Approval of Contract Amendment with United Mailing Services, Inc.
 - B. Approval of Close out of 2021 Budget.
- IV. New Business.
 - A. Board Rule II.C.5. – Role of Deputy Director in the Absence or Illness of the Secretary and Executive Director.
 - B. Retirements, Death Claims, and Refunds (February).
 - C. Conference Requests – March 2022 Board Meeting.
- V. Medical Reports.
 - A. All Duty & Ordinary Disability Applications & Re-examinations (March).

VI. Unfinished Business.

- A. Pending Legal Opinions and Service Requests Report.
- B. Pending Legislation Report.
- C. Executive Director's Report – Inventory of ERS Projects.

VII. Informational.

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

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2022 YTD.
- D. Report on Bills.
- E. Deployment of Assets.
- F. Securities Lending Revenue and Budget Report.
- G. Preliminary Performance Report and Asset Allocation.

MEETING REMINDERS

INVESTMENT COMMITTEE MEETING

THURSDAY, APRIL 14, 2022 – 9:00 A.M.
789 N. WATER ST.

REGULAR MEETING OF THE ANNUITY AND PENSION BOARD

WEDNESDAY, APRIL 27, 2022 – 9:00 A.M.
789 N. WATER ST.

REGULAR MEETING

I.

APPROVAL OF MINUTES

- A. Regular Meeting Held February 22, 2022.

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

Minutes of the Regular Meeting
held February 22, 2022 via teleconference during COVID-19

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

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

Board Members Not Present: Molly King

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

Others Present: Hannah Ross, Avi Josefson, BLB&G; Jim Carroll, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., seven members of the public called in to the meeting.

Regular Meeting.

Appointment of Committees for 2022.

Administration and Operations Committee.
Investment Committee.
Legislative Committee.
Litigation Committee.

Mr. Bell said Ms. Sawa was re-appointed as Chair of the Administration and Operations Committee, Mr. Klusman was appointed Chair of the Investment Committee, and Ms. Ford was re-appointed as Chair of the Legislative Committee. He said a Litigation Committee chair would be appointed when necessary. Discussion ensued.

Ms. King arrived at the meeting at 9:03 a.m.

Approval of Minutes.

Annual Meeting Held January 26, 2022. It was moved by Ms. King, seconded by Mr. Campbell, and unanimously carried, to approve the Minutes of the Regular Meeting Held January 26, 2022.

Minutes of the Special Board Meeting Held February 10, 2022. It was moved by Ms. Sawa, seconded by Mr. Klusman, and unanimously carried, to approve the Minutes of the Special Board Meeting Held February 10, 2022.

At this point, Mr. Bell took the meeting out of order to item V.A. New Business – Update and Consideration of Strategy, Tactics and Potential Resolution Regarding the Allianz Litigation.

New Business.

Update and Consideration of Strategy, Tactics and Potential Resolution Regarding the Allianz Litigation.

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following item (A.), 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. Klusman and seconded by Mr. Konrad to convene in closed session. The motion prevailed by the following roll call vote: AYES: Ms. Ford, King, and Sawa; Messrs. Bell, Campbell, Klusman, Konrad, and Kovac. NOES: None.

The meeting convened in closed session at 9:09 a.m.

The meeting reconvened in open session at 10:04 a.m.

Mr. Bell returned the meeting to agenda item III. Chief Investment Officer Report.

Chief Investment Officer Report.

As a matter of information, Board members received the February 22, 2022 Performance Update. Mr. Sauer noted the Fund as of January 31, 2022, had a value of \$6.12 billion. He said the Fund return of -2.1%, gross of fees, outperformed the blended benchmark by approximately 62 basis points. Mr. Sauer commented that the Fund outperformed in all time periods shown, net of fees. He said the January relative performance drivers were Manager Selection with Brandes adding 44 basis points, DFA mandates adding 30 basis points, Real Estate adding 26 basis points, and William Blair which detracted -39 basis points. He commented that nine out of 15 active mandates outperformed. He noted the Public Equity and Absolute Return asset classes, along with the Total Fund, outperformed their respective benchmarks. Mr. Sauer said the Fund had an investment loss of \$132.9 million, paid benefits & expenses of \$39 million, and received contributions of \$73.4 million. He added that withdrawals from investment managers were not necessary in January because of declines in the stock market and the Fund's overweight cash balance, which is more

than enough to cover benefits payments this month. Mr. Sauer also gave an update on due diligence planning for CastleArk, the new Hedge Fund of Fund Managers, and DFA and Brandes. He said it is hoped for the due diligence meetings to be in person.

Mr. Silber noted Staff used its delegated authority granted by the Board to sign a document to receive over \$13 million from one of the remaining non-core Real Estate investments.

Investment Committee Report.

At the February 10 meeting, Chairman Klusman said the Investment Committee interviewed three investment managers as part of the Hedge Fund of Funds Manager search. The investment managers interviewed were Goldman Sachs Asset Management AIMS Aptitude, Blackstone Alternative Asset Management, and Grosvenor Capital Management. Mr. Klusman noted the Committee selected one finalist in closed session and directed the ERS Staff to conduct due diligence and coordinate legal negotiations with the selected finalist. He said the selection is contingent on successful due diligence and contract negotiations.

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

Selection of Hedge Fund of Funds Manager. It was moved by Mr. Konrad, seconded by Mr. Campbell, and unanimously carried, to approve the Investment Committee Report.

New Business.

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

Active Death Benefits reported	\$0.00
Deferred Death	\$0.00
Deferred Death-Member Only Refund	\$1,911.82
Ordinary Death Benefits reported	\$240,846.71
Retired Death Benefits reported	\$252,248.88
Survivor Death – Termination Benefits reported	\$13,305.26
Refund of Member Contributions paid	\$206,596.63

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

Conference Requests – February 2022 Board Meeting. Staff noted there were no requests this month to attend conferences.

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

The meeting convened in closed session at 10:19 a.m.

The meeting reconvened in open session at 11:23 a.m.

Medical Reports.

All Duty & Ordinary Disability Applications & Re-examinations (February). Staff presented certifications (February 2022) 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>
Brandon Baranowski	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Pieter Gallagher	Approval
Teresa MacGuire	Approval
William Soderbeck	Approval
Christopher Underwood	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Christopher Kietzke	Approval
<u>GC – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Ywanda Bryant	Approval
Renee Gibbs	Approval

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

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. Staff noted two Legal Opinions regarding Review of Board Rule II.A.2 and Same Sex Spouse Retirees are awaiting review by the City Attorney's Office. Staff also noted there are two Service Requests for Contract for Banking Services and Contract for Office Space.

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

- 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 February 10, 2022.

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 and Asset Allocation.

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

Mr. Bell adjourned the meeting at 11:32 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.)

II.

CHIEF INVESTMENT OFFICER REPORT

Milwaukee Employees' Retirement System - March 29, 2022

Fund as of February 28, 2022

*Fund value of \$6.17b.

*Fund return of 1.4%, gross of fees.

*Fund outperformed in all time periods shown.

*8 out of 15 active mandates outperforming YTD.

*Public Equity, Fixed Income, and Absolute Return asset classes, along with Total Fund, outperforming their respective benchmarks YTD.

*Investment Change: -\$47.9m

*Benefits & Expenses: 77.7m

*Contributions: 77.9m

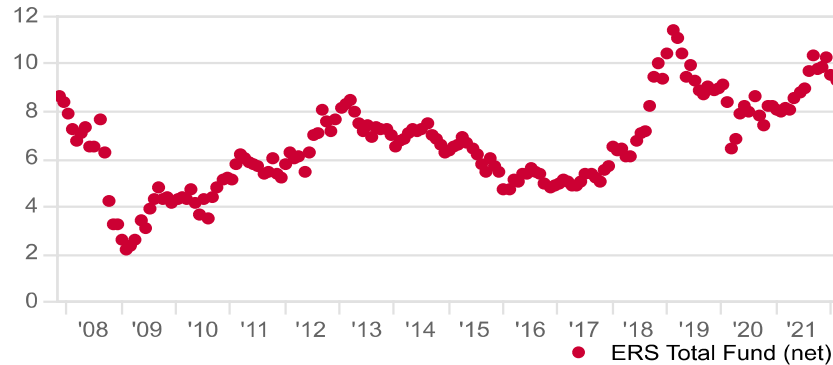
Monthly Withdrawals:

Majority of benefit payments will come from Fund's Cash Balance.

Principal \$9m

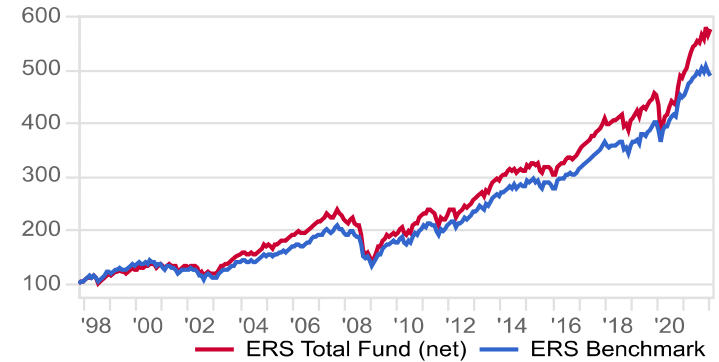
Total Fund - 10-Year Rolling Returns

11/28/1997 to 2/28/2022



Growth of \$100 - Total Fund & ERS Benchmark

11/28/1997 to 2/28/2022



Return Data

Source Data: Monthly Return

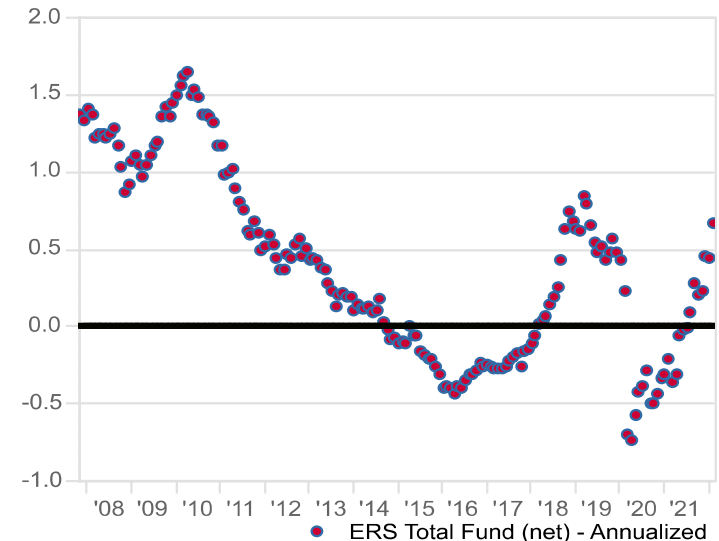
	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	1.4	-0.7	15.6	10.2	9.3	6.8	7.7
ERS Benchmark	-1.1	-3.8	7.8	9.0	8.6	6.6	7.1

Total Fund - 20-Year Risk & Return Data

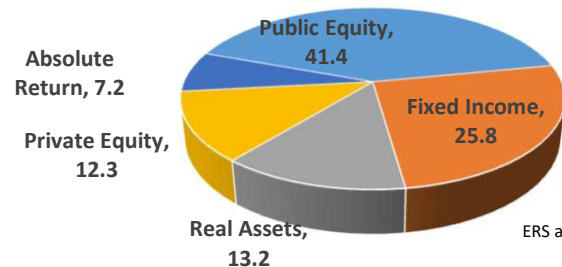
	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.7	10.4	2.5	0.3	0.6	-0.1	1.1
ERS Benchmark	7.1	9.2	--	--	0.6	0.0	1.0

Total Fund - 10-Year Rolling Excess Returns

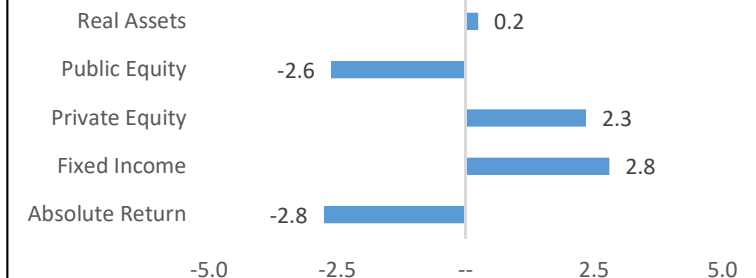
11/28/1997 to 2/28/2022



ERS Allocation as of February 28, 2022



Asset Allocation vs Policy as of February 28, 2022



III.

ADMINISTRATION & OPERATIONS COMMITTEE REPORT

- A. Approval of Contract Amendment with United Mailing Services, Inc.
- B. Approval of Close out of 2021 Budget.

**SECOND AMENDMENT
TO THE SERVICE AGREEMENT BETWEEN
THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
AND
UNITED MAILING SERVICES, Inc.**

THIS IS THE SECOND AMENDMENT ("Second Amendment") to the Service Agreement ("Agreement") beginning May 1, 2017, between the Employees' Retirement System of the City of Milwaukee ("ERS") and United Mailing Services, Inc. ("UMS");

WHEREAS, on May 1, 2017, the ERS and UMS entered into the Service Agreement; and

WHEREAS, the Agreement was amended via the First Amendment To The Contract For Services between the Employees' Retirement System and United Mailing Services, Inc. ("the First Amendment") in January of 2020; and

WHEREAS, in 2021, ERS completed a request for quotations and determined that UMS will remain the ERS's vendor for the services described herein; and

WHEREAS, ERS and UMS wish to amend the Agreement to extend it for three additional years:

NOW, THEREFORE, in consideration of the mutual covenants herein stated, ERS and UMS agree to amend the Agreement as follows:

1. The term of the Agreement, as set forth in paragraph 2.1 entitled "TIME OF PERFORMANCE" is amended to read: "upon April 30, 2025"; and, the "Time of Performance" on the head of the contract shall read: "May 1, 2017 – April 30, 2025."
2. The maximum compensation as set forth on the head of the contract entitled "Maximum Compensation Not to Exceed" is amended to read "\$501,000."
3. The Request for Proposal attached to the Agreement as Exhibit A is replaced with the new Request for Proposal attached to this Second Amendment as Exhibit 1.
4. The Scope of Work attached to the Agreement as Exhibit B is replaced with the new Scope of Work attached to this Second Amendment as Exhibit 2, with new prices which shall apply prospectively starting on April 1, 2022.
5. These changes constitute the entire Second Amendment to the Agreement. All other covenants, provisions, terms and conditions of the Agreement shall remain unchanged.

6. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original; all such counterparts shall, together, constitute only one instrument. PDFs shall be deemed the same as originals.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto execute this Second Amendment:

United Mailing Services, Inc.

Name: Date

Title:

THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

Name: Date

Title: Board Chair

Bernard J. Allen, Executive Director Date

Countersigned:

Assistant City Attorney
As to Form and Execution Date

EXHIBIT 1

Request for Quote For Mailing & Printing Services For the Employees' Retirement System (ERS) Of the City of Milwaukee

Quotes are due to Mary Turk **by:**

4:45pm, Wednesday, December 1, 2021

By e-mail: Mary.Turk@CMERS.com (required), or also at the following address:
Employees' Retirement System, 789 N Water Street, Suite 300, Milwaukee WI 53202

The ERS is seeking quotes for mailing and printing services to meet its business requirements in the following areas:

Monthly pension check/ACH advice mailings
Newsletter mailings
Board election mailings
Annual statement mailings
Occasional special mailings
Printing services for monthly newsletters or any other mailed communication.

Vendor to quote pricing for a three year term. Contract may be extended by mutual agreement of the parties for additional two-year terms.

Particular specifications are as follows:

Monthly Pension Check/ACH Advice Mailings

- 13,500-14,500 mailings, monthly, first class pre-sort postage using ERS window envelopes
- Will require folding and stuffing of a monthly newsletter
- Will require printing of the newsletter
- Newsletter will be standard 8 ½ x 11" paper or on occasion, 8 ½ x 14 legal size paper (black ink on colored paper)
- Requires pick-up at the ERS offices, on the fourth business day prior to month-end to be held in a secured file until mailing early on the second last business day of the month to result in local delivery on the last business day of the month
- Will require storage of ERS envelopes on site of at least a six month supply and as many as an 18 month supply. These envelopes are for this mailing only.
- On occasion may require a third document for stuffing.

Newsletter Mailings – Active (with Annual Member Statements)

- 14,000 to 15,000 active member newsletters
- Will require folding and stuffing – one or two pieces of standard size paper
- May require printing of the newsletter
- Newsletter will be standard 8 ½ x 11" paper, duplex printing, black ink on colored paper
- Standard letter size envelopes to be provided by ERS at the time of mailing (windowed envelopes)
- Pre-sort first class postage required
- Will require pick-up from ERS offices with mailing to occur within 3-5 business days

Board Election Mailings

- 13,500 to 14,500 either active or retired member letters announcing nominations for board election
- May require printing of announcement
- Will require folding of announcement and stuffing of announcement, ballot and a small return envelope in a standard ERS envelope
- Address file to be supplied along with envelopes at time of mailing
- Mailing to occur within 3 business days
- Pre-sort first class postage required
- Pick-up at ERS offices for all materials
- This process to be repeated using nomination forms that are 4 ¼" x 5 ¾" which may need to be printed, and will have to be stuffed. Process may occur twice if there is a run-off for the election.

Annual Member Statement Mailings

- 15,000 active & deferred member statements (annually)
- folding and stuffing required – will require stuffing of an active newsletter mailing (see "Newsletter Mailings - Active" section above)
- Use of ERS window envelope
- Pre-sort first class postage required
- Pick-up at ERS offices of all materials, mailing to occur within 3-5 business days

Occasional Special Mailings

As the need arises, special mailings may be needed ranging in size from 500 to 25,000 pieces.

Will require folding and stuffing

May require use of supplied window envelopes, or alternatively we may supply an address file with envelopes

May require printing

Please quote charges for using colored paper and color printing.

Please quote charges for a second or third insert.

Vendor to exercise quality control over all mailings, paying attention to, among other things, placement of address in window envelopes.

Mailing times cited herein are essential deadlines.

ERS may maintain a postage advance equal of one to two months normal pension Check/ACH Advice mailing. Vendor to invoice not more than monthly for services. Such invoice to include actual postage charges to restore Postage advance
or

Vendor to front postage costs. Vendor to invoice not more than monthly for services. Such invoice to include actual postage charges.

The Employees' Retirement System (ERS) reserves the right to accept or reject any and all quotes or not proceed with any action. ERS will incur no liability for the cost of quote preparation.

An Excel spreadsheet is attached for use in quoting the services to be provided. Please submit in spreadsheet form.

In addition to the above quotation, the ERS is interested in retaining a back-up service provider in the event of an emergency where the primary service provider may be unable to process a monthly payroll. An additional tab for emergency services is included with the spreadsheet related to payroll processing.

Please note the following insurance requirements of the Employees' Retirement System.

INSURANCE REQUIREMENTS

A. General Requirements

A certificate of insurance acceptable to the Employees' Retirement System (ERS) and City evidencing the insurance requirements is to be provided. The certificate shall state that the issued insurance policies meet the requirements as outlined below. All certificates are to be provided within 30 days of final execution of this Contract. If such certificate is not received, the (ERS) and the City of Milwaukee has the authority to declare this Contract terminated. Certificates of Liability are to be submitted annually.

All policies shall state that the ERS and City shall be afforded a thirty (30) day written notice of cancellation, non-renewal or material change by any insurers providing the coverage required by the ERS and City for the duration of this Contract.

Insurance companies must be acceptable to the ERS and City and must have a current A.M. Best rating of A- VIII or better.

All policies shall be written on an occurrence form, other than professional liability as noted below.

If subcontractors are used, each must meet all requirements in sections A and B.

B. The minimum insurance requirements are as follows:

(1) Workers' Compensation and Employer's Liability

Workers' Compensation	Statutory Coverage
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

- Employer's Liability at limits noted above or higher limits if needed to meet Umbrella underlying insurance requirements.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.

(2) Commercial General Liability

Commercial General Liability	\$1,000,000 each occurrence
General Aggregate	\$2,000,000 aggregate
Personal & Advertising Injury Limit	\$1,000,000 each occurrence
Products - Completed Operations Aggregate	\$2,000,000 aggregate
Medical Expense	\$ 5,000 each person

- Coverage must be equivalent to ISO form CG0001 or better.
- The ERS and City of Milwaukee shall be added as additional insureds using ISO form CG2026 or its equivalent.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.
- The policy shall include independent contractors (owners/contractors protective) and contractual liability.
- Coverage will apply on a primary and non-contributory basis. We suggest the following wording:

"If you have agreed in a written contract that this policy will be primary and without right of contribution from any insurance in

force for an Additional Insured for liability arising out of your operations, and the contract was executed prior to the bodily injury, property damage, personal injury or advertising injury, then this insurance will be primary over, and we will not seek contribution from, such insurance.”

- Coverage shall apply to the risks associated with or arising out of the services provided under this contract.

(3) Auto Liability

Combined Single Limit \$1,000,000 each accident

Medical Expense \$ 10,000 each person

- If the Contractor owns or has any long term leased vehicles, coverage must be for Any Auto (Symbol 1). If there are no owned or long term leased vehicles, then coverage must be for Hired and Non-Owned Auto Liability (Symbols 8 and 9).
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.
- The ERS and City of Milwaukee shall be added as additional insureds.
- Coverage shall include contractual liability for risks assumed in this contract.
- Coverage shall apply to the risks associated with or arising out of the services provided under this contract.
- If Federal or State government(s) require a Motor Carrier filing, such filing shall be made available to City upon request.

(4) Umbrella (Excess) Liability

Umbrella (excess) Liability \$5,000,000 per occurrence

\$5,000,000 aggregate

- The Umbrella Liability insurance shall provide coverage excess of the Employer’s Liability, Commercial General Liability and Auto Liability Coverages, including the amendments stated above.

(5) Crime Insurance

Employee Dishonesty \$1,000,000 per loss

Forgery or Alteration 1,000,000 per loss

- The Crime Insurance shall provide coverage for Third Party Employee Dishonesty.

(6) Professional Liability (Printers Errors and Omissions)

Combined Single Limit \$1,000,000 each accident

- Coverage must remain in effect for a period of not less than two years beyond the termination date of the contract.
- If a claims-made form is used and a change of insurer occurs during the contract period, continuity of coverage must be maintained by either retaining the original retroactive date or exercising the extended reporting period endorsement option from the expired policy for a period of not less than two years, if the replacement insurer will not preserve the original retroactive date.
- Coverage shall be modified to include a Waiver of Subrogation Endorsement in favor of the ERS and City including their directors, officers, agents, employees and volunteers.

(7) Cyber Insurance (if in possession of personally identifiable information)

Cyber Insurance \$1,000,000 each incident

- Coverage shall include liability coverage for all damages, claims expenses, costs, fines and penalties related to unauthorized disclosure of personally identifiable information.
- The ERS and City of Milwaukee shall be added as additional insureds.
- Coverage shall include cost of notification, cost of identity protection and repair insurance for affected individuals.

EXHIBIT 2

ERS Price quote for Requested Mailing/Printing Service

Estimated Volume	Description	Vendor price quote per unit
Monthly pension check/ACH advice mailings (Full First Class)		
	Produce copy of monthly newsletter or other document (quote to include cost of vendor supplied paper) to accompany check/ach advice	
14,000	Sized -8½x11 one-sided	<u>0.025</u>
14,000	Sized-8½x11 duplexed	<u>0.042</u>
14,000	Sized -8½x14 one-sided	<u>0.031</u>
14,000	Sized-8½x14 duplexed	<u>0.048</u>
	Fold and stuff supplied 8½x11 check/ach advice with one insert in supplied window envelopes to be stored at vendor location (inserts may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
14,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>
Newsletter mailings (Pre-Sort First Class)		
	Produce copy of newsletter or other document (quote to include cost of vendor supplied paper)	
15,000	Sized -8½x11 one-sided	<u>0.025</u>
15,000	Sized-8½x11 duplexed	<u>0.042</u>
15,000	Sized -8½x14 one-sided	<u>0.031</u>
15,000	Sized-8½x14 duplexed	<u>0.048</u>
15,000	Produce printed ballots sized	<u>.0175 per ballot</u>
	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
	Fold and stuff single sheet newsletter (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
15,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>
Board election mailings (Pre-Sort First Class)		
	Produce copy of narrative to accompany mailing (quote to include cost of vendor supplied paper)	
14,000	Sized -8½x11 one-sided	<u>0.025</u>
14,000	Sized-8½x11 duplexed	<u>0.042</u>
14,000	Sized -8½x14 one-sided	<u>0.031</u>
14,000	Sized-8½x14 duplexed	<u>0.048</u>
	Print 4¼x5½ ballots to be used for election mailing (quote to include cost of vendor supplied paper)	<u>.0175 per ballot</u>
	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
	Fold and stuff narrative (may be either letter or legal sized. Quote to cover either size.) a 4¼x5½ ballot and a 6½x3¾ return envelope and deliver for mailing.	<u>0.081</u>
14,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Counts are approximate and are not guaranteed, not all services will be required for all mailings.

EXHIBIT 2**ERS Price quote for Requested Mailing/Printing Service**

Estimated Volume	Description	Vendor price quote per unit
Annual statement mailings (Full First Class)		
	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
15,000	Sized -8½x11 one-sided	<u>0.025</u>
15,000	Sized-8½x11 duplexed	<u>0.042</u>
15,000	Sized -8½x14 one-sided	<u>0.031</u>
15,000	Sized-8½x14 duplexed	<u>0.048</u>
15,000	Fold and stuff 8½x11 Annual Statement in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>
15,000	Additional cost for second insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>
15,000	Additional cost for third insert (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>
Occasional special mailings (Postage class determined for each job)		
	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
500-3,000	Sized -8½x11 one-sided	<u>0.025</u>
500-3,000	Sized-8½x11 duplexed	<u>0.042</u>
500-3,000	Sized -8½x14 one-sided	<u>0.031</u>
500-3,000	Sized-8½x14 duplexed	<u>0.048</u>
500-3,000	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
500-3,000	Fold and stuff single sheet (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
500-3,000	Fold and stuff single sheet in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>
500-3,000	Additional cost for second insert in either type envelope (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>
	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
3,001-12,000	Sized -8½x11 one-sided	<u>0.025</u>
3,001-12,000	Sized-8½x11 duplexed	<u>0.042</u>
3,001-12,000	Sized -8½x14 one-sided	<u>0.031</u>
3,001-12,000	Sized-8½x14 duplexed	<u>0.048</u>
3,001-12,000	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
3,001-12,000	Fold and stuff single sheet (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
3,001-12,000	Fold and stuff single sheet in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>

Counts are approximate and are not guaranteed, not all services will be required for all mailings.

EXHIBIT 2

ERS Price quote for Requested Mailing/Printing Service

Estimated Volume	Description	Vendor price quote per unit
3,001-12,000	Additional cost for second insert in either type envelope (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Occasional special mailings (Postage class determined for each job) continued

	Produce potential document to accompany mailing (quote to include cost of vendor supplied paper)	
>12,000	Sized -8½x11 one-sided	<u>0.025</u>
>12,000	Sized-8½x11 duplexed	<u>0.042</u>
>12,000	Sized -8½x14 one-sided	<u>0.031</u>
>12,000	Sized-8½x14 duplexed	<u>0.048</u>
	Print addresses on ERS supplied envelopes from supplied address file in order specified by ERS	<u>0.025</u>
>12,000	Fold and stuff single sheet (may be either letter or legal sized. Quote to cover either size.) and deliver for mailing.	<u>0.052</u>
>12,000	Fold and stuff single sheet in ERS supplied window envelope and deliver for mailing.	<u>0.052</u>
>12,000	Additional cost for second insert in either type envelope (inserts may be either letter or legal sized. Quote to cover either size.)	<u>0.01 per piece</u>

Special Printing-Colors

Vendor will either be supplied an original document, Microsoft Word file, or PDF file when asked to copy/print. Where quoting printing, vendor should assume one color (black) printing on white paper. Indicate additional costs for colored Printing/Paper below. In particular, there may be instances where ERS desires a different color, such as a different color ballot in a run-off election. If color is specified, it is expected to be light enough to enable printing thereon to be easily read.

Any Premium charged per print job for used of color paper per 8½x11 sheet.	<u>0.01</u>
Any Premium charged per print job for used of color paper per 11x14 sheet.	<u>0.01</u>

If vendor is capable of printing in colors, indicate premium for printing in color below.

Any Premium charged per print job for printing in color one-sided on 8½x11 ea.	<u>0.04</u>
Any Premium charged per print job for printing in color duplexed on 8½x11 ea.	<u>0.08</u>
Any Premium charged per print job for printing in color one-sided on 11x14 ea.	<u>0.04</u>
Any Premium charged per print job for printing in color duplexed on 11x14 ea.	<u>0.08</u>

Employees' Retirement System of the City of Milwaukee
March 11, 2022
Memorandum

To: Bernard J. Allen, Executive Director

From: Daniel Gopalan, CPA, ERS Chief Financial Officer

Re: Final 2021 Payment to the City and 2021 Budget to Actual Expenditures

I have completed my analysis for our expenditure activity for fiscal year 2021. Our expenditures for the year ended December 31, 2021 total \$16,278,228.76 of which \$436,286.99 relates to non-trust activities. The remaining \$15,841,941.77 represents amounts that are funded by the Trust for 2021 expenses.

We have previously advanced the City \$15,220,100 toward these costs in 2021, leaving a balance owed of \$621,841.77.

The final amount payable to the City is primarily comprised of costs incurred since the middle of December, the last time the Trust reimbursed the City for expenses and for amounts accrued to close out the fiscal year.

An analysis will be provided to the City with a cover letter requesting the City to prepare an invoice for this amount to be approved by the Board for final payment in settlement of 2021 expenses.

Below you will find the 2021 Budget to Actual Summary:

CATEGORY	BUDGET	ACTUAL	AVAIL. BALANCE
SALARIES	\$ 3,570,428.00	\$ 3,415,177.43	\$ 155,250.57
FRINGE	1,642,397.00	1,394,387.40	247,009.60
GENERAL OFFICE	195,000.00	186,823.62	8,176.38
OPERATING SUPPLIES	5,000.00	1,979.48	3,020.52
FACILITY RENT & PROPERTY SERVICES	658,000.00	533,752.73	124,247.27
EQUIPMENT RENTAL	26,000.00	19,770.01	6,229.99
PROFESSIONAL SERVICES	11,021,000.00	8,929,249.74	2,091,750.26
INFORMATION TECHNOLOGY	1,517,000.00	778,735.66	738,264.34
OTHER OPERATING SERVICE	1,155,000.00	637,669.72	517,330.28
EQUIPMENT	875,000.00	379,682.97	495,317.03
TOTAL	\$20,664,825.00	\$16,278,228.76	\$ 4,870,120.44

c David Silber
Melody Johnson

Employees' Retirement System - City of Milwaukee

2021 Budget vs. Actual Expenses

For The Year Ended December 31, 2021

			Budget Trust		Budget Non-Trust		Actual Trust		Actual Non-Trust		
			Activity		Activity	Total Budget	Activity		Activity	Total Actual	
Direct Salary	86.8%	\$	2,929,800.00	\$	170,000.00	\$	2,786,152.35	\$	162,320.00	\$	2,948,472.35
Indirect Salary (15.18% of DS)	13.2%		444,864.00		25,764.00	470,628.00	442,119.41		24,585.67		466,705.08
Total Salary			3,374,664.00		195,764.00	3,570,428.00	3,228,271.76		186,905.67		3,415,177.43
Fringe Benefits Applied	46.0%		1,552,346.00		90,051.00	1,642,397.00	47%	1,306,887.40	88,500.00		1,395,387.40
City Indirect Cost	4.2%		121,000.00			121,000.00	4.2%	117,000.00			117,000.00
Other Operating Expenditures			14,456,000.00		-	14,456,000.00		10,882,799.64	88,181.32		10,970,980.96
Equipment			875,000.00			875,000.00		379,682.97			379,682.97
Sub Total			20,379,010.00		285,815.00	20,664,825.00		15,914,641.77	363,586.99		16,278,228.76
Indirect-Non Trust Activity*	20.0%		(57,200.00)		57,200.00	20.0%	(72,700.00)		72,700.00		
Total O&M Activity			20,321,810.00		343,015.00	20,664,825.00		15,841,941.77	436,286.99		16,278,228.76
Grand Total		\$	20,321,810.00	\$	343,015.00	\$	15,841,941.77	\$	436,286.99	\$	16,278,228.76

* Management oversight, share of other operating expenditures

Salary Detail of Non-ERS Activity		Non-Trust Gross Salary Budget	Gross Salary Budget	Total Actual Gross Salary	Total Actual Direct Salary	Non-Trust Gross Salary Actual	Non-Trust Direct Salary Actual
L Johnson Health/Dental	100%	51,479.00	51,479.00	45,000.22	38,769.44	45,000.22	38,769.00
Freeman Life	100%	45,303.00	45,303.00	43,815.20	36,568.84	43,815.20	36,569.00
Gary Life	100%	45,303.00	45,303.00	45,900.54	40,023.42	45,900.54	40,023.00
Hann Life/Dental	100%	45,303.00	45,303.00	44,152.24	39,981.37	44,152.24	39,981.00
Niemiec Health/LIS/P/FABF	5%	3,817.00	76,346.00	3,434.42	60,592.14	3,434.42	3,030.00
Langenohl PABF/FABF	5%	3,024.00	60,471.00	2,957.99	54,140.75	2,957.99	2,707.00
Priem/Bates Life	2.5%	1,535.00	61,391.00	1,645.06	49,621.39	1,645.06	1,241.00
Assistance for Fire Annuity		-		-		-	-
		\$ 195,764.00	\$ 385,596.00	\$ 186,905.67	\$ 319,697.35	\$ 186,905.67	\$ 162,320.00

Employees' Retirement System - City of Milwaukee
2021 Budget vs. Actual Expenses
For The Year Ended December 31, 2021

Non-Trust Operating Expenditures

Vendor	Descr	Non-Trust	ERS Costs	City	Total invoiced
United Mailing Services	July Payroll & DER Special Mailing	818.40	16,422.32	818.40	17,240.72
Cavanaugh Macdonald	JAN ACTUARY FEES	17,588.00	5,250.00	17,588.00	22,838.00
Cavanaugh Macdonald	FEB ACTUARY FEES	17,725.75	5,250.00	17,725.75	22,975.75
Cavanaugh Macdonald	AUG ACTUARY FEES	21,560.75	5,250.00	21,560.75	26,810.75
Cavanaugh Macdonald	SEPT ACTUARY FEES	18,259.00	5,250.00	18,259.00	23,509.00
Cavanaugh Macdonald	OCT ACTUARY FEES	566.75	5,250.00	566.75	5,816.75
Cavanaugh Macdonald	Nov ACTUARY FEES	2,024.50	5,250.00	2,024.50	7,274.50
Cavanaugh Macdonald	Dec ACTUARY FEES	9,288.00	5,250.00	9,288.00	14,538.00
Northern Trust	PABF FEES	350.17	-	350.17	350.17
Total Non-Trust		<u>88,181.32</u>	<u>53,172.32</u>	<u>88,181.32</u>	<u>141,353.64</u>

IV.

NEW BUSINESS

- A. Board Rule II.C.5. – Role of Deputy Director in the Absence or Illness of the Secretary and Executive Director.
- B. Retirements, Death Claims, and Refunds (February).
- C. Conference Requests – March 2022 Board Meeting.

b. Secretary

Under Section 36-15-7 of the Milwaukee City Charter, the ERS shall appoint a Secretary. The Secretary shall:

- 1) provide direction and support services to the Board, prepare the agenda for Board meetings, attend Board meetings and maintain a permanent record of such meetings.
- 2) investigate the operation and effect of the rules and procedures affecting the ERS and report any findings or recommend changes to the Board.
- 3) be authorized to prepare and recommend any legislative changes, which may become necessary due to a change in Board policy, the legal environment or any other circumstance.
- 4) represent the Board before various legislative committees as needed and keep the Board informed of any legislative matters or current developments that may affect the Board.
- 5) follow the activities and performance of the Fund's investment managers and consultants;
- 6) prepare reports as requested by the Board.

The position of Secretary may be filled by the person serving as the Executive Director.

Source: Milwaukee City Charter § 36-15-7; Rules and Regulations, § I.4.d (Officers and Employees); City of Milwaukee Job Description, 01/28/91 (Department - Employees' Retirement System; Title - Executive Director)

5. Deputy Director

The Board has a Deputy Director. In the absence or illness of the Secretary and Executive Director, the Deputy Director shall have the responsibilities and perform all of the duties of the Secretary and Executive Director, including signing vouchers and checks. In the absence of the Deputy Director, the Chief Investment Officer shall have such duties.

Source: Milwaukee City Charter § 36-15-7-b; Rules and Regulations, § I.4.e (Officers and Employees)

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	SLADKY	JEANNINE	12/13/2013	MAX	ASSESSOR'S OFFICE
Regular	Deferred	PORTIS	HATTIE	2/22/2015	MAX	COMPTROLLER
Regular	Service	BRAGG	KAY	9/15/2020	MAX	ELECTION COMMISSION
Regular	Deferred	HOLLEY	MARION	10/31/2020	MAX	DPW-OPS-SANITATION
Regular	Service	GARCIA	MARTHA	7/21/2021	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	FLANAGAN	JOANNE	10/26/2021	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	SPARANGIS	GEORGE	12/19/2021	MAX	DPW
Regular	Involuntary Separation	HENRY	MARQUES	12/31/2021	MAX	DPW-OPS-SANITATION
Regular	Service	FOSTER	SALLIE	1/2/2022	MAX	MPD - ADMINISTRATION
Regular	Service	BATTISTE	AUDRY	1/3/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	COLE	PRESTON	1/4/2022	50	CITY OF MILWAUKEE
Regular	Service	BROWN	DENISE	1/5/2022	MAX	HEALTH - ENVIRONMENTAL HEALTH
Regular	Service	PANFIL	TIMOTHY	1/5/2022	100	FIRE - SUPPORT SERVICES
Regular	Service	PRZYCKOWSKI	EDWARD	1/5/2022	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	BONDOWSKI	JOSEPH	1/8/2022	100	DPW-INFRASTRUCTURE-ELECTRICAL
Regular	Service	BRANDSTETTER	KEVIN	1/8/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MC CARRON	MARY	1/8/2022	MAX	HEALTH-LABORATORIES
Regular	Service	MURPHY	JOHN	1/8/2022	50	HEALTH DEPARTMENT
Regular	Service	RICE	WILLIAM	1/8/2022	MAX	HEALTH-LABORATORIES
Regular	Service	RUIZ	DANIEL	1/8/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	SPIEKER	KURT	1/8/2022	1	MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Regular	Deferred	GOSHORN	LAURIE	1/10/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	KRYGER-SHERVEY	SHARON	1/14/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	RINDT	CAROL	1/15/2022	MAX	DPW - SEWER - UNDERGROUND
Regular	Service	SMITH	JAMES	1/15/2022	MAX	HEALTH-LABORATORIES
Regular	Service	IBARRA	ELIZABETH	1/16/2022	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	KAYE	TIMOTHY	1/21/2022	50	FIRE - FIREFIGHTING
Regular	Deferred	LUECK	MARK	1/22/2022	MAX	PARKING
Regular	Service	BERRY	JEFFERY	1/22/2022	MAX	DEPT OF NEIGHBORHOOD SRVCS
Regular	Service	FRICKER	PATRICIA	1/22/2022	MAX	CITY ATTORNEY
Regular	Service	MATA	DOLORES	1/22/2022	MAX	DCD - MGMT & SPECIAL PROJECTS
Regular	Service	REITER	PATRICK	1/22/2022	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	WALKER-HARRIS	CATHY	1/22/2022	25	MILWAUKEE POLICE DEPARTMENT
Regular	Service	JACKSON	PEGGY	1/23/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	DUCHOW	ROBERT	1/26/2022	MAX	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Service	DAVIS	LAWRENCE	1/27/2022	MAX	DPW-INFRASTRUCTURE-BRIDGES & BLDGS
Regular	Service	ALLEN	THERESA	1/29/2022	MAX	PARKING
Regular	Service	CARR	JUANITA	1/29/2022	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	SOWATZKE	CHERYL	1/29/2022	MAX	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Service	RASMUSSEN	MARY	2/1/2022	MAX	INTERN PROGRAM
Regular	Service	TERRY	ALEX	2/1/2022	100	MILWAUKEE PUBLIC SCHOOLS

Board Report - February 2022

Deaths

Type	Last Name	First Name	Death Date	Payment Date	Amount
Deferred Death-Member Only Refund	JOHNSON	KIM	1/19/2022	2/28/2022	\$ -
Ordinary Death	JACKSON	ELBERTROY	12/19/2021	2/28/2022	\$ 62,441.95
Ordinary Death	THAO	SENG	11/19/2021	2/28/2022	\$ 5,394.95
Retiree Death-Termination	ALARUPI	EDWARD	12/26/2021	2/28/2022	\$ 2,790.18
Retiree Death-Termination	BRATEL	RONALD	12/19/2021	2/28/2022	\$ 1,618.99
Retiree Death-Termination	CIESLIK	MICHAEL	9/22/2020	2/28/2022	\$ 7,340.60
Retiree Death-Termination	CORBEIL	PAMELA	1/2/2021	2/28/2022	\$ 11.05
Retiree Death-Termination	HAERTL	JAMES	1/16/2022	2/28/2022	\$ 498.82
Retiree Death-Termination	HOEPNER	LUCILLE	12/10/2021	2/28/2022	\$ 478.74
Retiree Death-Termination	HUTCHINS	MATTIE	11/20/2021	2/28/2022	\$ 3,574.61
Retiree Death-Termination	JENDERS	DONALD	12/16/2021	2/28/2022	\$ 966.99
Retiree Death-Termination	KLINKOSH	JOYCE	12/12/2021	2/28/2022	\$ 147.55
Retiree Death-Termination	KOPSAR	DOLORES	8/27/2021	2/28/2022	\$ 1,675.42
Retiree Death-Termination	MADRITSCH	KENNETH	1/17/2022	2/28/2022	\$ 1,453.83
Retiree Death-Termination	MISHLER	TERESA	11/4/2021	2/28/2022	\$ 473.67
Retiree Death-Termination	MOLLING	GERALDINE	1/22/2022	2/28/2022	\$ 1,770.87
Retiree Death-Termination	NOENNIG	RICHARD	1/16/2022	2/28/2022	\$ 2,598.56
Retiree Death-Termination	PYE-HOLDEN	EARNESTINE	7/7/2021	2/28/2022	\$ 304.86
Retiree Death-Termination	QUAM	STEVEN	1/7/2022	2/28/2022	\$ 1,102.34
Retiree Death-Termination	RAAB	BEVERLY	12/28/2021	2/28/2022	\$ 270.86
Retiree Death-Termination	SOIKE	JAMES	11/18/2021	2/28/2022	\$ 1,773.02
Retiree Death-Termination	STIKA	EVERETT	11/24/2021	2/28/2022	\$ 2,407.59
Retiree Death-Termination	WICKLAND	BEVERLY	10/26/2021	2/28/2022	\$ 424.01
Surv Death-Termination	BLAWAS	MARY	12/13/2021	2/28/2022	\$ 853.56
Surv Death-Termination	CIESLIK	FRANK	12/24/2020	2/28/2022	\$ 3,670.30
Surv Death-Termination	GERMANOTTA	MARILYN	12/27/2021	2/28/2022	\$ 1,853.12
Surv Death-Termination	JOHN	DONNA	12/27/2021	2/28/2022	\$ 1,227.12
Surv Death-Termination	KOS	ROSEMARY	11/3/2021	2/28/2022	\$ 32.96
Surv Death-Termination	KRAFT	DORIS	12/20/2021	2/28/2022	\$ 1,870.68
Surv Death-Termination	NIEDZIEJKO	SOPHIE	1/3/2022	2/28/2022	\$ 101.54

Type	Last Name	First Name	Death Date	Payment Date	Amount
Surv Death-Termination	NOVOTNY	MARY	12/18/2021	2/28/2022	\$ 2,697.77
Surv Death-Termination	O'LEARY	GRETCHEN	1/11/2022	2/28/2022	\$ 897.45
Surv Death-Termination	RANDA	CARMELLA	1/20/2022	2/28/2022	\$ 1,119.12
Surv Death-Termination	ROTTLER	PATRICIA	12/21/2021	2/28/2022	\$ 439.01
Surv Death-Termination	TARKOWSKI	MARYANNE	5/20/2021	2/28/2022	\$ 1,051.27
Surv Death-Termination	WALCHESKE	DIANE	12/14/2021	2/28/2022	\$ 1,827.68
TOTAL					\$ 117,161.04
Retiree Death-Cont Opt	BRUZAN	JAMES	1/27/2022	2/1/2022	
Retiree Death-Cont Opt	DEIS	DENNIS	2/11/2022	2/1/2022	
Retiree Death-Cont Opt	DETHLOFF	JAMES	1/19/2022	2/1/2022	
Retiree Death-Cont Opt	FRITSCH	STEVEN	2/4/2022	2/1/2022	
Retiree Death-Cont Opt	JACKSON	ELBERTROY	12/19/2021	2/1/2022	
Retiree Death-Cont Opt	MADSEN	CARL	2/5/2022	2/1/2022	
Retiree Death-Cont Opt	MCCULLOUGH	JAMES	2/9/2022	2/1/2022	
Retiree Death-Cont Opt	PATTERSON	JACK	2/17/2022	2/1/2022	
Retiree Death-Cont Opt	ROJAS	HUGO	6/1/2020	2/1/2022	
Retiree Death-Cont Opt	STEFANSKI	SHARON	1/23/2022	2/1/2022	
Retiree Death-Cont Opt	WAYNE	DENNIS	1/29/2022	2/1/2022	
Retiree Death-Cont Opt	WILLIAMS	WILLIE	2/1/2022	2/1/2022	

Board Report - February 2022**Withdrawals**

Type	Last Name	First Name	Payment Date	Amount
Administrative Withdrawal	CEBALLOS	SHONDA	2/28/2022 \$	807.24
Administrative Withdrawal	FOX	NATHAN	2/28/2022 \$	288.31
Administrative Withdrawal	GOLDSMITH	PATRICE	2/28/2022 \$	1,501.37
Administrative Withdrawal	HOLT	CARREANNA	2/28/2022 \$	367.26
Administrative Withdrawal	HUTCHINS	DAVID	2/28/2022 \$	196.54
Administrative Withdrawal	PARSONS	LISA	2/28/2022 \$	1,662.01
Administrative Withdrawal	REED	TAMSYN	2/28/2022 \$	402.33
Administrative Withdrawal	RODRIGUEZ	TATIANA	2/28/2022 \$	264.19
Administrative Withdrawal	ROSELLI	JOHN	2/28/2022 \$	87.26
Administrative Withdrawal	THOMAS	TAMIKA	2/28/2022 \$	539.42
Full Refund	ADAIR-GRAY	SHAYLA	2/28/2022 \$	21,207.24
Full Refund	CARTER	JAKISHA	2/28/2022 \$	3,794.80
Full Refund	CELELLA	JESSICA	2/28/2022 \$	50,845.09
Full Refund	DOIRON	GREGORY	2/28/2022 \$	8,361.85
Full Refund	ELLIS	TRUMAINE	2/28/2022 \$	3,470.48
Full Refund	EVANS	RODNEY	2/28/2022 \$	6,999.58
Full Refund	LOVE	STACEY	2/28/2022 \$	3,780.51
Full Refund	MARTIN	JIMIKA	2/28/2022 \$	14,499.63
Full Refund	PERRY	ANTONIO	2/28/2022 \$	6,557.63
Full Refund	RICHARDSON	ISAAC	2/28/2022 \$	3,762.47
Full Refund	RODGERS	PATRICIA	2/28/2022 \$	12,417.61
Full Refund	SMITH	JOMO	2/28/2022 \$	7,000.15
Full Refund	THOMAS	JAMES	2/28/2022 \$	4,587.01
Full Refund	TIPTON	KEVIN	2/28/2022 \$	61,071.74
Full Refund	WEBB	MANUEL	2/28/2022 \$	9,384.12
Full Refund	WORDS	QUIANA	2/28/2022 \$	4,276.45
Member Only Refund	BLUNT	INDIA	2/28/2022 \$	733.74
Member Only Refund	BROWN	APRIL	2/28/2022 \$	936.66
Member Only Refund	BROWN	SCOTT	2/28/2022 \$	2,522.28
Member Only Refund	CARTER	WALTER	2/28/2022 \$	687.73
Member Only Refund	GONZALEZ	BRENDALIZ	2/28/2022 \$	2,404.36
Member Only Refund	HARRIS	JAMICA	2/28/2022 \$	1,022.91

Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	HEWINGS	ANNA	2/28/2022 \$	792.56
Member Only Refund	HOANG	JADEE	2/28/2022 \$	287.01
Member Only Refund	HOLIFIELD	JAZMINE	2/28/2022 \$	849.35
Member Only Refund	HOLLAND	ANTHONY	2/28/2022 \$	909.03
Member Only Refund	HOOKER	LARSHARAE	2/28/2022 \$	1,301.60
Member Only Refund	HORTON	LORICIA	2/28/2022 \$	1,924.89
Member Only Refund	JASKOLSKI	TIMOTHY	2/28/2022 \$	3,698.49
Member Only Refund	JASPER	MELISSA	2/28/2022 \$	932.58
Member Only Refund	KHAN	FAISAL	2/28/2022 \$	2,081.41
Member Only Refund	LECOUNTE	ERICA	2/28/2022 \$	11,900.79
Member Only Refund	LEE	HYERIM	2/28/2022 \$	367.47
Member Only Refund	MEYER	DAVID	2/28/2022 \$	8,291.06
Member Only Refund	MORRIS	JOHNEL	2/28/2022 \$	2,896.36
Member Only Refund	MORSTAD	BRIDGET	2/28/2022 \$	6,902.19
Member Only Refund	REYNOLDS	PANYA	2/28/2022 \$	998.86
Member Only Refund	ROBINSON	RANDOLPH	2/28/2022 \$	2,643.48
Member Only Refund	RODRIGUEZ	KRISTINA	2/28/2022 \$	1,397.17
Member Only Refund	SCHADEBERG	THOMAS	2/28/2022 \$	822.81
Member Only Refund	SIMPSON	SHANIKA	2/28/2022 \$	329.33
Member Only Refund	SKYS	RONALD	2/28/2022 \$	1,586.19
Member Only Refund	THOMAS	BRIAN	2/28/2022 \$	628.17
Member Only Refund	TILLIS	KATHIE	2/28/2022 \$	4,344.31
Member Only Refund	VAN SCHAICK	JOSHUA	2/28/2022 \$	1,612.58
Member Only Refund	WASHINGTON	DAMAN	2/28/2022 \$	802.09
Member Only Refund	ZACHOW	RANDY	2/28/2022 \$	5,781.89
TOTAL \$				300,521.64

Conference Requests – March 2022 Board Meeting

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,	CastleArk Due Diligence
Thomas Courtright	
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,	Loomis Sayles & MFS Due Diligence; Prologis Meeting
Thomas Courtright	
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

V.

MEDICAL REPORTS

A. All Duty & Ordinary Disability Applications & Re-examinations (March).

MERITS	CITY OF MILWAUKEE EMPLOYES' RETIREMENT SYSTEM	Page Number: 1 OF 1
	Medical Panel Approvals Report	DATE RAN : 03/11/2022
Approved by Executive Director	Pension Board Meeting Date 03/29/2022	TIME RAN : 11:44

DOCTOR DECISION

<u>Case Number</u>	<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>Case Type</u>	<u>Case Sub-Type</u>	<u>City</u>	<u>Union</u>	<u>Third</u>	<u>Disability Date</u>	<u>Comments</u>
826	HUNTER, CLAUDE	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		09/28/2010	

Number of Cases: 1

This report includes Fire duty disabilities with an application date prior to July 29, 2016; Police MPA duty disabilities with an application date prior to June 19, 2016; and Police MPSO duty disabilities with an application date prior to January 1, 2016.

MERITS

CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM

Medical Council Approvals Report

Board Meeting: 03/29/2022

Page Number: 1 OF 1

DATE RAN : 03/04/2022

TIME RAN : 12:07

<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>CaseType</u>	<u>Case Sub-Type</u>	<u>Disability Date</u>	<u>Medical Council Meeting Date</u>
HENRY, ALBERT	OPERATIONS DRIVER WORKER	DPW-SANITATION	Duty Disability 75%	Re-Examination	01/23/2009	03/04/2022
LAZARSKI, DANIEL	HEO	FIRE	Ordinary Disability	Re-Examination	04/08/2014	03/04/2022

Number of Cases: 2

This report includes all GC disabilities; all ordinary disabilities; Fire duty disabilities with an application date on/after July 29, 2016; Police MPA duty disabilities with an application date on/after June 19, 2016; and Police MPSO duty disabilities with an application date on/after January 1, 2016.

VI.

UNFINISHED BUSINESS

- A. Pending Legal Opinions and Service Requests Report.
- B. Pending Legislation Report.
- C. Executive Director's Report – Inventory of ERS Projects.



March 29, 2022 Board Meeting

PENDING LEGAL OPINIONS AND SERVICE REQUESTS REPORT

PART 1. LEGAL OPINIONS - OFFICE OF CITY ATTORNEY

- 12/23/21 Review of Board Rule II.A.2 (Annuity & Pension Board Ex-Officio Trustee)**
The Pension Board requested City Attorney's Office to review prior legal opinion and city ordinances in conjunction with Board Rule II. A. 2 and advise whether the Deputy Comptroller may serve and vote as a member of the Pension Board in the absence or inability of the Comptroller to serve as an ex-officio member of the Board.
- 01/28/22 Same Sex Spouse Retirees**
The Employees' Retirement System received an inquiry from a retiree as it relates to a post-retirement election of a same gender spouse survivor where state law was found to unconstitutionally prohibit same gender marriages previous to the retirement of the retiree.
- 03/01/22 Annuity & Pension Board Direct Hires**
The City Attorney's Office is asked to revise the Inter-Governmental Cooperation Agreement between the ERS/APB and City of Milwaukee that would authorize the Board to directly hire employees who are not subject to the City's Salary Ordinance.

PART 2. LEGAL OPINIONS - OUTSIDE LEGAL COUNSEL

None.

PART 3. SERVICE REQUESTS - OFFICE OF CITY ATTORNEY

- 12/16/21 Contract for Banking Services**
ERS staff requests assistance of legal counsel in drafting and negotiating a contract for banking services with vendor.
- 01/14/22 Contract for Office Space**
ERS staff requests the services of the City Attorney's in the negotiation and drafting of a contract for office space.

PART 4. SERVICE REQUESTS - OUTSIDE LEGAL COUNSEL

02/14/22

Hedge Fund Investment Manager

ERS Investment staff requests legal counsel to assist with the negotiation and drafting of an investment manager agreement with a newly-selected hedge fund manager.

03/11/22 City Attorney's Office has referred this service request to Reinhart Boerner Van Deuren S.C.



March 29, 2022 Board Meeting

PENDING LEGISLATION REPORT

PART 1. PENDING CHARTER ORDINANCES FOR COMMON COUNCIL ACTION

None.

PART 2. PENDING CHANGES TO THE RULES & REGULATIONS

None.

PART 3. PENDING LEGISLATIVE COMMITTEE REFERRALS

Pension Contribution Offset

12/13/16 ERS requested legal guidance on whether the 5.8% pension contribution offset for public safety employees pursuant to recent labor contract settlements or interest arbitration, is includable as "salary" for adjusting duty disability retirement allowance.

02/16/17 City Attorney issued a legal opinion advising that since members receiving a duty disability retirement allowance have not paid the member contributions, they are not entitled to the 5.8% pension contribution offset. 02/27/17 Opinion referred to Legislative Committee for consideration on whether the pension contribution offset received by general city and protective service members should be included in the calculation of the Conversion to Service Retirement and Extended Life retirement allowances.

07/31/17 Committee recommended this matter be held pending resolution of litigation.

Employees' Retirement System – Executive Director's Report

March 2022

I. Personnel Update

- A. ERS is working with DER to fill the following positions: Pension Investment Analyst – Sr., ERS Network Security Administrator and Records Technician II.

II. Member Services

- A. New retirees on payroll in February - 44; 30 are currently anticipated for the March payroll.
- B. There was a General City Retirement Workshop on 2/25/22 and 51 attended. There was a New Employee Orientation for DPW on 1/18/22 and 12 attended. There was a New Employee Orientation for 911 Operators on 2/22/22 and 6 attended.
- C. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
Annuitants	
Death - Duty	27
Death - Ordinary	92
Disability - Duty	388
Disability - Ordinary	589
Retirement	12,644
Separation	37
Total Annuitants	13,777
Active	10,714
Deferred	3,071
Total Population	27,562

III. Financial Services

- A. Staff has begun work on the 2023 Budget Request which is anticipated to be presented at the next Board meeting.
- B. Staff continues to work with the actuary and financial auditor and everything is currently on schedule.

IV. Information Services

- A. Proof of Concept (POC) for FileNet to BAW Upgrade in progress.
- B. Struts Upgrade and Modernize MERITS Website in progress.
- C. Printer Firmware Upgrade completed.
- D. Network Infrastructure Upgrade in progress.
- E. Vulnerability Assessment - 2021 in progress.
- F. Perforce Repository Upgrade in progress.
- G. IP Address Review and Cleanup – 2021 in progress.
- H. DNS Review and Cleanup – 2021 in progress.
- I. AD Review and Cleanup – 2021 in progress.

- J. Firewall Review and Cleanup – 2021 in progress.
- K. SAN Firmware and DSM Upgrade in progress.
- L. Video Conferencing System Upgrade completed.
- M. WebSphere Application Server Upgrade in progress.
- N. Backup Exec Upgrade in progress.
- O. PC Firmware Upgrade in progress.

V. Administration

- A. Attached is a 2012 opinion prepared by the Reinhart firm regarding ERS Staff Compensation. Also attached is a 2007 Common Council resolution authorizing the Annuity & Pension Board to appoint a Board employee, along with a service request of the City Attorney's Office to update the draft of the Intergovernmental Cooperation Agreement between CMERS and the City in connection with designating certain senior ERS officers as Annuity & Pension Board employees. The original draft agreement was never implemented.



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

March 1, 2022

CAOLegalAssignments@milwaukee.gov

Tearman Spencer, City Attorney
200 East Wells Street, Rm 800
Milwaukee, WI 53202

RE: Annuity & Pension Board Direct Hires

Dear Mr. Spencer:

The Annuity & Pension Board is considering directly hiring one or more employees as employees of the Board who would not be employees of the City of Milwaukee for the purposes of either the CSC or covered by the Salary Ordinance. The Common Council previously adopted a resolution authorizing the direct hiring of the Executive Director & Secretary of the Employees' Retirement System (ERS) in 2007. A copy of that resolution is attached along with a 2012 opinion of outside counsel advising on the Board's fiduciary duty to attract and retain competent staff to operate the Retirement System. Accordingly, an amendment to the Inter-Government Cooperation Agreement between the City of Milwaukee and the Employees' Retirement System was drafted but never executed (copy attached). The Board now wishes to take up the matter again to directly hire one or more potential employees as a result of the salary range for the Executive Director & Secretary and Chief Investment Officer positions having been frozen for 10 years under the Salary Ordinance.

Please assign an attorney to revise the Inter-Governmental Cooperation Agreement to provide for such Board employees and include indemnification for Board employees by the City to the extent permissible under state law.

Sincerely,

Bernard J. Allen
Executive Director & Secretary

BJA:jmw

Encl.

cc: Celia Jackson, Special Deputy City Attorney (w/encl.)
Patrick McClain, Assistant City Attorney (w/encl.)
Annuity and Pension Board (w/encl.)



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Legislation Details (With Text)

File #: 070957 **Version:** 0

Type: Resolution **Status:** Passed

File created: 10/23/2007 **In control:** FINANCE & PERSONNEL COMMITTEE

On agenda: **Final action:** 11/9/2007

Effective date:

Title: Resolution amending the Intergovernmental Cooperation Agreement between the City of Milwaukee and the Employees' Retirement System and the Annuity Pension Board for indirect service charges relating to use of office space and payment of salary and employee benefits for the Secretary and Executive Director of the Employees' Retirement System.

Sponsors: THE CHAIR

Indexes: AGREEMENTS, EMPLOYES RETIREMENT SYSTEM

Attachments: 1. City Attorney Cover Letter, 2. Agreement, 3. Fiscal note, 4. Fiscal Analysis, 5. MEMO Employee Retirement System Exec Dir Salary Survey Revision 11-07 (LRB07138).pdf

Date	Ver.	Action By	Action	Result	Tally
10/23/2007	0	COMMON COUNCIL	ASSIGNED TO		
10/31/2007	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
11/7/2007	0	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR ADOPTION	Pass	5:0
11/9/2007	0	COMMON COUNCIL	ADOPTED	Pass	14:0
11/21/2007	0	MAYOR	SIGNED		

070957
ORIGINAL
020952
THE CHAIR

Resolution amending the Intergovernmental Cooperation Agreement between the City of Milwaukee and the Employees' Retirement System and the Annuity Pension Board for indirect service charges relating to use of office space and payment of salary and employee benefits for the Secretary and Executive Director of the Employees' Retirement System.

This resolution amends the Intergovernmental Cooperation Agreement between the City and the Employees' Retirement System Employee Retirement System (ERS) in 2 ways:

1. The amendment reduces the indirect rate from 9.2% to 4.2%. This change is made because the ERS moved out of City Hall to leased offices.
2. The amendment provides for, upon the request of the Annuity and Pension Board, the enrollment of the Secretary and Executive Director of the ERS, who, upon approval of the Annuity and Pension Board, will be an ERS employee, in city-sponsored benefit programs, and the authorization of appropriate City officials to administer the payment of the Director's salary, through the City's payroll system, and the furnishing of benefits.

Whereas, On December 20, 2002, the Common Council adopted Resolution File Number 020952, approving the Intergovernmental Cooperation Agreement between the City of Milwaukee and the ERS and the Annuity and Pension Board (Board), which was attached to the file; and

Whereas, An Intergovernmental Cooperation Agreement between the City and the ERS, dated February 18, 2003, was agreed to for the period from January 19, 2001 forward, which, provides for a 9.2% indirect charge, including the use for City Hall space; and

Whereas, As of August 1, 2007, the ERS has moved outside of City Hall to leased offices and, accordingly, the City and the ERS agree that the new indirect charge should be reduced to 4.2%; and

Whereas, It has also been determined that the Secretary and Executive Director of the ERS (Director), upon approval of the Board, shall be an employee of the ERS; and

Whereas, The City and the ERS have agreed that the City, acting through the Comptroller's Office or other City departments, upon request of the Board shall enroll the Director in the City's payroll system, as an employee of the ERS, and pay to the Director a salary biweekly in the amount designated by the Board, and enroll the Director in the City's medical and dental insurance/reimbursement programs, and other employee benefit programs generally available to city management employees, as such programs may exist from time to time (furnished employee benefits); and

Whereas, The City and the ERS have agreed that the ERS shall reimburse the City, as provided for in section 36-08-3, city charter, for the cost of the salary and any furnished employee benefits, in an amount computed by or at the direction of the City Comptroller, paid to the Director, and all costs incurred by the City for administering the salary payments and furnished employee benefits; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Intergovernmental Cooperation Agreement between the City of Milwaukee and the ERS and the Board, be amended as attached, and the proper city officials are authorized to execute the amendment on behalf of the city.

Annuity and Pension Board
BCC
10/17/07

**FIRST AMENDMENT TO THE INTERGOVERNMENTAL COOPERATION
AGREEMENT
BETWEEN THE CITY OF MILWAUKEE
AND
EMPLOYES' RETIREMENT SYSTEM AND
ANNUITY AND PENSION BOARD**

This First Amendment to the Agreement made February 18, 2003 by and between the City of Milwaukee (City), a municipal corporation, organized and existing under the laws of the State of Wisconsin and the Charter of the City of Milwaukee, and the Milwaukee Employees' Retirement System and Annuity and Pension Board (ERS), a body corporate and politic, organized and existing under the laws of the State of Wisconsin and the Charter of the City of Milwaukee.

WHEREAS, On December 20, 2002, the Common Council adopted Resolution file Number 020952, approving the Intergovernmental Cooperation Agreement between the City and the ERS; and

WHEREAS, On February 18, 2003, the City and the ERS, entered into an Intergovernmental Cooperation Agreement relative to administrative and operation expenses of the ERS; and

WHEREAS, The parties desire to amend the Agreement;

NOW, THEREFORE, In consideration of the mutual covenants hereinafter stated, the parties do hereby agree to amend the Agreement dated May 22, 2003 as follows:

1. The indirect rate shall be revised to 4.2% commencing July 1, 2007, as a result of ERS's move from City Hall.
2. Section II of the Agreement shall be amended to add provision E to read as follows:

E. Compensation of Secretary and Executive Director of the ERS. The City, acting through its Comptroller Office or other City departments, upon request of the ERS Annuity and Pension Board, shall

- Enroll the Secretary and Executive Director of the ERS (“Director”) in the City’s payroll system, as an employee of the ERS, and pay to the Director a salary biweekly in the amount designated by the ERS Annuity and Pension Board.
- Enroll the Secretary and Executive Director of the ERS in the City’s medical and dental insurance/reimbursement programs, and other employee benefit programs generally available to City management employees, as such programs may exist from time to time (“Furnished Employee Benefits”).

The ERS shall reimburse the City, as provided for in Charter Ordinance 36-08-3, for the cost of the salary and any Furnished Employee Benefits, in an amount computed by or at the direction of the City Comptroller, paid to the Director, and all costs incurred by the City for administering this provision.

3. These changes constitute the entire amendment to the Contract between the parties made February 18, 2003 as amended. All other covenants, provisions, terms, and conditions of the Contract shall remain in force until further amended by mutual agreement of the parties.

IN WITNESS WHEREOF, the parties have had their presence duly executed in their respective names by their respective officers as of the day and year first written above.

IN THE PRESENCE OF:

CITY OF MILWAUKEE

Date

Tom Barrett, Mayor

Date

Ronald D. Leonhardt, City Clerk

COUNTERSIGNED:

Date

W. Martin Morics, Comptroller

IN THE PRESENCE OF:

ANNUITY AND PENSION BOARD
OF THE EMPLOYES' RETIREMENT
SYSTEM OF THE CITY OF
MILWAUKEE

Date

W. Martin Morics, President
Employees' Retirement System

Date

Martin Matson, Acting Director
Employees' Retirement System

Date: _____

BCC:bcc

10/15/07

1054-2007-1603:124699

MEMORANDUM

To: Annuity and Pension Board of the City of Milwaukee

From: Keith L. Johnson, Alicia R. Mohn and Hrishikesh H. Shah

Cc: Jerry Allen, Executive Director
Beth Cleary, Deputy Director

Date: June 21, 2012

Subject: Fiduciary Duties and ERS Employee Compensation

EXECUTIVE SUMMARY

Reinhart Boerner Van Deuren s.c. ("Reinhart" or "we") has been asked to advise the Annuity and Pension Board ("Pension Board") of the City of Milwaukee ("City") regarding fiduciary duty implications of the Pension Board's limited authority and flexibility to manage human capital resources of the City Employee Retirement System ("ERS"). Based on applicable fiduciary law, recent ERS employee turnover and studies done by advisors to the Pension Board, we believe the Pension Board and City are exposed to increasing fiduciary duty liability risks due to constraints on the Pension Board's authority and the limited resources available to the Pension Board to implement investment policy and pursue management practices necessary to meet ERS' funding and the Pension Board's fiduciary duty obligations.

While not the only aspect of ERS' resource constraints, below market employee compensation levels, resulting staff turnover, and challenges in recruiting experienced personnel for key staff positions illustrate the fiduciary liability risks attendant in the current situation. Unless this situation is addressed, it appears that the level of exposure to legal risks is likely to increase.

We note that similar constraints on the State of Wisconsin Investment Board ("SWIB") were removed by the Legislature in 2011. SWIB was granted independent authority to establish and monitor its own operational budget, create positions and set employee compensation, subject to legislative oversight. This is consistent with leading authority on implementation of fiduciary responsibilities.

BACKGROUND

The ERS is a government retirement system sponsored by the City to provide retirement and other benefits to employees of the City and City agencies.¹ The Pension Board oversees general administration and operation of the ERS.² The Pension Board members are fiduciaries of the ERS and, as such, must fulfill certain fiduciary duties when performing their roles on the Pension Board.³ The Pension Board is obligated as an ERS fiduciary to take reasonable steps to implement investment and management practices to ensure that the ERS is able to meet its benefit payment obligations to its participants. As explained below, however, the Pension Board's limited resources, particularly constraints on its ability to hire and retain experienced key personnel, appear to be compromising its ability to fulfill fiduciary obligations.

1. Staff Civil Service Status. The ERS staff members are City employees and generally subject to City Civil Service Rules. However, positions can be identified as exempt,⁴ and the City Service Commission (the "Commission") can also exempt specific positions from the Civil Service Rules for hiring and firing on an individual basis. An individual Commission exemption is only valid for the person serving in the position when the exemption is granted. Once that individual leaves the position, the position reverts back to a regular Civil Service position.

ERS staff member salaries are set by the Common Council via the City's Salary Ordinance. Positions are assigned to a salary grade, with the individual in a position receiving a salary within that salary grade range. The Common Council must approve the reclassification of a position to a different salary grade. In addition, the salary of any City official may not exceed that of the Mayor, as dictated in the City's Salary Ordinance.⁵ The City Attorney has opined that this limit applies to all ERS positions, whether or not they have been exempted from Civil Service Rules.⁶

2. Staffing Issues - Compensation Case Study. We have been advised that the Pension Board has become concerned about the effect its lack of authority to meet market compensation levels for key staff positions is having on its ability to fulfill fiduciary obligations to the ERS. It is increasingly difficult to retain key employees and attract the quality of personnel necessary to implement ERS' sophisticated investment strategy. The restrictions on compensation levels under the Salary Ordinance contribute to this retention and hiring problem.

In particular, we have reviewed a confidential Competitive Pay Level Analysis Report (the "Report") that was prepared by McLagan for the Pension Board in 2011. The Report compared compensation for ERS staff member positions to those at both public and private funds, recognizing that the ERS must compete with both for talented employees. The Report concluded that "ERS' aggregate salary spend falls in the low quartile versus all peer groups and virtually all ERS' incumbents are paid below the market median." McLagan advised that incumbents in most ERS key positions are paid substantially below market salaries in the bottom quartile of peers, some by as much as 40 percent. Compared to median peer salaries, the Report states that salaries for key ERS positions are as much as 53 percent below median. [Emphasis added.]

The Report identified the following roles and positions (the "Key Staff Members") as particularly vulnerable: administrative roles (including the Executive Director and Deputy Executive Director), senior non-administrative roles (including CIO, CFO and Chief Technology Officer), and other key non-administrative roles (including Pension Investment Analyst, Retirement Plan Manager,

Lead Pension Specialist, Records Management Team Lead, Pension Accounting Lead, Functional Applications Manager, Network Manager and Java Developer/Analyst).

We were also advised by ERS that Key Staff Members have recently been recruited for opportunities elsewhere at substantial compensation increases. Since 2005, ERS has experienced 100% unwanted turnover of the investment staff, including the CIO and analyst positions. For example, a Pension Investment Analyst left the ERS in November 2011 for a reported 38% pay increase at a new job in a similar role as he served at ERS. Because the ERS staff is not large, this alone constituted a loss of one-third of its investment staff.

When filling vacancies for the Senior IT Manager and CFO jobs, those positions had to be moved to higher pay classifications to facilitate attracting and hiring individuals to fill the vacancies. ERS Staff Members have reported being aggressively recruited for positions elsewhere with substantially higher salaries. At least one Key Staff Member recently interviewed elsewhere and was chosen as a finalist for a position with compensation approximately twice the salary currently paid by the City for the same position.

We understand that the Pension Board considers the McLagan Report to be a warning that the ERS is vulnerable to loss of Key Staff Members and will be at a serious disadvantage in recruiting replacements with comparable expertise. From our experience with other public pension fund clients, we are aware that loss of Key Staff Members can be disruptive and the time required to train inexperienced new recruits to advanced skill levels can present increased exposure to investment and monitoring risks. Furthermore, the Pension Board has expressed concern that, once trained, new recruits would also become subject to poaching by other peer organizations that are able to pay closer to median compensation.

3. Investment Implications. Given that current compensation limits imposed on the ERS (including a pay freeze) are expected to increasingly widen the pay gap with competing employers over time, the Pension Board is worried that this problem will only get worse. In fact, a 2009 organizational review by L.R. Wechsler, Ltd., cautioned:

"Unless ERS dramatically improves the cash compensation of its investment staff, it should be prepared to deal with recurring staff vacancies. ERS should not use any investment strategy whose success depends on uninterrupted support from a high quality investment staff, unless it also has the ability to exit the strategy quickly."⁷

However, we have also been advised that the Pension Board received recommendations from Mercer Investment Consulting, after a 2008 asset liability modeling study, that the ERS adopt a strategic asset allocation which requires doubling its exposure to alternative investments (private equity, infrastructure, hedge funds, commodities and real estate), while maintaining its current exposure to public equities. The Pension Board accepted the recommendation and has devoted several years to implementation of it. We understand that this requires an experienced and high quality investment staff but is projected to provide better returns with less volatility.

An internal ERS study also found that active management by ERS staff added value to the portfolio of approximately \$539 million for the ten year period 2001 through 2010, compared to passive management strategies. In addition, a 2011 cost effectiveness study done by RV Kuhns reported that ERS investment costs are 39 basis points below the average of peer funds.

We recognize that the Pension Board believes this demonstrates the benefits to both ERS participants and City taxpayers of the strategic asset allocation adopted by the Pension Board. However, the Pension Board has also noted the caution about risks associated with staff turnover that were expressed by L.R. Wechsler, Ltd., in the organizational review, cited above.

In short, the current situation appears to place the Pension Board in a 'catch 22' dilemma. It has demonstrated the ability to generate added returns under the investment strategy recommended by its advisor. However, it has also been advised that current resource and authority restrictions present increasing risks to successful future implementation of that strategy.

Unless the compensation problem is addressed, the Pension Board believes it must choose between taking on the risks associated with exposure to increased Key Staff Member turnover or abandoning its current investment strategy for an approach that is projected to involve greater volatility and produce lower returns. We have been advised by the Pension Board that such a change could be expected to reduce annual returns by as much as 40 to 90 basis points, equivalent to \$16 million to \$36 million annually.

4. City Liability Exposure. The City and its employees and taxpayers are also in a difficult position. In the event the Pension Board determines it must adopt a more conservative investment approach, there is potential for future increases in employer and employee contribution levels to the ERS. However, in the event the Pension Board decides to continue with the strategic asset allocation it has adopted, there is potential City exposure under its existing indemnification agreement with the ERS to cover Pension Board fiduciary liability associated with knowingly taking on risks of increased Key Staff Member turnover.

The Pension Board has requested this legal analysis of fiduciary obligations to assist it in deciding how to approach this dilemma.

OVERVIEW OF PENSION BOARD FIDUCIARY DUTIES

The Pension Board members serve as fiduciaries with strict legal duties in their role overseeing the ERS. Section 36-09-1.d-7 of the City Charter establishes the Uniform Prudent Investor Act (promulgated by the National Conference of Commissioners on Uniform State Laws and interpreted in accordance with the Restatement of Trusts (Third) as guiding authority for application of Pension Board fiduciary duties. Relevant portions of s. 36-09-1 include the following:

(a) Standard of care. The Pension Board and its delegates must exercise reasonable care, skill, and caution in investing and managing ERS assets, considering the purposes, terms, distribution requirements and other circumstances of ERS;

(b) Investment strategy. Investment and management decisions must be considered not in isolation, but in the context of the entire portfolio, and as part of an overall investment strategy with risk and return objectives reasonably suited to ERS' needs;

(c) Loyalty. ERS trust assets must be invested and managed solely in the interests of participants and beneficiaries.

(d) Delegation. The Pension Board must exercise reasonable care, skill and caution in selecting, instructing and monitoring delegating its functions and, thereafter in supervising its delegated agents, the Pension Board must exercise fiduciary discretion and act as a prudent person would in similar circumstances.

APPLICATION OF FIDUCIARY DUTIES

There are several sources of authority to which the courts look when interpreting fiduciary duties. We first examine the sources explicitly identified in s. 36-09-1.d-7 of the City Charter.

1. Restatement of Trusts and Uniform State Laws. As mentioned above, the Restatement of Trusts (Third) and the Uniform Prudent Investor Act (the "UPIA") are referenced in the City Charter as persuasive authority. Section 227 of the Restatement of Trusts (Third) discusses fiduciary duties in delegation. It states that, with regard to prudent delegation involving alternative investments, a trustee "must possess or have available the requisite competence to devise and implement a prudent plan of delegation; otherwise it would be imprudent to proceed even if the resources and other circumstances of the trust would justify an undertaking of this type."⁸

Section 227 of the Restatement also cautions, "Without the competence to select managers and to work out proper terms of a prudent delegation . . . the trustees may not proceed with their desired [direct-investment] alternative for accomplishing their objection through program managers. To do so would violate the proper conditions of such a delegation and thus the requirement of caution imposed by the prudent investor rule of this Section."⁹

Official comments to the UPIA provide additional guidance on application of the duty of loyalty and on standards for delegation to agents. "A fiduciary cannot be prudent in the conduct of investment functions if the fiduciary is sacrificing the interests of the beneficiaries. . . . The trustee is under a duty to the beneficiary in administering the trust not to be guided by the interests of any third person."¹⁰ Similarly, "[i]f the trustee delegates effectively, the beneficiaries obtain the advantage of the agent's specialized investment skills or whatever other attributes induced the trustee to delegate. But if the trustee delegates to a knave or an incompetent, the delegation can work harm upon the beneficiaries."¹¹

Another authoritative source established by the National Conference of Commissioners on Uniform State Laws is the Uniform Management of Public Employee Retirement Systems Act ("UMPERSA"), model legislation targeted specifically to the duties of public retirement system trustees. UMPERSA was adopted by the Commissioners in 1997 and has been endorsed by the American Bar Association.

Section 5 of UMPERSA advises that public retirement system trustees be given exclusive authority to "establish an administrative budget sufficient to perform the trustee's duties" and "obtain by employment or contract the services necessary to exercise the trustee's powers and perform the trustee's duties . . ." The official comments to section 5 explain, "[t]his section is intended to ensure that retirement system trustees have a level of independence sufficient to permit them to perform their duties and to do so effectively and efficiently. Trustees are different from other [state] actors because they are subject to an extensive and stringent set of fiduciary obligations to retirement system participants and beneficiaries. These obligations both require and justify some level of trustee independence."

Taken together, the references identified by s. 36-09-1.d-7 of the City Charter as sources for authoritative guidance raise a red flag about exercising caution in selecting agents and employees with appropriate expertise and competence when delegating responsibilities. In fact, in the event of future losses by ERS, the current situation could be viewed as a prima facie case for a breach of the fiduciary standard of care due to the fact that McLagan advised the Pension Board that ERS' compensation practices do not meet similar investors' standards. Opponents could argue that losses were caused by the staffing situation. The fact the Pension Board has been advised of the salary situation without taking remedial action could be cited to demonstrate the Pension Board's violation of the reasonableness standard under the fiduciary standard of care.

In addition, model legislation adopted by the same Commissioners to which the City Charter defers advises that public retirement system trustees should be given broad budgetary and civil service autonomy sufficient to allow them to perform their duties effectively and efficiently. These provisions would likely be cited as precedent by the plaintiffs in any litigation which involves allegations that ERS participant interests were damaged by intentional disregard of the need for high quality Key Staff Members and sufficient trustee independence to allow the Pension Board to fulfill its fiduciary responsibilities.

2. Wisconsin Precedent. In the 2011 State Budget Act, previous statutory limits on budget authority of the State of Wisconsin Investment Board ("SWIB"), the investment management fiduciary for the Wisconsin Retirement System, were removed.¹² Act 32 grants SWIB the authority to annually assess the funds it manages for the costs of management, allowing it to establish and monitor its own operational budget. It also transferred all remaining classified civil service positions at SWIB to the unclassified service and authorized SWIB to create positions and set compensation levels for all its employees. New reporting requirements to legislative oversight committees were included in Act 32, to provide transparency and accountability for the exercise of this authority.

The legislative changes contained in Act 32 implement principles set forth in both UMPERSA and the UPIA. The statutory amendments also address issues associated with application of the fiduciary duties of loyalty, prudent delegation and adherence to the standard of care in implementing investment strategy, as discussed above. It is likely that the legislative determinations which lead to enactment of these amendments to chapter 25 of the Wisconsin Statutes would be cited in any litigation involving similar fiduciary issues at ERS.

However, Act 32 also provides a potential model for resolution of the fiduciary liability dilemma facing the Pension Board. Greater Pension Board flexibility to set staff compensation at market levels would help address the drivers of increased fiduciary liability exposure.

3. Academic Research Findings. The May 2012 issue of The NAPPA Report, a publication of the National Association of Public Pension Attorneys, cites a 2011 study done by researchers at the University of Toronto's Rotman School of Management which found that the ability of pension funds to "attract, retain and incent high performance talent within their respective organizations" is associated with higher investment returns.¹³

Two earlier academic studies out of the University of Toronto also concluded that "competitive compensation policies" was one of the factors that distinguished better performing pension funds from their less fortunate peers.¹⁴ Similar conclusions are discussed in an academic paper focused on the structure of the compensation plan used for internal staff at the Canada Pension Plan.¹⁵

Again, this growing collection of academic studies that link pension fund performance to compensation practices that allow fiduciaries to attract and retain talented staff needed to implement an optimal investment strategy would lend support to any future claims brought against the Pension Board and the City based on intentional use of uncompetitive compensation and staff retention practices. It also potentially implicates compliance with the duty of loyalty, as Pension Board members owe a fiduciary duty to act in the interests of ERS participants and beneficiaries. That duty is based on best net investment results rather than lowest costs.¹⁶

4. Case Law.

Additional analysis of fiduciary duties applicable to ERS can be found in case law dealing with benefit plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Although ERS is not subject to ERISA, the UPIA (referenced by s. 36-09-1.d-7 of the City Charter as a guide for interpreting the Pension Board's fiduciary duties) cites ERISA as persuasive authority for application of UPIA principles.¹⁷ See also *Roebke v. Newell Co.*, 177 Wis.2d 624, 635 (Ct. App. 1993) (examining in detail federal ERISA cases to decide whether a Wisconsin pension fiduciary had breached its obligations).

Courts have consistently held that, in circumstances where ERISA trustees lack the requisite knowledge, expertise, or experience necessary to make prudent decisions to carry out plan investment functions themselves, they have a fiduciary duty to hire qualified professional advisors. See, e.g. *Liss v. Smith*, 991 F.Supp. 278, 297 (S.D.N.Y. 1998); *Harley v. Minnesota Mining and Mfg., Co.*, 42 F.Supp.2d 898, 907 (D.Minn. 1999). Courts have described the scope of the duty pension plan fiduciaries have to ensure that the advisors they hire are qualified. For example, when relying on expert advice to carry out plan functions, fiduciaries are obligated to:

- (a) Investigate the expert's qualifications;
- (b) Provide the expert with complete and accurate information; and
- (c) Make certain that reliance on the expert's advice is reasonably justified under the circumstances.¹⁸

Whether hiring outside advisors or internal staff, the same principles regarding selection of delegates with appropriate expertise and knowledge apply. The court in the *Liss* case noted that "[t]he need for independent advice will depend on the factual circumstances of each case," and that this advice "can come in many forms."¹⁹ According to the court, such independent advice can "encompass an overall investment strategy; advice with respect to particular proposed investments or delegation of day-to-day investment authority with appropriate oversight."

Accordingly, the fiduciary duties set forth in ERISA jurisprudence regarding reliance on expert advice also inform application of fiduciary obligations to the Pension Board in selecting ERS Key Staff Members with the required level of expertise.

CONCLUSION

The Pension Board's challenge in meeting its fiduciary obligations raises the potential for increased ERS fiduciary liability exposure, as well as added financial obligations for the City, its

employees and its taxpayers. If ERS negligence or other breach of its fiduciary duties were to result in losses to the trust fund, participants could file lawsuits against the Pension Board and other responsible delegates. For example, an error by inexperienced staff in accounting for investment returns, in conducting due diligence on selection or evaluation of a third party manager, or in monitoring a manager's compliance with established risk and investment parameters could generate liability in the tens or hundreds of millions of dollars.

The City, as plan sponsor and under its indemnification agreement with the ERS, would be implicated in any such litigation. The City is not only exposed to potential increased employer contributions needed to make up any investment shortfall if the Pension Board were forced to adopt a suboptimal investment strategy; it has also agreed to indemnify members of the Pension Board and employees of ERS against liabilities, costs and expenses arising from a breach of or failure to perform their legal (i.e., fiduciary) duties. Even if a lawsuit for ERS breach of fiduciary duty were ultimately unsuccessful, the City would still be responsible for attorneys' fees and costs in defense of the suit.

Although it is impossible to eliminate all exposure to liabilities that could arise from a breach of fiduciary duties, the potential for breaches resulting from knowingly taking on the increased legal risks associated with unnecessary turnover of Key Staff Members is something that could be proactively minimized. Accordingly, we recommend that the Pension Board and City confer on resolution of Pension Board authority and Key Staff Member retention and recruitment issues that have created the current dilemma.

If a prudent resolution of the issues cannot be reached, the Pension Board will be faced with a Hobson's choice that presents increased exposure to either liabilities or costs for the Pension Board, City, ERS participants and taxpayers, regardless of the ultimate decision. In that event, the Pension Board's fiduciary duties will require it to favor interests of the fund's participants and beneficiaries in balancing risk and return considerations.

If we can be of further assistance, please do not hesitate to contact us.

¹City Charter section 36-01.

²City Charter section 36-15-1-a.

³City Charter section 36-09-1.

⁴See Wis. Stat. section 63.27 for the list of City positions that are exempt appointments from the civil service rules.

⁵The Mayor's current salary is \$147,336.

⁶November 10, 2003 City Legal Opinion authored by Grant Langley, City Attorney.

⁷L.R. Wechsler, Ltd., Organizational Review: Final Report (May 14, 2009) at s. 8.6.7.

⁸Restatement of Trusts (Third) § 227 cmt. k, illus. (1992).

⁹Restatement of Trusts (Third) § 227 illus. 23 (1992).

¹⁰Official comments to § 5 of the UPIA.

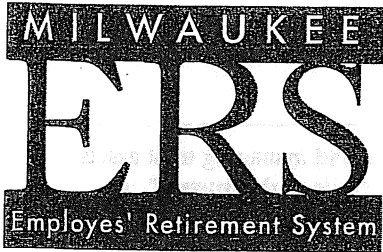
¹¹Official comments to § 9 of the UPIA.

¹²See ss. 25.16 (2), 25.16 (7), 25.17 (13m), 25.17 (13r) and 25.187, Wis. Stats., as amended by 2011 Wisconsin Act 32.

¹³Dyck, I. J. Alexander and Pomorski, Lukasz, *Is Bigger Better? Size and Performance in Pension Plan Management* (June 1, 2011). Rotman School of Management Working Paper No. 1690724, available at SSRN: <http://ssrn.com/abstract=1690724> or <http://dx.doi.org/10.2139/ssrn.1690724>.

¹⁴Ambachtsheer, Capelle and Lum, *The Pension Governance Deficit: Still with Us*, Rotman International Journal of Pension Management, 1: 14-21 (2008).

¹⁵Ambachtsheer, K., *How Should Pension Funds Pay Their Own People?*, Rotman International Journal of Pension Management, Vol. 4 Issue 1, Spring 2011.



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

Thomas A. Rick, CFA
Chief Investment Officer

Martin Matson
Deputy Director

April 23, 2012

Keith L. Johnson
Reinhart Boerner Van Deuren s.c.
22 East Mifflin Street, Suite 600
Madison, WI 53703

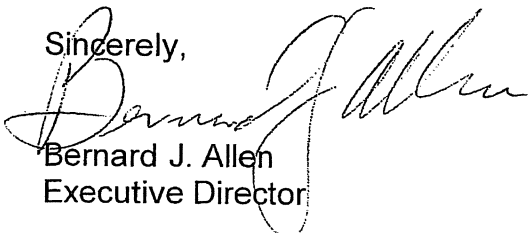
Dear Mr. Johnson,

Per our previous phone conversation with Rudy Konrad and Beth Cleary of the City Attorney's Office, the ERS Board of Trustees is considering the implications as a qualified plan fiduciary regarding limitations on governance resources made available to the Board to discharge its fiduciary obligation to Plan members and beneficiaries. We are requesting your firm's opinion regarding the issues identified below and any others that may need to be considered.

The City of Milwaukee salary ordinance and civil service rules limit staff compensation such that the ERS is not able to pay anywhere near market levels in seeking to attract and retain competent managerial, technical and professional staff. On this point please refer to the survey data previously forwarded from McLagen, the Board's independent compensation consultant which indicates ERS professional, technical and managerial staff compensation generally is at 4th quartile levels as compared to its peers. Also, cash compensation has been permanently frozen for several years and we anticipate the comparison to peers will continue to deteriorate as a result. Further, total compensation has actually begun to decline with retrenchment in health care and other welfare benefit provision, as well as City-imposed mandatory furlough days.

Please advise whether you require any further documentation or have questions as you undertake this engagement.

Sincerely,



Bernard J. Allen
Executive Director

¹⁶ City Charter section 36-09-1.d-4 provides that costs incurred by the Pension Board in investing and managing trust assets must be "appropriate and reasonable in relation to the assets for the purposes of the trust and the skills of the trustee." A reasonableness standard does not mean that fiduciaries must always select the lowest cost alternative. Rather, costs are evaluated based on whether they are reasonable when compared to net results. When discussing the reasonableness of investment costs, the Restatement of Trusts (Third) states that, "The trustee can properly incur expenses appropriate to the collection and protection of the trust property...and to making the property productive." Restatement of Trusts (Third) § 88 cmt. b (1990). In the case of the ERS, the "trust property" in question is its investment portfolio. In its discussion of active investment strategies, which are generally associated with higher costs than passive strategies, the Restatement provides that a trustee's fiduciary duty of only incurring reasonable costs "does not preclude the use of active management strategies" when "these added costs and risks [are] justified by realistically evaluated return expectations. Restatement of Trusts (Third) § 90 cmts. e(1), h(2).

¹⁷ For example, see official comments to sections 1, 3, 5 and 9 of the UPIA.

¹⁸ See, e.g., *Chao v. Hall Holding Co., Inc.*, 285 F.3d 415, 430 (6th Cir. 2002); *Howard v. Shay*, 100 F.3d 1484, 1489 (9th Cir. 1996); *Keach v. U.S. Trust Co.*, 313 F.Supp.2d 818, 867 (C.D.Ill. 2004).

¹⁹ *Liss*, supra, 991 F.Supp. at 297.

Basic Website Metrics

	2021											2022	
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Visits	4,673	5,542	5,405	4,842	4,479	4,188	4,592	4,678	5,442	5,180	4,728	5,053	4,698
Users	3,563	4,050	4,029	3,816	3,440	3,203	3,566	3,533	4,015	3,813	3,667	3,810	3,551
Page Views	13,815	17,353	15,863	13,287	11,539	11,411	11,868	12,240	16,046	13,712	12,305	13,532	12,267
Pages/ Visit	2.96	3.13	2.93	2.74	2.58	2.72	2.58	2.62	2.95	2.65	2.60	2.68	2.61
Ave. Visit	2:21	2:40	2:19	2:07	2:07	2:10	2:10	2:23	2:35	2:10	2:09	2:18	2:10

VII.

INFORMATIONAL

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

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2022 YTD.
- D. Report on Bills.
- E. Deployment of Assets.
- F. Securities Lending Revenue and Budget Report.
- G. Preliminary Performance Report and Asset Allocation.



March 29, 2022 Board Meeting

PENDING LITIGATION REPORT

Part 1. ERS Litigation through the City Attorney

MPSO, Local 215, et al. v City of Milwaukee, et al; Case Nos. 2019AP001319; 2018CV001274

MPSO and Local 215 have filed suit on behalf of certain duty disability retirees against the City of Milwaukee and the Employees' Retirement System alleging the defendants violated the collective bargaining agreements as it relates to the payment of the 5.8% pension offset.

****See prior Reports for case history****

- 11/17/21 Defendants-Appellants' Response in Opposition to Petition for Review filed with WI Supreme Court.
- 05/04/22 Status Conference scheduled in Circuit Court.

James Miller and Marion Holley v. City of Milwaukee, et al; Case Nos. 2020AP001346; 2019CV008924

Claimants allege the City of Milwaukee failed to advise two former police employees in deferred status that upon return to active employment as general city employees, their retirement eligibility would be reclassified under the terms set forth in Chapter 36 for General City members.

****See prior Reports for case history****

- 01/28/22 Case remanded to Circuit Court.
- 02/11/22 Order for Summary Judgment Hearing signed.

Faith Wooden v. City of Milwaukee, et al; Case No. 2022CV001119

Widow of a deceased public safety employee filed a Petition for Certiorari Review of the Annuity & Pension Board's Decision denying the petitioner's Application for Accidental Death Benefits.

- **02/23/22** ERS served with Summons and Petition for Certiorari Review.
- **02/28/22** Letter to City Attorney's Office requesting legal representation. Reported new claim to fiduciary carriers of ERS/APB.
- **03/14/22** Notice of Retainer, Answer and Affirmative Defense filed by Defendants/Respondents.

Part 2. ERS Administrative Appeal Hearings through the City Attorney**Jason Rodriguez; Administrative Case No. 1443**

Status: Hearing stayed pending outcome of Appellant's state workers compensation appeal. Status conference to be scheduled if state appeal hearing has not been held by May 1, 2022.

Sandrah Crawford; Administrative Case No. 1457

Status: Judge Moroney appointed as new Hearing Examiner. Status Conference to be scheduled for May, 2022.

Part 3. Notice of Claim filed with ERS

None.

Part 4. ERS Litigation through Outside Legal Counsel**ERS v Allianz Global Investors U.S. LLC, et al; Case No. 20-CV-08642**

Lawsuit against defendants alleging negligence and breach of contractual and fiduciary duties arising from misconduct and gross mismanagement of two investment funds (i.e., AllianzGI Structured Alpha 1000 Plus LLC and Allianz GI Structured Alpha U.S. Fixed Income 250 LLC).

See prior Reports for case history

- 08/24/21 Litigation is on-going.

Client Conferences 2022

Board Meeting: March 29, 2022

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
April 25 – 27, 2022	Callan Institute's 2022 National Conference San Francisco, CA	Callan Associates
May 2 – 4, 2022	Annual Institutional Symposium 2022 Austin, TX	Dimensional Fund Advisors
May 11, 2022 11:30 am - Noon	How to Navigate Private Equity Fees and Terms Virtual	Callan Associates
May 11, 2022	2022 AQR Chicago Forum Chicago, IL	AQR
June 22 – 23, 2022	2022 Neuberger Berman Private Markets Limited Partners Annual Meeting New York, NY	Neuberger Berman
September 20 – 21, 2022	2022 USLF Annual Investor Meeting Miami, FL	ProLogis
September 20 – 22, 2022 10:30 am – 1:30 pm	"Callan College" Introduction to Investments Virtual	Callan Associates

Trustee Conferences 2022

Board Meeting: March 29, 2022

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
April 5, 2022 Noon – 1:00 pm	Taking Advantage of Three Megatrends in India – Matthew Dreith Virtual	CFA Society of Madison
April 7, 2022 Noon – 1:00 pm	Global Commodities – Hot Start but Cool End? The Outlook for Global Oil & Gas Prices and Energy Equities in 2022 – Dr. Edward Morse Virtual	CFA Society of Madison
April 12, 2022 4:00pm – 5:00 pm	The Latest and Greatest of Blockchain Virtual	CFA Society of Chicago
April 18 – 20, 2022	Pension Bridge Annual San Francisco, CA	Pension Bridge
May 1 – 4, 2022	25 th Global Conference 2022 Los Angeles, CA	Milken Institute
May 3 – 4, 2022	11 th Annual Risk & Liquidity Forum Philadelphia, PA	Institutional Investor
May 10 – 11, 2022	8 th Annual Redefining Fixed Income Forum Chicago, IL	Institutional Investor
May 18, 2022	8 th Annual Midwest Institutional Forum Chicago, IL	Markets Group
May 21 – 22, 2022	Trustee Educational Seminar (TEDS); NCPERS Accredited Fiduciary (NAF) Program Washington, DC	NCPERS
May 22 – 25, 2022	Annual Conference & Exhibition (ACE 2022) Washington, DC	NCPERS
June 6 – 7, 2022	Certificate of Achievement in Public Plan Policy (CAPPP®): Pensions Part I Santa Monica, CA	International Foundation of Employee Benefit Plans
June 8 – 9, 2022	Certificate of Achievement in Public Plan Policy (CAPPP®): Pensions Part II Santa Monica, CA	International Foundation of Employee Benefit Plans
June 20 – 22, 2022	Roundtable for Consultants & Institutional Investors Chicago, IL	Institutional Investor

Trustee Conferences 2022

Board Meeting: March 29, 2022

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
July 21, 2022	ALTSCHI Chicago, IL	Markets Group
August 21 – 23, 2022	Public Pension Funding Forum Los Angeles, CA	NCPERS
September 14, 2022	6 th Annual Midwest Institutional Real Estate Investor Forum Chicago, IL	Markets Group
September 15, 2022	8 th Annual Great Plains Institutional Forum Minneapolis, MN	Markets Group
September 21 – 23, 2022	CII Fall 2022 Conference Boston, MA	Council of Institutional Investors
September 23 - 24, 2022	Certificate Series – Investment Basics Washington DC	International Foundation of Employee Benefit Plans
October 22 – 23, 2022	Certificate of Achievement in Public Plan Policy (CAPPP®): Pension Part II Las Vegas, NV	International Foundation of Employee Benefit Plans
October 22 – 23, 2022	NCPERS Accredited Fiduciary (NAF) Program Nashville, TN	NCPERS
October 23 – 26, 2022	2022 Public Safety Conference Nashville, TN	NCPERS

Upcoming Due Diligence Meetings

Date	Manager(s)	Team
April 11-13, 2022	New Hedge Fund of Funds Manager	Erich, Joe McGuane (Callan), Sean Lee (Callan)
April 20, 2022	CastleArk (Chicago, IL)	Erich and Tom
May 9-11, 2022	Loomis Sayles, MFS, Prologis (Boston, MA)	David and Tom

Class Action Income 2022 YTD

Asset Description	Date(s)	Amount
Foreign Exchange Benchmark Rates Antitrust Litigation	1/18/2022 \$	4,007
First Solar	2/4/2022 \$	14,395
Foreign Exchange Benchmark Rates Antitrust Litigation	2/28/2022 \$	150
LIBOR-Based Securities Litigation	2/28/2022 \$	871
Total Class Action Income Received in 2022 YTD		\$ 19,423

Fiscal Year
2022
Department
Employees' Retirement System

City of Milwaukee
Departmental
Appropriation Budget Balances

As of: 2022-02-28

	Class/	Budget	2022-1	2022-2	Year to Date Expended	Year to Date PreEncumbrances	Year to Date Encumbrances	Life to Date Commitments	Remaining Budget
<i>Regular Departmental Appropriations:</i>									
Employee Salaries & Wages		3,583,222.00	-	-	-	-	-	-	3,583,222.00
Base Pay-Salary & Wage		-	179,295.09	234,035.61	413,330.70	-	-	-	(413,330.70)
Overtime Premium		-	304.88	193.65	498.53	-	-	-	(498.53)
Other Worked Compensation		-	-	484.43	484.43	-	-	-	(484.43)
Time Paid Not Worked		-	89,142.97	19,875.09	109,018.06	-	-	-	(109,018.06)
Employee Salaries & Wages	\$	3,583,222.00	268,742.94	254,588.78	\$ 523,331.72	\$ -	\$ -	\$ -	\$ 3,059,890.28
Fringe Benefits Applied		1,648,282.00	-	-	-	-	-	-	1,648,282.00
Fringe Benefits Applied		-	92,498.35	120,738.99	213,237.34	-	-	-	(213,237.34)
Applied Employee Benefits	\$	1,648,282.00	92,498.35	120,738.99	\$ 213,237.34	\$ -	\$ -	\$ -	\$ 1,435,044.66
Operating Expenditures		15,558,400.00	-	-	-	-	-	-	15,558,400.00
Office Supplies		-	45.90	(78.35)	(32.45)	-	-	-	32.45
Magazines, Subscription		-	28.17	(190.50)	(162.33)	-	-	-	162.33
Postal and Mailing Services		-	3.95	9,649.31	9,653.26	-	-	-	(9,653.26)
Building Rental		-	62,153.52	31,076.76	93,230.28	-	-	-	(93,230.28)
Printing & Dupl Machine Rental		-	2,754.43	1,159.99	3,914.42	-	-	-	(3,914.42)
Consulting		-	(87,916.66)	68,966.27	(18,950.39)	-	-	-	18,950.39
Medical, Surgical & Lab		-	203.30	2,844.84	3,048.14	-	-	-	(3,048.14)
Administrative Charges		-	(3,763.00)	54,211.57	50,448.57	-	-	-	(50,448.57)
Other Professional Services		-	(1,149,043.22)	936,365.43	(212,677.79)	-	-	-	212,677.79
Systems Support		-	-	48,377.00	48,377.00	-	-	-	(48,377.00)
IT Infrastructure		-	-	51,900.00	51,900.00	-	-	-	(51,900.00)
Infrastructure		-	-	502.96	502.96	-	-	-	(502.96)
Telephone, Communications		-	244.11	4,424.11	4,668.22	-	-	-	(4,668.22)
Insurance-Non Health		-	12,724.00	-	12,724.00	-	-	-	(12,724.00)
Other Misc Services		-	762.25	443.56	1,205.81	-	-	-	(1,205.81)
Operating Expenditures	\$	15,558,400.00	(1,161,803.25)	1,209,652.95	\$ 47,849.70	\$ -	\$ -	\$ -	\$ 15,510,550.30
All Equipment		598,000.00	-	-	-	-	-	-	598,000.00
Total Equipment	\$	598,000.00	-	-	\$ -	\$ -	\$ -	\$ -	\$ 598,000.00
Total Regular Class	\$	21,387,904.00	(800,561.96)	1,584,980.72	\$ 784,418.76	\$ -	\$ -	\$ -	\$ 20,603,485.24
<i>Other Departmental Appropriations:</i>									
Pol Pension Lump-Sum Sup Cont		10,000.00	-	10,000.00	10,000.00	-	-	-	-
PABF Payroll		55,000.00	4,577.60	4,577.63	9,155.23	-	-	-	45,844.77
Group Life Insurance Premium		4,560,000.00	-	779,888.80	779,888.80	-	-	-	3,780,111.20
Retiree's Benefit Adjustment		32,000.00	1,560.77	2,434.36	3,995.13	-	-	-	28,004.87
Other Classes	\$	4,657,000.00	6,138.37	796,900.79	\$ 803,039.16	\$ -	\$ -	\$ -	\$ 3,853,960.84
Total Dept Appropriations	\$	26,044,904.00	(794,423.59)	2,381,881.51	\$ 1,587,457.92	\$ -	\$ -	\$ -	\$ 24,457,446.08

Monthly Board Report

28-Feb-22

Account number COMALL

CITY OF MILW ALL ACCTS

Page 1 of 3

Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-TOWNSEND CASH 2602846	0.00 0.00%	481,136.18 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	481,136.18 0.01%
MILWAUKEE-CASH ACCOUNT 2605491	0.00 0.00%	106,252,007.10 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	106,252,007.10 1.70%
MILWAUKEE-THE NORTHERN TRS 2605496	0.00 0.00%	0.00 0.00%	320,193,062.00 105.61%	0.00 0.00%	0.00 0.00%	-17,000,000.00 -5.61%	303,193,062.00 4.85%
MILWAUKEE-ERS EXPENSE FUND 2605504	0.00 0.00%	112,623.83 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	112,623.83 0.00%
MILWAUKEE-PABF BENEFIT PAYMENT 2610128	0.00 0.00%	12,500.62 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	12,500.62 0.00%
MILWAUKEE-DFA INTERNATIONAL 2619838	0.00 0.00%	0.00 0.00%	186,949,277.70 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	186,949,277.70 2.99%
MILWAUKEE-EARNEST -SL 2630942	0.00 0.00%	2,763,139.50 2.37%	114,261,990.40 98.02%	0.00 0.00%	0.00 0.00%	-456,099.96 -0.39%	116,569,029.90 1.86%
MILWAUKEE - UBS A&Q 2637239	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	446,653,399.00 100.00%	0.00 0.00%	446,653,399.00 7.14%
MILWAUKEE-DFA 2637848	0.00 0.00%	0.00 0.00%	195,251,516.60 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	195,251,516.60 3.12%
MILWAUKEE-BAIRD 2674604	0.00 0.00%	21,028,359.06 25.77%	0.00 0.00%	62,536,891.57 76.63%	0.00 0.00%	-1,955,807.52 -2.40%	81,609,443.11 1.31%
MILWAUKEE-CASTLEARK 2697782	0.00 0.00%	16,225,198.39 17.17%	92,107,508.32 97.44%	0.00 0.00%	0.00 0.00%	-13,809,560.07 -14.61%	94,523,146.64 1.51%
MILWAUKEE - BLACKROCK R1000V 4472746	0.00 0.00%	0.00 0.00%	156,693,025.30 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	156,693,025.30 2.51%
MILWAUKEE-LOOMIS SAYLE CME01	36,873,820.64 8.03%	0.00 0.00%	17,072,044.12 3.72%	426,585,408.60 92.86%	0.00 0.00%	-21,150,324.90 -4.60%	459,380,948.40 7.35%
MILWAUKEE-BRANDES INT'L EQUITY CME03	3,675,553.64 0.98%	0.00 0.00%	370,409,301.10 98.74%	0.00 0.00%	1,058,271.82 0.28%	0.00 0.00%	375,143,126.60 6.00%
MILWAUKEE-REAMS CME04	51,451,418.13 8.42%	0.00 0.00%	0.00 0.00%	674,563,115.30 110.37%	3,403,613.02 0.56%	-118,247,876.50 -19.35%	611,170,270.00 9.77%

Northern Trust

Generated from Northern Trust periodic data on 28-Feb-22

Monthly Board Report

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Account number COMALL

CITY OF MILW ALL ACCTS

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Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-BLAIR CME05	17,329,638.22 6.64%	0.00 0.00%	253,571,257.30 97.13%	0.00 0.00%	587,715.94 0.23%	-10,428,466.04 -3.99%	261,060,145.40 4.18%
MILWAUKEE-MFS CME12	10,627,473.21 5.66%	0.00 0.00%	185,704,092.30 98.86%	0.00 0.00%	333,798.68 0.18%	-8,814,613.16 -4.69%	187,850,751.00 3.00%
MILWAUKEE-POLIN 2644553	0.00 0.00%	22,745,538.51 15.00%	149,930,682.90 98.85%	0.00 0.00%	0.00 0.00%	-20,997,021.65 -13.84%	151,679,199.70 2.43%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	261,305,056.30 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	261,305,056.30 4.18%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	281,696,330.40 101.81%	0.00 0.00%	0.00 0.00%	-5,000,000.00 -1.81%	276,696,330.40 4.43%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	90,304,718.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	90,304,718.00 1.44%
MILWAUKEE - DFA US LCV CME15	481,275.19 0.31%	0.00 0.00%	157,071,772.20 99.69%	0.00 0.00%	0.00 0.00%	0.00 0.00%	157,553,047.30 2.52%
MILWAUKEE-REAL ESTATE MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	556,788,597.13 100.14%	-766,596.26 -0.14%	556,022,000.87 8.89%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	760,395,225.00 100.00%	0.00 0.00%	760,395,225.00 12.16%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	414,387,237.30 100.00%	0.00 0.00%	0.00 0.00%	414,387,237.30 6.63%

Monthly Board Report

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Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
Total for consolidation	120,439,179.03	169,620,503.19	2,832,521,634.94	1,578,072,652.77	1,770,445,620.59	-218,626,366.06	6,252,473,224.25
% for consolidation	1.93%	2.71%	45.30%	25.24%	28.32%	-3.50%	100.00%

Please note that this report has been prepared using best available data. This report may also contain information provided by third parties, derived by third parties or derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction - Northern Trust assumes no responsibility for the accuracy, timeliness or completeness of any such information. Northern Trust assumes no responsibility for the consequences of investment decisions made in reliance on information contained in this report. If you have questions regarding third party data or direction as it relates to this report, please contact your Northern Trust relationship team.

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Employees' Retirement System
Securities Lending Income and Expenses: 2022
As of February 28, 2022

Date	Amounts Expended			Balance
	Income From Lending	Fees	Administrative Transfers	
Balance 12-31-21				552,798.88
01/05/22	31.37	-	-	552,830.25
01/18/22	74,337.11	14,861.98	-	612,305.38
01/27/22	-	-	553,000.00	59,305.38
02/03/22	34.21	-	-	59,339.59
02/15/22	66,588.79	13,312.68	-	112,615.70
Current Totals	\$140,991.48	\$28,174.66	\$553,000.00	\$112,615.70

Note: Expenses for Board Travel/Education, Computer Equipment, Publications and Consulting are now paid from the Operations/Management account

MERS PERFORMANCE ESTIMATES
February 28, 2022

Account	2021 Return	Jan 2022	Feb 2022	YTD Thru 2/28/22
Northern Trust S&P 500 Index	28.69%	-5.17%	-2.99%	-8.01%
S&P 500	<u>28.71%</u>	<u>-5.17%</u>	<u>-2.99%</u>	<u>-8.01%</u>
Difference	-0.01%	0.00%	0.00%	0.00%
BlackRock Russell 1000 Value Index	25.18%	-2.35%	-1.16%	-3.48%
Russell 1000 Value	<u>25.16%</u>	<u>-2.33%</u>	<u>-1.16%</u>	<u>-3.46%</u>
Difference	0.02%	-0.02%	0.00%	-0.02%
DFA US Large Cap Value	27.52%	-1.34%	-0.25%	-1.59%
Russell 1000 Value	<u>25.16%</u>	<u>-2.33%</u>	<u>-1.16%</u>	<u>-3.46%</u>
Difference	2.36%	0.99%	0.91%	1.87%
Polen	24.84%	-9.04%	-7.00%	-15.41%
S&P 500	<u>28.71%</u>	<u>-5.17%</u>	<u>-2.99%</u>	<u>-8.01%</u>
Difference	-3.86%	-3.87%	-4.01%	-7.40%
Earnest	26.09%	-4.71%	-1.52%	-6.16%
Russell MidCap	<u>22.58%</u>	<u>-7.37%</u>	<u>-0.72%</u>	<u>-8.03%</u>
Difference	3.50%	2.66%	-0.80%	1.87%
CastleArk	12.30%	-15.26%	-0.41%	-15.61%
Russell 2000 Growth	<u>2.83%</u>	<u>-13.40%</u>	<u>0.44%</u>	<u>-13.03%</u>
Difference	9.46%	-1.86%	-0.85%	-2.58%
DFA US Small Cap Value	40.61%	-2.53%	2.17%	-0.41%
Russell 2000 Value	<u>28.27%</u>	<u>-5.83%</u>	<u>1.65%</u>	<u>-4.27%</u>
Difference	12.34%	3.30%	0.52%	3.86%
Brandes	14.37%	2.28%	-2.10%	0.13%
MSCI EAFE	<u>11.26%</u>	<u>-4.83%</u>	<u>-1.77%</u>	<u>-6.52%</u>
Difference	3.10%	7.11%	-0.33%	6.65%
William Blair	12.75%	-11.99%	-3.67%	-15.22%
MSCI ACWI ex US	<u>8.29%</u>	<u>-3.67%</u>	<u>-1.97%</u>	<u>-5.57%</u>
Difference	4.46%	-8.32%	-1.70%	-9.65%
DFA Int'l Small Cap Value	15.90%	-1.68%	-0.33%	-2.00%
MSCI EAFE Small Cap	<u>10.10%</u>	<u>-7.32%</u>	<u>-1.27%</u>	<u>-8.49%</u>
Difference	5.80%	5.64%	0.94%	6.49%
AQR	0.24%	-1.45%	-3.16%	-4.56%
MSCI EM	<u>-2.54%</u>	<u>-1.89%</u>	<u>-2.99%</u>	<u>-4.83%</u>
Difference	2.78%	0.44%	-0.17%	0.27%
BlackRock Global Alpha Tilts	18.72%	-4.79%	-3.04%	-7.68%
MSCI ACWI	<u>18.54%</u>	<u>-4.91%</u>	<u>-2.58%</u>	<u>-7.37%</u>
Difference	0.18%	0.12%	-0.46%	-0.31%
MFS	19.56%	-5.60%	-3.59%	-8.99%
MSCI ACWI	<u>18.54%</u>	<u>-4.91%</u>	<u>-2.58%</u>	<u>-7.37%</u>
Difference	1.02%	-0.69%	-1.01%	-1.62%
BlackRock Gov't Bond Index		-1.78%	-0.66%	-2.43%
Bloomberg Gov't Bond		<u>-1.87%</u>	<u>-0.66%</u>	<u>-2.52%</u>
Difference		0.09%	0.00%	0.09%
Reams	-1.22%	-2.01%	-0.81%	-2.80%
Bloomberg US Aggregate	<u>-1.54%</u>	<u>-2.15%</u>	<u>-1.12%</u>	<u>-3.25%</u>
Difference	0.32%	0.14%	0.31%	0.45%
Loomis Sayles	2.14%	-2.60%	-1.46%	-4.02%
Bloomberg US Aggregate	<u>-1.54%</u>	<u>-2.15%</u>	<u>-1.12%</u>	<u>-3.25%</u>
Difference	3.69%	-0.45%	-0.34%	-0.77%
UBS A&Q	8.12%	0.73%	-0.02%	0.71%
One Year Libor + 4%	<u>4.27%</u>	<u>0.02%</u>	<u>0.10%</u>	<u>0.12%</u>
Difference	3.86%	0.71%	-0.12%	0.59%
Principal	17.58%	-0.35%	1.64%	1.28%
Blended Benchmark	<u>15.87%</u>	<u>0.59%</u>	<u>2.39%</u>	<u>2.99%</u>
Difference	1.72%	-0.94%	-0.75%	-1.71%
Baird	-0.20%	-0.48%	-0.33%	-0.81%
Bloomberg Govt/Credit 1-3 Year	<u>-0.47%</u>	<u>-0.72%</u>	<u>-0.44%</u>	<u>-1.15%</u>
Difference	0.27%	0.24%	0.11%	0.34%
Total MERS	18.89%	-2.11%	1.39%	-0.75%

The calculation for the Fund's total rate of return is based on the Modified Dietz method. Although periodic cash flows (i.e., contributions, redemptions) are not time weighted, they are accounted for in the Fund's total rate of return. Therefore, this estimated rate of return may vary slightly from the rate of return reported by the custodian.

The returns shown are gross of fees (except Total MERS, DFA International Small Cap Value, William Blair International Growth, AQR, Principal, and UBS A&Q)

ACTUAL ALLOCATIONS

February 28, 2022

		Target	Market Value	Allocation
EQUITY				
Public Equity				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	5.40%	\$ 303,193,062	4.91%
	BlackRock (Russell 1000 Value)	2.60%	\$ 156,693,025	2.54%
	Sub-Total Passive Large Cap Equity	8.00%	\$ 459,886,087	7.45%
Active Large Cap Equity	Polen (S&P 500)	2.60%	\$ 151,679,200	2.46%
	DFA (Russell 1000 Value)	2.60%	\$ 157,553,047	2.55%
	Sub-Total Active Large Cap Equity	5.20%	\$ 309,232,247	5.01%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	2.00%	\$ 116,569,030	1.89%
	CastleArk (Russell 2000 Growth)	1.60%	\$ 94,523,147	1.53%
	DFA (Russell 2000 Value)	3.20%	\$ 195,251,517	3.16%
	Sub-Total Active Mid/Small Cap Equity	6.80%	\$ 406,343,693	6.58%
Total Domestic		20.00%	\$ 1,175,462,028	19.05%
International				
Active International Equity	Brandes (MSCI EAFE)	6.40%	\$ 375,143,127	6.08%
	William Blair (MSCI ACWI ex US)	4.80%	\$ 261,060,145	4.23%
	DFA (MSCI EAFE Small Cap)	3.20%	\$ 186,949,278	3.03%
	AQR (MSCI EM)	1.60%	\$ 90,304,718	1.46%
Total International		16.00%	\$ 913,457,268	14.80%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.80%	\$ 276,696,330	4.48%
	MFS (MSCI ACWI)	3.20%	\$ 187,850,751	3.04%
Total Global		8.00%	\$ 464,547,081	7.53%
Total Public Equity		44.00%	\$ 2,553,466,377	41.38%
Private Equity				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 362,582,935	5.88%
	Mesirov (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 301,733,505	4.89%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 27,674,577	0.45%
	Private Advisors (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 69,629,208	1.13%
Total Private Equity		10.00%	\$ 761,620,225	12.34%
TOTAL EQUITY (Public Equity + Private Equity)		54.00%	\$ 3,315,086,602	53.72%
FIXED INCOME & ABSOLUTE RETURN				
Fixed Income				
Cash				
		1.00%	\$ 106,858,268	1.73%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.92%	\$ 414,387,237	6.72%
	Reams (Bloomberg US Aggregate)	7.04%	\$ 611,170,270	9.90%
	Loomis Sayles (Bloomberg US Aggregate)	7.04%	\$ 459,380,948	7.44%
Sub-Total Active Fixed Income		14.08%	\$ 1,070,551,218	17.35%
Total Fixed Income		23.00%	\$ 1,591,796,723	25.80%
Absolute Return				
	Hedge Fund of Funds Manager	3.00%	\$ -	0.00%
	UBS (1 Year Libor + 4%)	7.00%	\$ 446,558,352	7.24%
Total Absolute Return		10.00%	\$ 446,558,352	7.24%
TOTAL FIXED INCOME & ABSOLUTE RETURN		33.00%	\$ 2,038,355,076	33.03%
REAL ASSETS				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	3.03%	\$ 141,210,449	2.29%
	Morgan Stanley (NFI-ODCE)	3.03%	\$ 169,661,562	2.75%
	LaSalle (NFI-ODCE)	1.52%	\$ 97,207,318	1.58%
	Prologis (NFI-ODCE)	1.52%	\$ 124,861,883	2.02%
	Sub-Total Private Real Estate - Core	9.10%	\$ 532,941,212	8.64%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 23,080,789	0.37%
Public Real Assets	Principal (Blended Benchmark)	3.90%	\$ 261,305,056	4.23%
TOTAL REAL ASSETS		13.00%	\$ 817,327,057	13.25%
TOTAL ERS			\$ 6,170,768,735	100.00%
Total City Reserve Fund			R. W. Baird	81,609,443