

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
789 N. WATER ST. (Employees' Retirement System)
TUESDAY, OCTOBER 25, 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 September 28, 2022.

II. Chief Investment Officer Report.

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.

- A. Approval of Apogem Private Equity Fund X, LP Side Letter.

III. Administration & Operations Committee Report.

- A. Approval of Contract for Banking Services.

IV. New Business.

- A. Retirements, Death Claims, and Refunds (September).
B. Conference Requests – October 2022 Board Meeting.

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

C. ERS Executive Staff Compensation.

V. Medical Reports.

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

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.

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2022 YTD.
- D. Minutes of the Investment Committee Meeting Held September 8, 2022.
- E. Minutes of the Administration & Operations Committee Meeting Held September 21, 2022.
- F. Report on Bills.
- G. Deployment of Assets.
- H. Securities Lending Revenue and Budget Report.
- I. Preliminary Performance Report and Asset Allocation.

MEETING REMINDERS

INVESTMENT COMMITTEE MEETING

THURSDAY, NOVEMBER 10, 2022 – 9:00 A.M.
789 N. WATER ST.

REGULAR MEETING OF THE ANNUITY AND PENSION BOARD

TUESDAY, NOVEMBER 22, 2022 – 9:00 A.M.
789 N. WATER ST.

I.

APPROVAL OF MINUTES

- A. Regular Meeting Held September 28, 2022.

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

Minutes of the Regular Meeting
held September 28, 2022 via teleconference during COVID-19

The meeting was called to order at 9:03 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 (not present)

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
Dave Walters, Senior Pension Investment Analyst
Thomas Courtright, Pension Investment Analyst
Jeff Shober, Chief Technology Officer
Gust Petropoulos, Deputy Director – Disability
Mary Turk, Business Operations Analyst
Jan Wills, Board Stenographer

Others Present: Patrice Beckham, Aaron Chochon, Larry Langer, Cavanaugh Macdonald; Jennifer Falkenholm, Christine Webb, Ryan Young, Brown & Brown; Jason Ellement, James Van Heuit, John Jackson, Mike Joecken, Callan; Harper Donahue IV, Andrea Knickerbocker, Department of Employee Relations; Kathy Block, Patrick McClain, Jordan Schettle, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., nine members of the public called in to the meeting.

Regular Meeting.

Approval of Minutes.

Regular Meeting Held July 27, 2022. It was moved by Ms. Sawa, seconded by Mr. Klusman, and unanimously carried, to approve the Minutes of the Regular Meeting Held July 27, 2022.

Ms. King arrived at 9:04 a.m.

Special Meeting Held August 24, 2022. It was moved by Ms. King, seconded by Mr. Kovac, and unanimously carried, to approve the Minutes of the Special Meeting Held August 24, 2022.

At this point Chairman Bell took the meeting out of order to Administration & Operations Committee Report item IV. A. Renewal of Fiduciary Liability and Cyber Insurance. He noted this was to accommodate the guest presenters.

Ms. Sawa said at the September 21, 2022 A&O Committee Meeting, the Committee reviewed the renewal of Fiduciary Liability and Cyber Insurance renewal proposal and voted to recommend approval of both policies. She said the total premium went up less than for the overall market..

Renewal of Fiduciary Liability and Cyber Insurance. As a matter of information, Board members received the Brown & Brown Fiduciary & Cyber Liability document. Mr. Young spoke about fiduciary liability and stated the Hays Company, acquired by Brown & Brown Company, had been a long-time broker on the CMERS account. He said the firm was appointed in 2009 to the CMERS account. Mr. Young noted the fiduciary liability program is in five layers, with each layer having a \$10 million limit and all incumbent layers of Hudson, RLI, Chubb, and Axis, are willing to maintain their \$10 million coverage limit. He said the \$50 million limit includes \$10 million of non-indemnifiable coverage, specifically carried to protect the Trustees of the Plan. Ms. Webb then gave a presentation on Cyber Liability Insurance. She said last year that there was an increase in ransomware claims due to people working from home as a result of the response to the pandemic.. She reviewed the CMERS \$5 million cyber insurance policy and stated the first layer with Chubb is a \$1 million dollar limit, the second layer with Lloyd's of London is a \$2.5 million limit, and the third layer with Starr Surplus Lines is a \$1.5 million dollar limit. She said Brown & Brown evaluated 16 carriers in the market. Ms. Webb said the overall premium increase for the CMERS' cyber liability insurance is 21.2%.

It was moved by Ms. Sawa, seconded by Mr. Campbell, and unanimously carried, to approve the Renewal of Fiduciary Liability and Cyber Insurance.

At this point, Chairman Bell took the meeting out of order to New Business item V.A. Presentation by Patrice Beckham and Larry Langer of Cavanaugh Macdonald Consulting regarding the Five-Year Experience Study.

New Business.

Presentation by Patrice Beckham and Larry Langer of Cavanaugh Macdonald Consulting regarding the Five-Year Experience Study. As a matter of information, Board members received Cavanaugh Macdonald's presentation document, "Experience Study Results: Demographic Assumptions." Mr. Langer presented the following topics: CMERS Experience Study, Background, Actuarial Assumptions, Purpose of Experience Study, Experience Study, Types of Assumptions, Measuring Demographic Experience (including Count vs. Liability Basis), Evaluating the Results of Demographic Experience, General Cost Impact of Assumption Change, Observations of Actual vs. Expected Experience, Recommended Changes, Recommended Assumptions, Estimated Cost Impact for System (Based on 1/1/21 Valuation), Assumption Change Impact by Group, Assumption Change Impact on Total Actuarial Contribution Rate, and Certification. Mr. Langer also included an Appendix of Technical Documentation, including Mortality Assumption, Geographic Variations in Mortality, Actual Mortality Experience, and Recommendations for Mortality Assumptions, Retirement Assumptions, Retirement Experience, Termination Experience, Disability Assumption, Miscellaneous Assumptions, and Salary Experience. Discussion ensued.

As a matter of information, Board members received a memo from Mr. McClain regarding “Analysis of Legislative Amendments Necessary to Effectuate Proposed Modifications to ERS Funding Policy” that stated at the special Board meeting on August 24, 2022, the ERS’ actuary Cavanaugh Macdonald proposed a series of changes to the ERS funding policy. The memo stated Cavanaugh Macdonald recommends changes to 11 components, which would require amendments to the current provisions of Chapter 36 and which requires, for six of the components, an affirmative vote of at least five members of the Annuity and Pension Board. The memo also stated the amendments require certification from Cavanaugh Macdonald that the changes comply with Actuarial Standards of Practice. Discussion ensued. Mr. Langer said they would provide further details on the proposed changes to the components at the November 2022 Board meeting.

At this point Chairman Bell took the meeting out of order to agenda item III. Investment Committee Report.

Investment Committee Report. Mr. Klusman reported that at its September 8 meeting, Callan provided updates and presentations that covered the Fund’s Public Equity, Real Assets, and Private Equity asset classes. He said for Public Equity, the Committee approved a new Public Equity structure that was identified as Structure 2 within Callan’s presentation. Among other things, he noted, Structure 2 is expected to modestly increase the Fund’s return and Small Cap bias compared to the Fund’s benchmark, changes, which Callan indicated, have the potential to add value and generate improved risk-adjusted returns over the long-term. Mr. Klusman said that for Real Assets, the Committee approved a new Real Assets structure that eliminates the 2% unfunded private Infrastructure target and replaces it with an increased Private Real Estate target, which will now be 9.7% of Fund assets. He stated the Committee also approved a Real Estate Manager Search and Candidate Profile that establishes the parameters for Callan to use as they conduct a search on the Fund’s behalf. Mr. Klusman added that Callan expects to provide a list of recommended managers in November that the Committee will then select from to interview. He said for Private Equity, the Committee approved the recommendation to commit \$100 million to Mesirow Fund IX, \$30 million to Abbott Capital’s AP 2023 Fund, and a total of \$30 million to Apogem Capital’s APEF X Fund. Mr. Klusman said all three of these commitments are to existing Private Equity Fund of Funds managers and are contingent on successful legal negotiations. He noted that after that, the Committee approved updates to both the Real Estate Investment Policy Statement and the Fund’s Statement of Investment Policy to reflect the new Real Assets structure and the corresponding impact the new structure has on the Fund’s blended benchmark. He commented that the change to the Fund’s benchmark would be effective October 1, 2022. Mr. Klusman said Staff also provided a tentative Due Diligence schedule for 2023, routine Due Diligence reports on Neuberger Berman, CastleArk, and Loomis Sayles, and went over the Fund’s 2nd Quarter performance report. He stated that Staff also provided an updated Value Add Analysis through June 30, 2022, that shows the Fund’s decision to use active management and implement Asset Class structures different from low-cost passive options has added over \$1.1 billion to the Fund’s value over the past 27 ½ years, net of fees. Finally, in closed session, Mr. Klusman said the Committee received a Due Diligence report and approved a Hedge Fund of Funds Manager Contract. He also stated that since delaying approval of the Hedge Fund of Funds Manager Contract would have prevented the Fund from making substantial progress in implementing the new mandate this month, Mr. Klusman said Staff utilized its authority to execute an investment-related contract that was approved by the Investment Committee as provided under Board Rule VII.G.2.b. He concluded that the Investment Committee recommended approval of the following items: Approval of Public Equity Structure (Structure 2); Approval of Real Assets Structure; Approval of Real Estate Manager Search and Candidate

Profile; Approval of 2023 Private Equity Commitment Recommendation; Approval of Real Estate Investment Policy Statement Update; and Approval of Statement of Investment Policy Update.

Approval of Public Equity Structure. It was moved by Mr. Klusman, seconded by Ms. King, and unanimously carried, to approve the proposed Public Equity Structure.

Approval of Real Assets Structure. It was moved by Mr. Klusman, seconded by Ms. King, and unanimously carried, to approve the proposed Real Assets Structure.

Approval of Real Estate Manager Search and Candidate Profile. It was moved by Mr. Klusman, seconded by Ms. King, and unanimously carried, to approve the proposed Real Estate Manager Search and Candidate Profile.

Approval of 2023 Private Equity Commitment Recommendation. It was moved by Mr. Klusman, seconded by Ms. King, and unanimously carried, to approve the proposed 2023 Private Equity Commitment Recommendation.

Approval of Real Estate Investment Policy Statement Update. It was moved by Mr. Klusman, seconded by Ms. King and unanimously carried, to approve the proposed Real Estate Investment Policy Statement Update.

Approval of Statement of Investment Policy Update. It was moved by Mr. Klusman seconded by Ms. King, and unanimously carried, to approve the proposed Statement of Investment Policy Update.

At this point Chairman Bell returned the meeting to agenda item II. Chief Investment Officer Report.

Chief Investment Officer Report. As a matter of information, Board members received the September 28, 2022 Performance Update. Mr. Sauer noted the Fund as of August 31, 2022, had a value of \$5.64 billion. He said the Fund return of -2.3% in August, gross of fees, underperformed by approximately three basis points. He said the primary relative performance driver under Manager Selection was Blair, which detracted 12 basis points. Mr. Sauer said Style Bias contributed six basis points, primarily from the government Fixed Income and Cash Allocation. He said the Fund's overall Allocation added four basis points during the month. Mr. Sauer noted the Fund outperformed the benchmark in all other time periods shown. He said the Fund return, through September 27th was down 5.6%. He said Staff is waiting for Private Equity statements to see if they are outperforming or matching the benchmark. Mr. Sauer said the Fund return is down 11.2 percent year to date and the Fund value is \$5.33 billion. He noted eight out of the Fund's 15 active mandates are outperforming year to date, and the Public Equity, Fixed Income, and Absolute Return asset classes, along with the Total Fund, are outperforming their benchmarks year to date. Mr. Sauer said the Fund has seen a year-to-date change in the value of its investments of -\$675.9 million, paid benefits & expenses of \$315.1 million, and received contributions of \$100.2 million.

Mr. Silber commented that the portfolio and the things that can be controlled, such as asset structure, manager selection, and implementation, are not broken. He stated the large declines in the stock and bond markets, which cannot be controlled by the ERS, are what is driving the Fund's returns this year. In addition, Mr. Silber noted there are many cash demands on the Fund currently. He said in addition to the approximately \$38 million monthly benefit payments the Fund makes,

the Fund will be raising cash to fund the new Goldman Sachs Hedge Fund Mandate. He said the following manager withdrawals were made in September to fund monthly benefit payments and an initial \$85 million investment into the Goldman Sachs Mandate: \$29 million from the Government Bond Index, \$21 million from Reams, \$14.5 million from Loomis Sayles, and \$7.5 million from Principal.

Approval of Statement of Investment Policy Update. Mr. Silber discussed the Approval of Statement of Investment Policy Update, which incorporates the Public Equity Structure Update and the request to consider reducing the Fixed Income minimum range from 20 percent to 19 percent on an interim basis until February 1, 2023, where it would then revert back to the 20 percent which is currently in the guideline. He said another \$85 million is necessary to go to Goldman Sachs. He added that the asset classes the Fund is currently overweight in are illiquid. He noted that the Fund expects to receive significant cash over the next few months from real estate and UBS, as well as actuarial contributions from the City and its agencies in December and January. However, Mr. Silber said to meet immediate needs, and to avoid being in a position of being forced to sell stocks in this market, the small tweaks to the guidelines will provide Staff with more flexibility to meet the anticipated near term cash needs.

It was moved by Mr. Klusman, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Statement of Investment Policy Update.

At this point, Chairman Bell returned the meeting to order at Administration & Operations Committee Report item IV.B. Renewal of Lease for 789 N. Water Street Building.

Renewal of Lease for 789 N. Water Street Building. Ms. Sawa said the lease renewal was discussed at the September 21, 2022 A&O meeting and Downtown lease rates are more than CMERS is currently paying. She said the A&O Committee recommended renewal of the lease. It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Renewal of Lease for 789 N. Water Street Building.

Review of RFP for Financial Audit Services. Ms. Sawa said they reviewed the audit for the external auditors. Staff requested direction of the Committee to move forward with issuing an RFP. Staff said the five-year contract with Baker Tilly is up at the end of the year. Ms. Sawa said the Committee recommended that the Staff move the RFP forward.

New Business.

Renewal of City of Milwaukee Indemnification Agreement for ERS. As a matter of information, Board members received a copy of the “Indemnification Agreement Between The City of Milwaukee And The Employees’ Retirement System.” Staff said this agreement originated in 2006 when the City agreed, according to State law, to indemnify all of the Trustees and all of the ERS employees. Staff said the agreement is up for renewal and one Trustee suggested referring the document to outside counsel. Staff noted Ms. Block, Assistant City Attorney, reviewed the agreement. Because there are exclusions in the document, Staff said in the event of litigation, there is some concern a court could narrow the State-mandated indemnification protection by pointing to the exclusions in the agreement. Mr. McClain, mentioned that he along with other assistant City attorneys, could represent ERS interests. He said this occurs with government attorneys all the time. Mr. McClain said it is up to the Board to choose who reviews it and he said there are no conflicts of interest. Discussion ensued. Ms. Block noted the document has existed in its form for

20 years and it could be reviewed more closely. Mr. Konrad was satisfied with Ms. Block's suggestion to have Mr. McClain and Ms. Block look at the agreement again. Mr. Bell said the Board can later decide if they want outside counsel to review the agreement and the agenda item would be carried over to a future Board meeting.

Retirements, Death Claims, and Refunds (July and August). Mr. Allen presented the following activity for the months of July 2022 and August 2022.

Active Death Benefits reported	\$0.00
Deferred Death	\$0.00
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$200,082.73
Retired Death Benefits reported	\$109,727.37
Survivor Death – Termination Benefits reported	\$14,551.20
Refund of Member Contributions paid	\$480,948.28

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

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

Erich Sauer & Dave Walters	UBS and AQR Due Diligence
Sponsor:	UBS and AQR
Location:	New York, NY and Greenwich, CT
Date:	October 3-4, 2022
Estimated Cost:	\$1,400.00 per person
Thomas Courtright	Abbott Capital Advisory Board Meeting
Sponsor:	Abbott Capital
Location:	New York, NY
Date:	November 8-9, 2022
Estimated Cost:	\$1,200.00

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

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following item, as provided in Section 19.85 (1)(c), for considering employment, promotion, compensation or performance evaluation data of any public 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.

Mr. Bell asked the Board members to include Ms. Johnson, and Messrs. Allen, Silber, and Sauer at the closed session meeting.

ERS Executive Staff Compensation.

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

The Board convened in closed session at 11:21 a.m.

Mr. Campbell left the meeting at 11:48 a.m. during closed session.

The Board reconvened in open session at 1:15 p.m.

Medical Reports.

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

<u>Police – Application – Ordinary</u>	<u>Recommendation</u>
Darcie Trunkel Effective 11/23/2021	Approval
<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
John Fredericks	Approval
April Hoffman	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Ruby Esqueda	Approval
Melissa Jones	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Andrew Garncarz	Approval
Christopher Gauthier	Approval
Thomas Locke	Approval
Patrick Norton	Approval
Bruce Rightmyre	Approval

Fire – Re-examinations – OrdinaryRecommendation

Craig Weiss

Approval

GC – Application – DutyRecommendation

Markina Brown

Denial

James Gentry

Denial

Carrie Robinson

Denial

Reginald Harvey

Approval

Effective 05/31/2021

GC – Re-examinations – DutyRecommendation

Eugenia Tate Hutchins

Approval

GC – Application – OrdinaryRecommendation

James Gentry

Approval

Effective 01/28/2022

GC – Re-examinations – OrdinaryRecommendation

Jill Bondar

Approval

Wendylu Cox

Approval

Maurice Nicholson

Approval

Laticia Robinson

Approval

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

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 Mr. McClain completed the Legal Opinion regarding the Same Sex Spouse Retirees and it is being further reviewed in the City Attorney's office. Staff also noted a request for a legal opinion for additional service credit and final average salary where a current full-time City employee has part-time work with one or more City agencies. He said Mr. McClain is reviewing that and there are City opinions already on this matter, which Mr. McClain will review, and report to the Board. Staff noted there are currently no Legal Opinions directed to outside legal counsel. Staff said the contract for office space was approved today with the assistance of Mr. Schettle; the item regarding the annuity & pension board direct hires is still pending after today's closed session, and City Attorneys Ms. Block and Mr. McClain will take the Indemnification Agreement under advisement and they will report to the Board.

Pending Legislation Report. As a matter of information, Board members received the Pending Legislation Report. Staff said the Mayor's pay cap was discussed in closed session.

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) Minutes of the Administration & Operations Committee Meeting Held July 20, 2022.

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

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

Mr. Bell accepted and placed the Informational items on file. 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 1:23 p.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

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.

- A. Approval of Apogem Private Equity Fund X, LP Side Letter.

Milwaukee Employees' Retirement System - October 25, 2022

Fund as of September 30, 2022

*Fund value of \$5.27b.

*Fund return of -5.9% in September, net of fees, outperformed by approximately 88bp.

*Primary Relative Perf. Drivers:
Manager Selection

Private Equity 155bp
Real Estate -50bp
Overweight PE -33bp

*Fund has outperformed benchmark in all time periods shown.

Oct Update (10/18/22 estimates)

*Fund return 1.1% MTD
*Fund return -10.5% YTD
*Fund value \$5.33b

*10 out of 15 active mandates outperforming YTD.

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

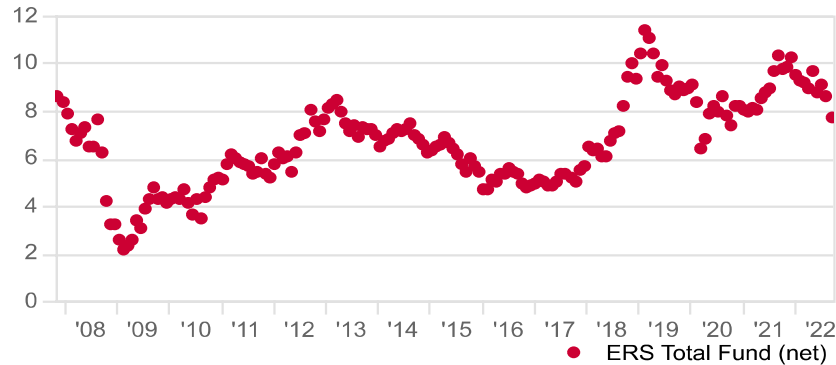
*Investment Change: - \$636.7m
*Benefits & Expenses: 354.7m
*Contributions: 102.7m

Monthly Withdrawals:

Reams \$16.5m
Loomis Sayles \$11.5m

Total Fund - 10-Year Rolling Returns

11/28/1997 to 9/30/2022



Return Data

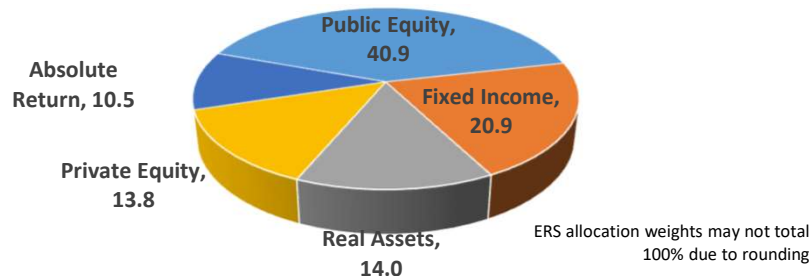
Source Data: Monthly Return

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	-5.9	-11.5	-7.2	6.0	7.7	5.5	7.9
ERS Benchmark	-6.8	-14.8	-11.7	4.8	7.0	5.2	7.2

Total Fund - 20-Year Risk & Return Data

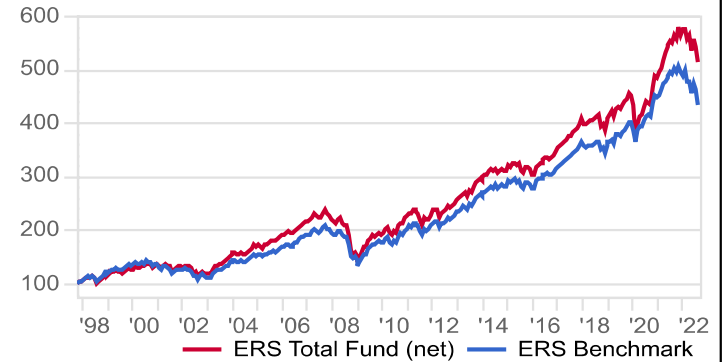
	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.9	10.4	2.5	0.3	0.6	0.0	1.1
ERS Benchmark	7.2	9.2	--	--	0.7	0.0	1.0

ERS Allocation as of September 30, 2022



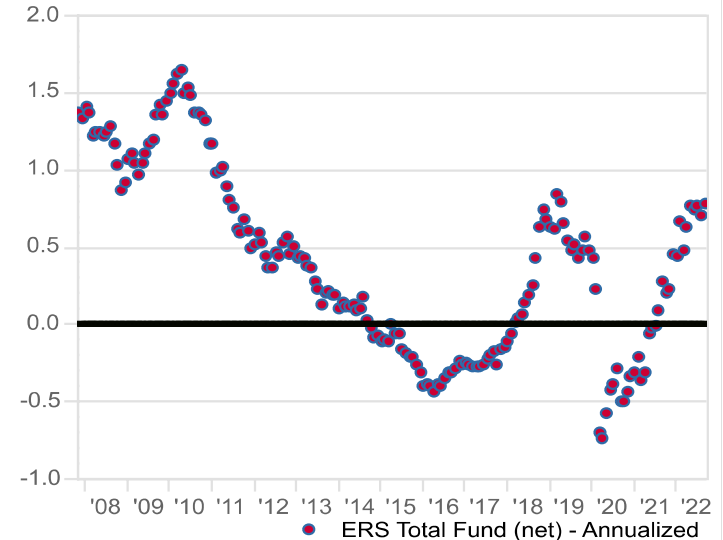
Growth of \$100 - Total Fund & ERS Benchmark

11/28/1997 to 9/30/2022

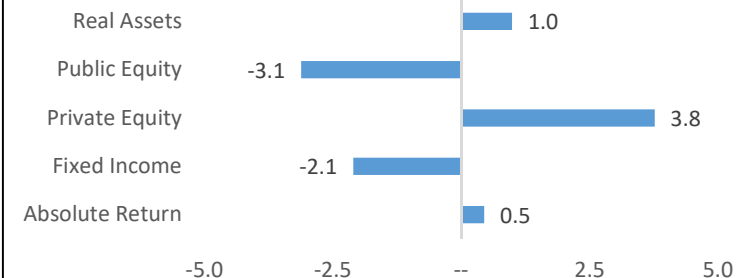


Total Fund - 10-Year Rolling Excess Returns

11/28/1997 to 9/30/2022



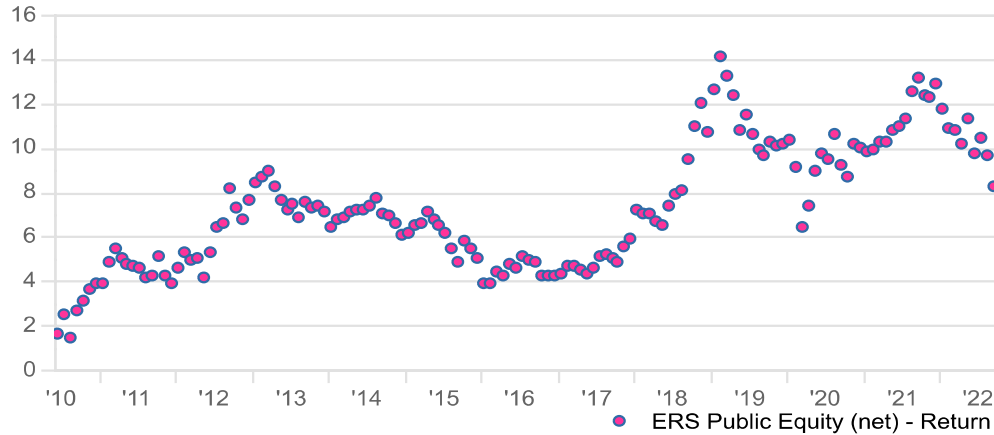
Asset Allocation vs Policy as of September 30, 2022



Milwaukee Employees' Retirement System - October 25, 2022

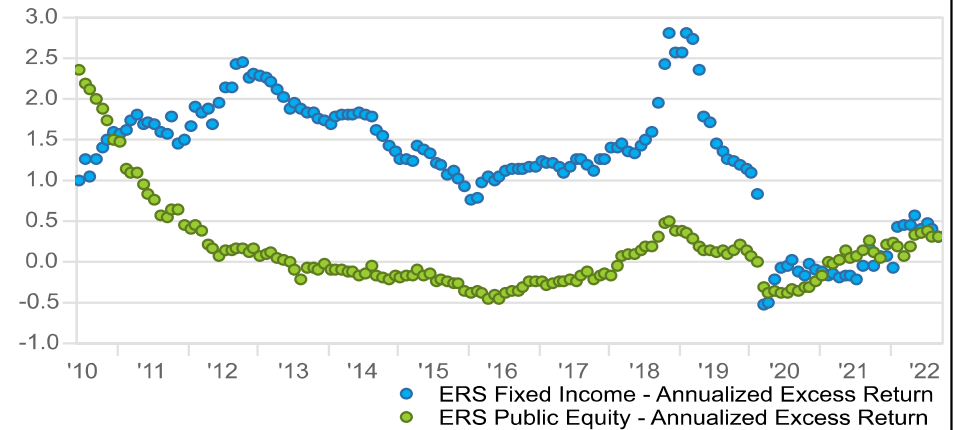
Public Equity - 10-Year Rolling Returns

06/30/2000 to 9/30/2022



Asset Class - 10-Year Rolling Excess Returns

06/30/2000 to 9/30/2022

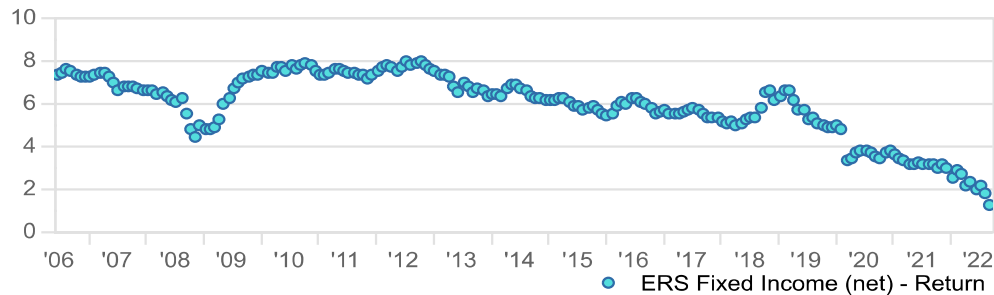


Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	-9.4	-24.8	-20.6	4.8	8.7	5.2	8.6
Public Equity (net)	-9.5	-25.0	-20.9	4.5	8.3	4.8	8.2
Public Equity Benchmark	-9.7	-25.7	-21.2	4.2	8.0	4.8	8.0
MSCI ACWI IMI NR USD	-9.7	-25.7	-21.2	4.2	7.2	4.2	8.1

Fixed Income - 10-Year Rolling Returns

06/28/1996 to 9/30/2022

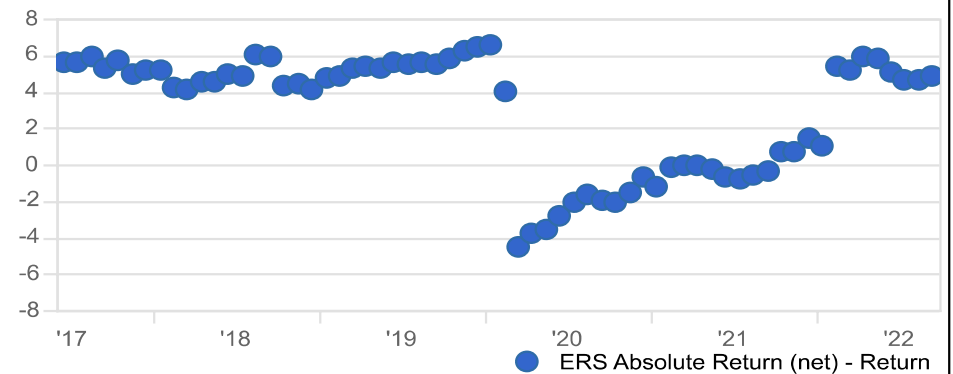


Risk Adjusted Returns (6/30/14 - 9/30/22)

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	5.6	15.5	0.3	-25.3
Fixed Income (net)	0.8	6.3	0.0	-13.2
Absolute Return (net)	5.3	10.2	0.4	-27.1

Absolute Return - 3-Year Rolling Returns

06/30/2014 to 9/30/2022



Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	-4.4	-9.5	-9.5	-0.1	1.3	3.7	4.6
Fixed Income (net)	-4.4	-9.6	-9.6	-0.2	1.2	3.6	4.5
Bbg US Govt Bond TR USD	-4.3	-14.6	-14.6	-0.3	0.9	2.7	3.1

Return Data

	1 Month	YTD	1 Year	3 Year	5 Year	7 Year
Absolute Return (net)	0.6	20.0	23.2	4.8	5.2	5.4
90-Day T-Bill + 3%	0.5	3.3	4.0	3.6	4.2	4.0

III.

ADMINISTRATION & OPERATIONS COMMITTEE REPORT

A. Approval of Contract for Banking Services.

**SECOND AMENDMENT TO THE SERVICE AGREEMENT BETWEEN THE
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE AND WELLS
FARGO BANK, N.A.**

THIS SECOND AMENDMENT ("Second Amendment") to the Service Agreement ("Service Agreement") between the Employees' Retirement System of the City of Milwaukee (ERS) and Wells Fargo Bank, N.A. (CONTRACTOR) is made effective January 1, 2023.

WHEREAS, On January 1, 2018, the ERS and CONTRACTOR entered into the Service Agreement for general banking services, and

WHEREAS, ERS and CONTRACTOR desire to amend the Service Agreement to extend the term of the Service Agreement by three months,

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

1. Amend the Time of Performance to extend to term from December 31, 2022 to March 31, 2023.
2. All other covenants, provisions, terms and conditions of the Service Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment.

EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE

WELLS FARGO BANK, N.A.

Date
Chair, Matthew P. Bell
Annuity and Pension Board

Date

Date
Executive Director, Bernard J. Allen

IV.

NEW BUSINESS

- A. Retirements, Death Claims, and Refunds (September).
- B. Conference Requests – October 2022 Board Meeting.

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

- C. ERS Executive Staff Compensation.

Board Report - September 2022

Retirements

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	BRUMFIELD	ALCIONA	6/29/2014	MAX	DEPT OF CITY DEVELOPMENT
Regular	Deferred	DAHLY	DONNA	1/31/2018	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	HILLIARD	TERRY	2/2/2020	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	BOIVIN	DAVID	9/17/2021	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	WALL	DANIEL	5/10/2022	MAX	DPW-INFRASTRUCTURE-BRIDGES & BLDGS
Regular	Service	JACKSON	CELIA	6/10/2022	MAX	CITY ATTORNEY
Regular	Service	HARRISON	MATTIE	6/26/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MORALES GARCIA	MIGUEL	6/30/2022	100	HACM
Regular	Deferred	SCHNEIDER	JOHN	7/27/2022	MAX	HACM
Regular	Service	LAFAYE	JAMES	8/2/2022	MAX	INTERN PROGRAM
Regular	Deferred	EDWARDS	BRENDA	8/3/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	PARISH	LISA	8/6/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BOESHAAR	SANDRA	8/6/2022	MAX	DPW-WATER-HOWARD
Regular	Deferred	SAVAGE	CHRISTOPHER	8/7/2022	100	DPW-OPS-FLEET OPS
Regular	Deferred	KNAUB	ELLEN	8/8/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	PITTMAN	DIEAN	8/11/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	KYLE LEWIS	LEA	8/11/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	STATEN	BETHEL	8/14/2022	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	ROEHL	RENAE	8/15/2022	MAX	BOARD OF ZONING APPEALS
Regular	Service	CONNER	BARBARA	8/16/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	MILLER	JAMES	8/17/2022	75	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MATTHAEUS	ROCHELLE	8/19/2022	MAX	DPW-OPS-FLEET SERVICES
Regular	Service	PRUST	ESTELA	8/19/2022	66	COMPTROLLER
Regular	Service	HASSEL	LAURIE	8/20/2022	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	GROH	EUGENE	8/21/2022	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	MELLENTHIE	BRAD	8/21/2022	50	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	WOPPERT	FRANKLIN	8/22/2022	MAX	DPW-INFRASTRUCTURE FIELD OPS
Regular	Deferred	FELDMAN	LELAND	8/23/2022	53	MPD - OPERATIONS
Regular	Service	RAY	DONALD	8/23/2022	50	FIRE - FIREFIGHTING
Regular	Deferred	MAES	CRISTIAN	8/27/2022	100	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	BASS-HAMPTON	QUOVITA	8/28/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	GAUTHIER	JEFFREY	8/30/2022	75	FIRE - FIREFIGHTING
Regular	Deferred	OLIVAS	ELOINA	8/31/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Conversion (Duty Disability to Regular)	SCHUSTER	MICHAEL	9/1/2022	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	D'ACQUISTO	MARIBETH	9/1/2022	MAX	DPW-PARKING
Regular	Service	GOGGINS	NOLA	9/1/2022	75	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	WISNIEWSKI	MARGARET	9/1/2022	MAX	LIBRARY

Board Report - September 2022

Deaths

Type	Last Name	First Name	Death Date	Payment Date	Amount
Deferred Death	CARRINGTON	KEITH	8/22/2022	9/30/2022	\$ 16,332.42
Ordinary Death	DEVORSE	MARIA	8/1/2022	9/30/2022	\$ 168,801.64
Ordinary Death	FEARS	JACQUELINE	7/30/2022	9/30/2022	\$ 33,735.73
Ordinary Death	GILL	ANGELA	5/1/2022	9/30/2022	\$ 18,449.44
Ordinary Death	HARPER	LUCIUS	7/8/2022	9/30/2022	\$ 79,112.16
Ordinary Death	MATTHEWS	GEORGE	4/21/2020	9/30/2022	\$ 16,033.26
Retiree Death-Termination	ABBOTT	DONALD	6/17/2022	9/30/2022	\$ 580.40
Retiree Death-Termination	AUSTIN	ERMAJEAN	7/23/2022	9/30/2022	\$ 476.60
Retiree Death-Termination	BRENNAN	JAMES	6/6/2021	9/30/2022	\$ 121.31
Retiree Death-Termination	DE'BRABANT	ROBERT	2/10/2021	9/30/2022	\$ 754.85
Retiree Death-Termination	FARDY	NANCY	4/15/2022	9/30/2022	\$ 1,067.48
Retiree Death-Termination	FUHRMAN	GENE	7/28/2022	9/30/2022	\$ 4,614.49
Retiree Death-Termination	HARTIG	JAMES	7/7/2022	9/30/2022	\$ 318.09
Retiree Death-Termination	JENDUSA	PROVIE	7/29/2022	9/30/2022	\$ 401.16
Retiree Death-Termination	JOHNSON	BRIAN	3/24/2022	9/30/2022	\$ 949.22
Retiree Death-Termination	KARTES	KEVIN	7/25/2022	9/30/2022	\$ 345.54
Retiree Death-Termination	KING	ELIZABETH	7/17/2022	9/30/2022	\$ 338.42
Retiree Death-Termination	MLYNCZAK	RICHARD	8/9/2022	9/30/2022	\$ 1,811.94
Retiree Death-Termination	MUELLER	MOLLY	1/17/2022	9/30/2022	\$ 240.83
Retiree Death-Termination	NICOLINI	MARK	1/19/2022	9/30/2022	\$ 4,731.02
Retiree Death-Termination	OWENS	SHIRLEY	8/6/2022	9/30/2022	\$ 247.35
Retiree Death-Termination	ROMANS	ARTHUR	8/23/2022	9/30/2022	\$ 975.90
Retiree Death-Termination	RUSCITTI	ARLENE	8/7/2022	9/30/2022	\$ 121.12
Retiree Death-Termination	SEIFERT	CLARENCE	8/6/2020	9/30/2022	\$ 442.09
Retiree Death-Termination	SINGER	RITA	7/26/2020	9/30/2022	\$ 114.75
Retiree Death-Termination	STEINBORN	THEODORE	7/29/2022	9/30/2022	\$ 1,947.89
Retiree Death-Termination	STOERZER	HENRY	12/30/2020	9/30/2022	\$ 352.48
Retiree Death-Termination	WILSON	CAROL	4/13/2022	9/30/2022	\$ 235.88
Retiree Death-Termination	WITKOWSKI	JUDITH	8/7/2022	9/30/2022	\$ 453.41

Type	Last Name	First Name	Death Date	Payment Date	Amount
Surv Death-Termination	BARTOSZEWICZ	THERESA	12/27/2020	9/30/2022	\$ 2,262.45
Surv Death-Termination	BREGER	RUTH	8/18/2020	9/30/2022	\$ 1,820.90
Surv Death-Termination	COLLENBURG	MARLENE	8/8/2022	9/30/2022	\$ 1,472.66
Surv Death-Termination	CURRO	MARY	2/25/2022	9/30/2022	\$ 1,067.63
Surv Death-Termination	DOMBROWSKI	LAVERNE	7/21/2022	9/30/2022	\$ 503.00
Surv Death-Termination	FALKNER	MARY	4/1/2021	9/30/2022	\$ 114.55
Surv Death-Termination	FUHRMAN	GENE	7/28/2022	9/30/2022	\$ 164.62
Surv Death-Termination	GAGAS	MARY	7/23/2022	9/30/2022	\$ 323.92
Surv Death-Termination	HANSEN	PAMELA	3/21/2022	9/30/2022	\$ 1,120.65
Surv Death-Termination	JAHNKE	GEORGIANA	7/15/2022	9/30/2022	\$ 451.50
Surv Death-Termination	KING	ELIZABETH	7/17/2022	9/30/2022	\$ 777.46
Surv Death-Termination	KLATT	ELEANORE	3/2/2022	9/30/2022	\$ 79.30
Surv Death-Termination	KUXHAUSE	ANNE	9/30/2020	9/30/2022	\$ 163.13
Surv Death-Termination	LARSEN	DARLENE	12/30/2021	9/30/2022	\$ 1,733.97
Surv Death-Termination	REIMANN	CARYL	6/4/2022	9/30/2022	\$ 104.20
Surv Death-Termination	RUSCITTI	ARLENE	8/7/2022	9/30/2022	\$ 571.92
Surv Death-Termination	STANISLAWSKI	BERNARDINE	7/21/2022	9/30/2022	\$ 170.60
Surv Death-Termination	TROST	MABEL	7/7/2022	9/30/2022	\$ 398.61
Surv Death-Termination	WAEDEKIN	LOIS	5/9/2021	9/30/2022	\$ 334.44
Surv Death-Termination	WEBER	GERALDINE	6/15/2021	9/30/2022	\$ 1,066.04
Surv Death-Termination	ZUROWSKI	ELIZABETH	6/28/2022	9/30/2022	\$ 545.73

TOTAL \$ 369,354.15

Board Report - September 2022

Withdrawals

Type	Last Name	First Name	Payment Date	Amount
Administrative Withdrawal	ACHEAMPONG	NANA YAA	9/30/2022	\$ 2,824.19
Administrative Withdrawal	ANDERSON	LAWANNDIA	9/30/2022	\$ 451.50
Administrative Withdrawal	BUFORD	NAKKITA	9/30/2022	\$ 2,867.08
Administrative Withdrawal	DRISSI	SAMIA	9/30/2022	\$ 247.48
Administrative Withdrawal	FINKEN	ALEXANDRA	9/30/2022	\$ 710.97
Administrative Withdrawal	GARCIA	RAUL	9/30/2022	\$ 388.70
Administrative Withdrawal	HALE	DWAYNE	9/30/2022	\$ 1,253.75
Administrative Withdrawal	KITTOCK	LUKE	9/30/2022	\$ 10,511.44
Administrative Withdrawal	LLOYD	JOHN	9/30/2022	\$ 151.46
Administrative Withdrawal	MANGI	THOMAS	9/30/2022	\$ 1,869.46
Administrative Withdrawal	MELENDEZ	SUSANNA	9/30/2022	\$ 721.78
Administrative Withdrawal	OCAMPO	ESTEE	9/30/2022	\$ 252.78
Administrative Withdrawal	TERRY	KENDRA	9/30/2022	\$ 414.34
Full Refund	BEVERLY-FITZGERALD	LAQUANA	9/30/2022	\$ 7,276.28
Full Refund	BOYD	MATANYA	9/30/2022	\$ 8,547.68
Full Refund	DAVIS	ASHAUNTI	9/30/2022	\$ 3,084.33
Full Refund	DENNIS	ARLENE	9/30/2022	\$ 7,545.86
Full Refund	EARLY	DOMINIQUE	9/30/2022	\$ 2,685.66
Full Refund	GANTT	SARA	9/30/2022	\$ 14,697.24
Full Refund	GONZALEZ	MELANY	9/30/2022	\$ 22,632.99
Full Refund	GUDE	CHARLES	9/30/2022	\$ 5,745.35
Full Refund	MENDOZA	MARISOL	9/30/2022	\$ 12,078.90
Full Refund	METHU	JAMES	9/30/2022	\$ 10,430.68
Full Refund	MORALES	IVELISSE	9/30/2022	\$ 11,091.26
Full Refund	MUSIL	DAVID	9/30/2022	\$ 7,833.16
Full Refund	NOHELTY	KAYLA	9/30/2022	\$ 7,416.22
Full Refund	PRITZLAFF	DOMINICK	9/30/2022	\$ 15,106.30
Full Refund	RADFORD	CHRISTOPHER	9/30/2022	\$ 5,027.63
Full Refund	RAMSEY	ERIC	9/30/2022	\$ 16,428.55
Member Only Refund	ANDERSON	ANTHONY	9/30/2022	\$ 2,549.51
Member Only Refund	ANDERSON	JEFFREY	9/30/2022	\$ 920.56
Member Only Refund	BROWN	LATOYA	9/30/2022	\$ 3,383.60
Member Only Refund	BROXTON	ERIKA	9/30/2022	\$ 558.28

Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	DAVIS	CHANTIA	9/30/2022 \$	3,042.70
Member Only Refund	FLOCK	JASON	9/30/2022 \$	1,118.58
Member Only Refund	FORD	MARCUS	9/30/2022 \$	2,989.90
Member Only Refund	HANNA	ELLIOT	9/30/2022 \$	1,315.10
Member Only Refund	HARDRICK	QIARA	9/30/2022 \$	512.40
Member Only Refund	HARRIS	CASHAY	9/30/2022 \$	442.17
Member Only Refund	HOLLIMAN-NAPPIER	KENNEDY	9/30/2022 \$	1,232.33
Member Only Refund	LEWIS	GENIQUA	9/30/2022 \$	914.04
Member Only Refund	LONGSHORE	SAMANTHA	9/30/2022 \$	9,403.68
Member Only Refund	LOPEZ	JOSE	9/30/2022 \$	3,406.91
Member Only Refund	MADISON	JMEIRA	9/30/2022 \$	169.33
Member Only Refund	MC CONNELL	TWYLA	9/30/2022 \$	2,696.94
Member Only Refund	MOORE	CLAYTON	9/30/2022 \$	3,262.01
Member Only Refund	PARKER	TIFFANY	9/30/2022 \$	404.99
Member Only Refund	ROBERTSON	STEVEN	9/30/2022 \$	11,166.43
Member Only Refund	SAFFOLD	GLENN	9/30/2022 \$	1,795.55
Member Only Refund	SAWAR	MICHAEL	9/30/2022 \$	2,416.18
Member Only Refund	SMITH	JAZMYN	9/30/2022 \$	1,163.85
Member Only Refund	SMITH	RONALD	9/30/2022 \$	2,630.04
Member Only Refund	WALKER	QUENTIN	9/30/2022 \$	5,067.82
Member Only Refund	WARD	DERRICK	9/30/2022 \$	1,201.00
Member Only Refund	WILLIAMS	ANNETTE	9/30/2022 \$	1,959.49
TOTAL \$				246,016.41

Conference Requests – October 2022 Board Meeting

Erich Sauer,
Dave Walters,
Tom Courtright

Sponsor:

Location:

Date:

Estimated Cost:

Mesirow Due Diligence

Mesirow

Chicago, IL

November 17, 2022

\$75.00 per person

Erich Sauer,
Tom Courtright

Sponsor:

Location:

Date:

Estimated Cost:

Polen and Earnest Due Diligence

Polen and Earnest

Boca Raton, FL and Atlanta, GA

December 13-15, 2022

\$1,750.00 per person

V.

MEDICAL REPORTS

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

MERITS	CITY OF MILWAUKEE EMPLOYES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Panel Approvals Report	DATE RAN :	10/17/2022
Approved by Executive Director	Pension Board Meeting Date 10/25/2022	TIME RAN :	14:27

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>
21	HENDRICKS, CHAD	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		08/22/2003	
546	KOZLOWSKI, MARTIN	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		03/01/2019	
951	PTAK, THOMAS	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		06/01/2022	
668	BERGET, KENNETH	FIRE FIGHTER	MILWAUKEE FIRE DEPT	DD 75%	Re-Examination	Approved	Approved		09/23/2008	
1087	BIALECKI, ANTHONY	POLICE OFFICER	POLICE	DD 75%	Re-Examination	Approved	Approved		06/15/2013	

Number of Cases: 5

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	Page Number: 1 OF 1
	Medical Council Approvals Report	DATE RAN : 10/05/2022
	Board Meeting: 10/25/2022	TIME RAN : 13:02

<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>
KORDUCKI, ANDREW	FIRE FIGHTER	MFD	Duty Disability 75%	Re-Examination	05/25/2018	10/05/2022
PADGETT, NATASHA	POLICE OFFICER	MPD	Duty Disability 75%	Re-Examination	11/18/2016	10/05/2022
RENDON, TODD	POLICE OFFICER	MPD	Ordinary Disability	Re-Examination	01/30/2018	10/05/2022
SMITH, CASSANDRIS	OFFICE ASST II	MPD-CIVILIAN	Ordinary Disability	Re-Examination	03/13/2014	10/05/2022
SWANSON, TINA	FOOD SERVICE ASST	MPS	Duty Disability 75%	Re-Examination	05/03/2018	10/05/2022
WINSTEAD, CRAIG	CARPENTER	MPS	Ordinary Disability	Re-Examination	12/29/2007	10/05/2022

Number of Cases: 6

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.



October 25, 2022 Board Meeting

PENDING LEGAL OPINIONS AND SERVICE REQUESTS REPORT

PART 1. LEGAL OPINIONS - OFFICE OF CITY ATTORNEY

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.

07/18/22 Additional Service Credit and Final Average Salary

Whether additional service credit and final average salary accrue to a member who is a full time employee of the City proper and who also works part-time for one or more city agencies.

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.

10/12/22 ERS received proposed Second Amendment to extend current banking services agreement with Wells Fargo Bank.

10/19/22 On Administration and Operations Committee agenda.

10/25/22 On Pension Board agenda.

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.

08/22/22 Memo to Pension Board from City Attorney's Office.

08/03/22 Indemnification Agreement

ERS staff is requesting the City Attorney's Office to extend the current Indemnification Agreement with the City.

09/22/22 Received proposed draft from City Attorney's Office.

09/28/22 Pension Board requests additional revisions to the proposed draft agreement that incorporates its concerns.

08/23/22

Financial Audit Services

Legal counsel requested to negotiate and draft a contract for annual financial and compliance audit services.

PART 4. SERVICE REQUESTS - OUTSIDE LEGAL COUNSEL

08/17/22

Private Equity Fund

Request for legal counsel to negotiate investment agreement with Apogem (f/k/a Private Advisors Small Company) Private Equity Fund X.

08/19/22 Matter referred to outside legal counsel, Reinhart Boerner Van Deuren S.C.

10/25/22 On Pension Board agenda.

10/10/22

Abbott Capital Private Equity Investor 2023

ERS investment staff requests legal counsel to review and negotiate a proposed Limited Partnership Agreement and Side Letter with Abbott Capital.

10/17/22 Referred to outside legal counsel, Reinhart Boerner Van Deuren S.C.



October 25, 2022 Board Meeting

PENDING LEGISLATION REPORT

PART 1. PENDING CHARTER ORDINANCES FOR COMMON COUNCIL ACTION

CCFN 181250 A substitute ordinance relating to the classifications and salaries of City officials and the Mayor.

05/25/22 Substitution A presented to F&P Committee; file held to Call of Chair.

09/14/22 Amended file with Substitution B recommended for passage by Committee.

09/28/22 File with Substitution B passed by Common Council.

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

October 2022

I. Personnel Update

- A. ERS is working with DER to fill the following positions: Program Assistant II and ERS Systems Administrator.

II. Member Services

- A. New retirees on payroll in September - 38; 38 are currently anticipated for the October payroll.
- B. Retiree deaths in September - 31.
- C. There was a Retirement Workshop for MPA on 9/29/22 and 28 attended. There was a New Employee Orientation new 911 Operators Class on 9/21/22 and 9 attended.
- D. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
Annuitants	
Death - Duty	27
Death - Ordinary	96
Disability - Duty	379
Disability - Ordinary	581
Retirement	12,722
Separation	36
Total Annuitants	13,841
Active	10,662
Deferred	3,144
Total Population	27,647

III. Financial Services

- A. We are finalizing the Benefit Payroll internal audit with CliftonLarsenAllen and expect the report to be presented at the December A&O Committee meeting.
- B. A total of 338 unclaimed property letters were mailed out at the end of August and as of October 5th we have received responses from 87 people.
- C. Staff has completed all benefit recalculations and retro payments due to members as a result of the three union contracts that were ratified earlier this year.

IV. Information Services

- A. Struts Upgrade and Modernize MERITS Website in progress.
- B. FileNet P8-WebSphere Application Server Upgrade in progress.
- C. IBM-DataCap Upgrade in progress.
- D. System Galaxy Security System Upgrade in progress.
- E. VMware Workspace ONE Implementation in progress.
- F. Titan Content Manager Upgrade in progress.
- G. Tracker/Serena Business Manager/Solutions Business Manager Upgrade completed.

- H. VMware Upgrade completed.
- I. Server Firmware Upgrade completed.
- J. MERITS-WebSphere Application Server Upgrade completed.

V. Administration

NCPERS provided access to its public pension fund compensation survey data dashboard which permits interactive selection of peer funds for comparison to CMERS. A link was provided to DER to assist in preparing proposed salary ranges to the Finance & Personnel Committee scheduled on October 26th.

Basic Website Metrics

	2021				2022								
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.
Visits	4,678	5,442	5,180	4,728	5,053	4,698	5,107	4,872	4,212	4,565	4,852	5,268	3,791
Users	3,533	4,015	3,813	3,667	3,810	3,551	3,375	3,751	3,147	3,458	3,408	3,728	2,640
Page Views	12,240	16,046	13,712	12,305	13,532	12,267	13,227	12,458	11,258	10,415	11,694	13,000	9,856
Ave. Visit	2:23	2:35	2:10	2:09	2:18	2:10	2:10	2:14	2:29	1:13	1:09	1:07	1:29

VII.

INFORMATIONAL

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2022 YTD.
- D. Minutes of the Investment Committee Meeting Held September 8, 2022.
- E. Minutes of the Administration & Operations Committee Meeting Held September 21, 2022.
- F. Report on Bills.
- G. Deployment of Assets.
- H. Securities Lending Revenue and Budget Report.
- I. Preliminary Performance Report and Asset Allocation.



October 25, 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****

➤ **10/12/22** Oral Arguments held before the WI Supreme Court; Decision pending.

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.

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

➤ **09/14/22** Petitioner's Reply Brief filed.

MPA and Kurt Lacina v. City of Milwaukee, et al; Case No. 2022CV001965

Kurt Lacina alleges his DDRA was wrongfully offset by a worker's compensation permanent partial disability award by defendants.

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

➤ **06/16/22** Scheduling Conference held. Pre-Trial Conference set December 19, 2022.

➤ **09/20/22** Joint Certification of Mediation Completion filed with court.

Part 2. ERS Administrative Appeal Hearings through the City Attorney

Jason Rodriguez; Administrative Case No. 1443

- Hearing stayed pending outcome of Appellant's state workers compensation (WC) appeal hearing. First WC appeal hearing held May 10, 2022. Second WC appeal date pending.

Sandrah Crawford; Administrative Case No. 1457

- Appeal Hearing scheduled for October 26, 2022.

Albert Greene Jr; Administrative Case Nos. 1511 and 1512

- Appeal hearing requested; pending scheduling.

Part 3. Notice of Claim filed with ERS

None.

Part 4. ERS Litigation through Outside Legal Counsel

None.

Client Conferences 2022-2023**Board Meeting: October 25, 2022**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
November 8, 2022	Abbott Capital Management Advisory Board Meetings New York, New York	Abbott Capital
April 2 – 4, 2023	Callan Institute's 2023 National Conference Scottsdale, AZ	Callan Associates

Trustee Conferences 2022-2023

Board Meeting: October 25, 2022

DATE(S)		
November 2, 2022 Noon – 1:00 pm	Stock Markets and Crisis 2022H2: Insights from Inside the Pentagon – Joel Litman Virtual	CFA Society of Milwaukee
November 8, 2022 11:45am – 1:00 pm	Has Factor-Building Been Overdone? Assessing Tradeoffs in Systematic Strategies – Phil McInnis Milwaukee, WI	CFA Society of Milwaukee
November 29, 2022	IREI : Live – Topic of the Day: ESG Virtual	Institutional Real Estate, Inc.
November 30 – December 1, 2022	Pension Bridge Alternatives 2022 Bi-Coastal Conference New York, NY & Los Angeles, CA	with.Intelligence
January 17 – 19, 2023	2023 Visions, Insights & Perspectives (VIP) Rancho Palos Verdes, CA	Institutional Real Estate, Inc.
January 22 – 24, 2023	2023 Legislative Conference Washington, DC	NCPERS
March 6 – 8, 2023	CII Spring 2023 Conference Washington, DC	Council of Institutional Investors
April 19, 2023	7 th Annual Real Estate Midwest Forum Chicago, IL	Markets Group
April 24 – 26, 2023	2023 Public Funds Roundtable Los Angeles, CA	Institutional Investor
April 30 – May 3, 2023	Global Conference Los Angeles, CA	Milken Institute
May 20 – 21, 2023	NCPERS Accredited Fiduciary (NAF) Program & Trustee Education Seminar (TEDS) TBD	NCPERS
May 21 – 24, 2023	Annual Conference & Exhibition (ACE) TBD	NCPERS
May 23, 2023	9 th Annual Midwest Institutional Forum Chicago, IL	Markets Group

Trustee Conferences 2022-2023

Board Meeting: October 25, 2022

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
July 20 - 21, 2023	ALTSCHI Chicago, IL	Markets Group
August 20 – 22, 2023	Public Pension Funding Forum TBD	NCPERS
September 11 – 13, 2023	CII Fall 2023 Conference Long Beach, CA	Council of Institutional Investors
October 21 – 22, 2023	NCPERS Accredited Fiduciary (NAF) Program Las Vegas, NV	NCPERS
October 22 – 25, 2023	Financial, Actuarial, Legislative and Legal Conference (FALL) Las Vegas, NV	NCPERS

Upcoming Due Diligence Meetings

Date	Manager(s)	Team
November 17, 2022	Mesirow (Chicago, IL)	Erich, Tom, Dave W.
December 13-15, 2022	Polen and Earnest (Boca Raton, FL and Atlanta, GA)	Erich and Tom
January 2023	BlackRock, with possible Callan meeting (San Francisco, CA)	David S. and Dave W.

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
AAC Holdings, Inc.	3/22/2022 \$	79
Equifax, Inc.	4/22/2022 \$	624
Royal Bank of Scotland	5/16/2022 \$	84,200
GTT Communications, Inc.	5/27/2022 \$	6,946
HP Company	7/8/2022 \$	20
OSI Systems, Inc.	7/11/2022 \$	953
Amedisys, Inc.	7/19/2022 \$	303
Curo Group Holdings Corp.	7/19/2022 \$	209
Joy Global, Inc.	8/1/2022 \$	15
Extreme Netwroks, Inc.	8/25/2022 \$	24
Centrais Electricas Brasileiras S.A.	10/6/2022 \$	8,883
Total Class Action Income Received in 2022 YTD	\$	121,679

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

Minutes of the Investment Committee Meeting
held September 08, 2022 via teleconference during COVID-19

The meeting was called to order at 9:00 a.m.

Committee Members Present: Matthew Bell
 Deborah Ford
 Thomas Klusman, Chair
 Rudy Konrad
 Nik Kovac
 Aycha Sawa

Committee Members Not Present: James Campbell, excused
 Molly King

ERS Staff Present: Jerry Allen, Executive Director
 David Silber, Chief Investment Officer
 Erich Sauer, Deputy Chief Investment Officer
 Dave Walters, Pension Investment Analyst – Sr.
 Thomas Courtright, Pension Investment Analyst
 Jan Wills, Board Stenographer

Others Present: Sally Haskins, Munir Iman, John Jackson, Mike Joecken, Gary Robertson, Jim Van Heuit, Callan; Nicholas Zuiker, Reinhart; Kathy Block, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc.; four members of the public called in.

Due Diligence Reports.

Neuberger Berman. As a matter of information, Committee members received from Mr. Sauer a Memorandum regarding the Neuberger Berman Due Diligence Virtual Meeting. Mr. Sauer said he and Mr. Lubarsky had a due diligence virtual meeting with Neuberger Berman in October 2021. Mr. Sauer said they remain impressed with Neuberger Berman as the key team of three managers who started the strategy in 1990s is still in place. He noted they added three additional members to the senior leadership over time. He noted they are well resourced and have a market-leading position in GP-led secondaries, which are becoming more important in the secondary market. Mr. Sauer said Fund V is the latest Fund that CMERS has committed to and the previous Funds III and IV have been strong as they get the money to work quickly and it comes back to CMERS quickly, generating a nice cash flow and is a complement to the rest of the Private Equity program. He said the key takeaway with Neuberger is that everything is going well and there are no concerns with them.

CastleArk. As a matter of information, Committee members received from Mr. Courtright a Memorandum regarding the CastleArk Due Diligence Meeting. Mr. Courtright said he and Mr. Sauer had an in-person, routine meeting with CastleArk in April 2022. He said CastleArk's philosophy and process remain unchanged, with a stable investment team of the same two portfolio

managers and two research analysts. He said one portfolio manager was named by the owner of CastleArk to be the lead portfolio manager, as the owner wanted one person be accountable for all the strategies. Mr. Courtright noted there were two personnel changes where one had asked to be moved from a trading position to a client-facing role in Fall 2021. He said another person was hired as head of ESG to build out capabilities and enhance the research process.

Ms. King arrived at 9:05 a.m.

Loomis Sayles. As a matter of information, Committee members received from Mr. Courtright a Memorandum regarding the Loomis Sayles Due Diligence Meeting. Mr. Courtright said he and Mr. Silber had an in-person meeting with Loomis Sayles in May 2022. Mr. Courtright reminded the Committee that Mr. Fuss announced in 2020 that he was transitioning from his role, and his three-person portfolio management team was already in place, but Mr. Fuss remains as the Firm's Vice Chairman and in an advisory role. He said changes the three-person team are making are minimal, such as having fewer larger positions above two percent and having more diversified equities of 20-30 names instead of five, which will possibly mitigate steeper drawdowns when there are market disruptions and corrections. Mr. Courtright said they have a highly collaborative process with the research analysts, traders and specialists to identify specific securities for trades. He said there are no significant concerns and CMERS remains impressed with their ability to implement the core-plus income mandate for CMERS.

Mr. Klusman advised that the Investment Committee may vote to convene in closed session on the following items (II. and III.) 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 Investment Committee may then vote to reconvene in open session following the closed session.

Approval of Hedge Fund of Funds Manager Contract.

Hedge Fund of Funds Manager Due Diligence Report.

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

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

The Committee reconvened in open session at 9:31 a.m.

It was moved by Ms. King, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Hedge Fund of Funds Manager Contract.

Callan Public Equity Structure Review Presentation – Phase 2. As a matter of information, Committee members received the Callan Public Equity Structure Review Presentation – Phase 2. Mr. Van Heuit presented to the Committee the topics of CMERS Equity Structure Process and presented a Review of CMERS Existing Public Fund Structure. Mr. Van Heuit then gave a presentation on an Evaluation of Structure Alternatives, including Fund Structure Alternatives and an Existing Structure Analysis. He lastly gave a Summary and Conclusion to the Committee.

Approval of Public Equity Structure. It was moved by Mr. Bell to approve Structure 2 from the Structure Alternatives, seconded by Ms. Sawa, and unanimously carried, to approve the Approval of Public Equity Structure.

Callan Infrastructure Implementation Update and Real Estate Manager Search Update. As a matter of information, Committee members received the Callan Memorandum regarding the Infrastructure Implementation Update and Real Estate Manager Search Update. Mr. Iman reminded the Committee they had approved, with Callan's Capital Market Team, a two percent allocation to infrastructure in 2021. He noted Callan now recommends replacing the infrastructure allocation with additional real estate and conducting a search for a Real Estate Manager in non-cyclical demand drivers such as self-storage, life sciences, alternative housing, medical office, and traditional multifamily. Discussion ensued.

Approval of Real Assets Structure. Mr. Silber said Staff supported what Ms. Haskins and Mr. Iman put together. Mr. Silber noted the great-performing Real Estate program and the need for an additional fifth Real Estate manager. Mr. Silber said Staff also supported replacing the two percent infrastructure allocation with additional private Real Estate. Mr. Klusman noted a motion was needed to approve the new Real Assets Structure.

It was moved by Ms. King, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Real Assets Structure.

Approval of Real Estate Manager Search and Candidate Profile. As a matter of information, Committee members received the Callan Client Profile and Candidate Profile document. Mr. Iman noted CMERS is seeking a Core/Core Plus Real Estate Manager with the size of the allocation at approximately \$30 million to \$60 million with an open-end commingled fund. He said they would discuss, after going through Callan's research process, four to six qualified candidates at the November Investment meeting.

It was moved by Mr. Bell, seconded by Mr. Kovac, and unanimously carried, to approve the Approval of Real Estate Manager Search and Candidate Profile.

Callan Private Equity Pacing and Reinvestments 2023 Presentation. As a matter of information, Committee members received the Callan Private Equity Pacing and Reinvestments 2023 Memorandum. Mr. Robertson gave a program summary of the CMERS Private Equity Manager and Vehicle Detail. He noted it was a 61 percent paid-in portfolio over 12 years and is still a developing portfolio. For the CMERS Private Equity Funding, Mr. Robertson also presented information on the Background, Private Equity Program History, Private Equity Portfolio Performance Benchmarking, Pacing Model Inputs and Assumptions, and Commitment Pacing Projection. He also discussed the CMERS Funded Level Projection, which included the Reinvestment Recommendations, New Reinvestment Commitments, Additional Commitment, and Fundraising Timing. Mr. Robertson presented information on the Abbott Capital Management Reinvestment, Mesirow Private Equity Reinvestment, and Apogem Capital (formerly PA Capital and Private Advisors), including a Firm Summary, Strategy Summary, Performance, and Return Commentary. He also discussed Apogem's Small Buyouts Top-Up Commitment. He said the recommendations for commitments for 2023 total \$145 million with \$30 million for the Abbott

Annual Program (AP 2023), \$100 million for the Mesirow Partnerships Fund IX (MPF IX), and an additional \$15 million, on top of the previously approved \$15 million, for Apogem's Private Equity Fund X (APEF X).

Approval of 2023 Private Equity Commitment Recommendation. It was moved by Mr. Bell to approve the Callan recommendations, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of 2023 Private Equity Commitment Recommendation.

Approval of Real Estate Investment Policy Statement Update. As a matter of information, Committee members received a redlined Real Estate Investment Policy Statement. Mr. Silber noted the only changes were the date change from June to September 2022 and the target Allocation to Real Estate from 9.1% to 9.7%. It was moved by Ms. King, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Real Estate Investment Policy Statement Update.

Approval of Statement of Investment Policy Update. As a matter of information, Committee members received a redlined Statement of Investment Policy. Mr. Silber said the changes were the date change from June to September 2022. He noted the other document changes in Real Assets was a change from 9.1% to 9.7% in Private Real Estate and 3.9% to 3.3% in Public Diversified Real Assets. He noted that the effective date of the Fund's benchmark change would be October 1, 2022. It was moved by Mr. Bell, seconded by Mr. Kovac, and unanimously carried, to approve the Approval of Statement of Investment Policy Update.

2023 Tentative Due Diligence Schedule. As a matter of information, Committee members received Mr. Sauer's 2023 Tentative Due Diligence Schedule where he encouraged Board members to join ERS Staff on due diligence trips. He commented that the plans are to travel to the managers' offices to meet in person instead of the past mostly-virtual meetings.

At this point, the Chair called for a break at 11:08 a.m.

The Committee reconvened at 11:16 a.m.

CMERS 2nd Quarter 2022 Performance Update. As a matter of information, Committee members received the CMERS 2nd Quarter 2022 Performance Update. Mr. Sauer gave a presentation for the 2nd Quarter on the Fund Overview, Public Equity, Fixed Income, Absolute Return, Private Equity, and Recent Performance Update. He noted the 2nd quarter was difficult with an inflation narrative that took hold of the markets in June and the Fed raised interest rates aggressively, causing stocks and bonds to decline. Mr. Sauer stated the return for the CMERS Benchmark was -8.3%. He said the Fund outperformed over time in all time periods shown. Mr. Sauer said the value managers outperformed their benchmarks. He commented that the Fund had a value of \$5.62 billion as of September 7, 2022. He added that the Fund, through the 2nd quarter, was down -7.2% versus -10.0% for the benchmark. Mr. Sauer said the August estimate is -2.3%, which is in line with the -2.3% benchmark. Through September 7, he said the Fund is down -6.4% versus the -9.1% benchmark.

Value Add Analysis Updated through June 30, 2022. As a matter of information, Committee members received the Value Add Analysis Updated through June 30, 2022. Mr. Silber presented information from the two documents on the CMERS Total Fund (exception Real Assets) and the CMERS Public Equity and Fixed Income.

Informational.

Chief Investment Officer Report. As a matter of information, Committee members received the Chief Investment Officer Report.

Preliminary Performance Report and Asset Allocation. As a matter of information, Committee members received the Preliminary Performance Report and Asset Allocation.

Adjusted Quarterly Cost Basis of Equity. As a matter of information, Committee members received the Adjusted Quarterly Cost Basis of Equity report.

Class Action Income 2022 YTD. As a matter of information, Committee members received the Class Action Income 2022 YTD report.

Callan 2nd Quarter 2022 Performance Report. As a matter of information, Committee members received the Callan 2nd Quarter 2022 Performance Report.

It was moved by Mr. Bell and seconded by Ms. King to adjourn the meeting.

There being no further business, Mr. Klusman adjourned the meeting at 11:42 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.)

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

Minutes of the Administration and Operations Committee Meeting
held September 21, 2022 via teleconference during COVID-19

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

Committee Members Present: Molly King
Tom Klusman
Aycha Sawa, Chair

ERS Staff Present: Bernard Allen, Executive Director
Melody Johnson, Deputy Director
David Silber, Chief Investment Officer
Jeff Shober, Chief Technology Officer
Daniel Gopalan, Chief Financial Officer
Gust Petropoulos, Deputy Director - Disability
Mary Turk, Business Operations Analyst
Jan Wills, Board Stenographer

Others Present: Dan Kwiecinski, Christine Webb, Ryan Young, Brown & Brown; Deborah Ford, Annuity & Pension Board Trustee; Jordan Schettle, City Attorney's Office; Terry Siddiqui, DS Consulting Partners, Inc., no members of the public called in to the meeting.

Renewal of Fiduciary Liability and Cyber Insurance. As a matter of information, Committee members received the Fiduciary Liability documents from Brown & Brown. Mr. Kwiecinski noted the fiduciary liability insurance the ERS purchases is to protect the Plan and the Plan Fiduciaries from claims against it for Fiduciary Duty. He referred to it as errors and omissions insurance in managing the Plan. He stated the ERS purchased \$50 million in coverage provided by four different carriers and the total premium is \$320,000.00. Mr. Dan Kwiecinski said the program includes Hudson, RLI, Chubb, Axis, and RLI again. Mr. Young commented that carriers are pulling back on capacity and have double-digit rate increases. He said carriers kept their \$10 million limit and added that each layer had a preliminary five percent proposed increase, with the non-indemnifiable layer having a 2.2 percent increase. Mr. Young said the total premium increase went from the expiring \$317,000 to \$332,047 with a 4.7 percent premium increase. Ms. Webb discussed Cyber Liability and said the final numbers are not in yet. She noted the incumbents would provide the best coverage with the same limit. Ms. Webb concluded that final quotes will be presented at the September 28 Board Meeting. Discussion ensued.

It was moved by Ms. King, seconded by Mr. Klusman, and unanimously carried, to approve the Renewal of Fiduciary Liability and Cyber Insurance.

Renewal of Lease for 789 N. Water Street Building. As a matter of information, Committee members received a memo from the City Attorney's office, First Amendment to Water Street Investment Lease, and ERS Lease Extension documents. Mr. Allen said the landlord accepted the

draft terms and conditions of the lease. He added that the lease is coming in a little below market for Downtown Milwaukee. He noted it would be expensive to move the data center as well as the cost of relocating the office. Mr. Allen stated the proposed rate of increase in rent is 23 percent and has a seven-year term. Mr. Schettle said the ERS would also have use of the fourth floor kitchenette, conference room, and gym. Discussion ensued.

It was moved by Mr. Klusman, seconded by Ms. King, and unanimously carried, to approve the Renewal of Lease for 789 N. Water Street Building.

Review of RFP for Financial Audit Services. As a matter of information, Committee members received a draft of the RFP for Financial Audit Services. Ms. Turk said last year's template was updated, and after any edits, the RFP will be sent out. Ms. Sawa said she did not see the need for any modifications to the template. Ms. Turk said the RFP would look a little different, as it will be used with the Bonfire software for evaluating RFP's.. Ms. Sawa said the Committee was in consensus for the management team to start the RFP process using the Bonfire software.

IT Projects Portfolio. As a matter of information, Committee members received the IT Projects Portfolio. Mr. Shober stated projects are ongoing and standard projects are completed. He also went over the priorities of the Applications Statistics. Mr. Shober discussed the Portfolio and said projects are on a rolling twelve-month completion.

Organizational/Personnel Update. As a matter of information, Committee members received the "Organizational/Personnel Update" dated September 21, 2022. Ms. Johnson said the Benefit Services Coordinator and Lead Disability Specialist positions have been filled internally. She said that opens two additional vacancies at the ERS for Program Assistant II and Administrative Assistant II. Ms. Johnson said the ERS is working with DER to fill the ERS Systems Administrator position. She said applications for the ERS Systems Administrator position has a September 23 deadline.

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

There being no further business, Ms. Sawa adjourned the meeting at 9:45 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.)

Fiscal Year
2022
Department
Employees' Retirement System

City of Milwaukee
Departmental
Appropriation Budget Balances

As of: 2022-09-30

	Budget	2022-7	2022-8	2022-9	Year to Date Expended	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	-	205,610.45	211,510.55	231,157.73	2,075,801.40	-	(2,075,801.40)
Overtime Premium	-	303.17	127.77	385.28	2,168.21	-	(2,168.21)
Other Worked Compensation	-	-	1,389.30	-	6,229.67	-	(6,229.67)
Non-Worked Compensation	-	-	-	-	(24.00)	-	24.00
Time Paid Not Worked	-	41,307.82	41,479.35	31,080.98	358,277.45	-	(358,277.45)
Employee Salaries & Wages	\$ 3,583,222.00	247,221.44	254,506.97	262,623.99	\$ 2,442,452.73	\$ -	\$ 1,140,769.27
Fringe Benefits Applied	1,648,282.00	-	-	-	-	-	1,648,282.00
Fringe Benefits Applied	-	106,074.44	109,118.29	119,254.26	1,070,905.99	-	(1,070,905.99)
Applied Employee Benefits	\$ 1,648,282.00	106,074.44	109,118.29	119,254.26	\$ 1,070,905.99	\$ -	\$ 577,376.01
Operating Expenditures	15,558,400.00	-	-	-	-	-	15,558,400.00
Office Supplies	-	956.70	1,062.79	883.81	5,011.39	-	(5,011.39)
Printed Forms	-	-	7,389.07	1,947.64	9,336.71	-	(9,336.71)
Magazines,Subscription	-	2,390.84	2,870.77	847.20	6,561.00	-	(6,561.00)
Postal and Mailing Services	-	9,785.65	14,141.15	18,226.41	109,014.61	-	(109,014.61)
Electricity	-	-	4,022.76	1,944.63	12,799.52	-	(12,799.52)
Films & Other Educational Item	-	-	-	(7,653.31)	-	-	-
Other Operating Supply	-	-	-	-	6,903.27	-	(6,903.27)
Building Rental	-	46,939.34	32,176.86	32,176.86	330,091.51	-	(330,091.51)
Printing & Dupl Machine Rental	-	3,218.39	7,911.42	2,054.18	27,474.11	-	(27,474.11)
Consulting	-	40,666.67	49,750.01	39,366.03	321,026.33	-	(321,026.33)
Medical,Surgical & Lab	-	8,941.90	11,432.38	116.10	79,718.37	-	(79,718.37)
Administrative Charges	-	44,178.91	26,248.55	45,562.31	407,795.74	-	(407,795.74)
Other Professional Services	-	1,277,800.21	995,736.94	75,000.00	4,295,539.88	-	(4,295,539.88)
Systems Support	-	67,669.00	131,367.50	33,932.70	439,483.70	-	(439,483.70)
IT Infrastructure	-	-	-	10,560.00	114,449.56	-	(114,449.56)
Infrastructure	-	-	-	-	49,203.13	-	(49,203.13)
Telephone, Communications	-	10,700.62	5,617.49	3,109.08	52,349.81	-	(52,349.81)
Bldgs-Machinery & Equip Repair	-	5,121.00	-	-	9,127.25	-	(9,127.25)
Travel & Subsistence	-	3,708.94	5,663.06	1,424.41	32,089.92	-	(32,089.92)
Equipment Repair (Parts & Labo	-	-	-	-	532.77	-	(532.77)
Printing Services	-	2,446.62	610.99	1,920.18	6,874.04	-	(6,874.04)
Insurance-Non Health	-	-	-	-	12,724.00	-	(12,724.00)
Other Misc Services	-	341.02	1,114.34	1,719.06	22,827.77	-	(22,827.77)
Operating Expenditures	\$ 15,558,400.00	1,524,865.81	1,297,116.08	263,137.29	\$ 6,350,934.39	\$ -	\$ 9,207,465.61
All Equipment	873,000.00	-	-	-	-	-	873,000.00
Total Equipment	\$ 873,000.00	-	-	-	\$ -	\$ -	\$ 873,000.00
Total Regular Class	\$ 21,662,904.00	1,878,161.69	1,660,741.34	645,015.54	\$ 9,864,293.11	\$ -	\$ 11,798,610.89
<i>Other Departmental Appropriations:</i>							
Pol Pension Lump-Sum Sup Cont	10,000.00	-	-	-	10,000.00	-	-
PABF Payroll	55,000.00	-	1,996.29	3,677.04	26,308.30	-	28,691.70
Group Life Insurance Premium	4,560,000.00	369,837.56	372,374.99	372,777.42	3,380,841.62	-	1,179,158.38
Retiree's Benefit Adjustment	32,000.00	1,889.92	2,219.07	-	17,413.64	-	14,586.36
Other Classes	\$ 4,657,000.00	371,727.48	376,590.35	376,454.46	\$ 3,434,563.56	\$ -	\$ 1,222,436.44
Total Dept Appropriations	\$ 26,319,904.00	2,249,889.17	2,037,331.69	1,021,470.00	\$ 13,298,856.67	\$ -	\$ 13,021,047.33

Monthly Board Report

30-Sep-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%	246,026.52 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	246,026.52 0.00%
MILWAUKEE-CASH ACCOUNT 2605491	0.00 0.00%	15,903,650.23 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	15,903,650.23 0.30%
MILWAUKEE-THE NORTHERN TRS 2605496	0.00 0.00%	0.00 0.00%	206,518,523.20 96.72%	0.00 0.00%	0.00 0.00%	7,000,000.00 3.28%	213,518,523.20 3.97%
MILWAUKEE-ERS EXPENSE FUND 2605504	0.00 0.00%	636,886.18 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	636,886.18 0.01%
MILWAUKEE-PABF BENEFIT PAYMENT 2610128	0.00 0.00%	2,504.55 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	2,504.55 0.00%
MILWAUKEE-DFA INTERNATIONAL 2619838	0.00 0.00%	0.00 0.00%	158,793,156.60 100.80%	0.00 0.00%	0.00 0.00%	-1,264,335.64 -0.80%	157,528,820.90 2.93%
MILWAUKEE-EARNEST -SL 2630942	0.00 0.00%	1,624,177.44 1.66%	96,230,254.96 98.34%	0.00 0.00%	0.00 0.00%	0.00 0.00%	97,854,432.40 1.82%
MILWAUKEE - UBS A&Q 2637239	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	462,973,498.10 100.00%	0.00 0.00%	462,973,498.10 8.60%
MILWAUKEE-DFA 2637848	0.00 0.00%	0.00 0.00%	168,408,832.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	168,408,832.00 3.13%
MILWAUKEE-BAIRD 2674604	0.00 0.00%	25,382,331.62 31.77%	0.00 0.00%	56,887,925.72 71.21%	0.00 0.00%	-2,377,890.47 -2.98%	79,892,366.87 1.48%
MILWAUKEE-CASTLEARK 2697782	0.00 0.00%	530,060.98 0.67%	78,772,218.57 99.45%	0.00 0.00%	0.00 0.00%	-92,350.99 -0.12%	79,209,928.56 1.47%
MILWAUKEE - BLACKROCK R1000V 4472746	0.00 0.00%	0.00 0.00%	184,380,301.80 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	184,380,301.80 3.43%
MILWAUKEE-LOOMIS SAYLE CME01	11,286,013.18 3.35%	0.00 0.00%	6,542,787.31 1.94%	319,229,208.30 94.88%	0.00 0.00%	-600,222.23 -0.18%	336,457,786.60 6.25%
MILWAUKEE-BRANDES INT'L EQUITY CME03	6,549,928.22 2.20%	0.00 0.00%	288,857,454.00 97.11%	0.00 0.00%	1,530,834.78 0.51%	528,810.58 0.18%	297,467,027.60 5.53%
MILWAUKEE-REAMS CME04	32,080,178.97 6.59%	0.00 0.00%	0.00 0.00%	576,715,631.40 118.55%	5,401,010.46 1.11%	-127,737,080.60 -26.26%	486,459,740.30 9.04%

Monthly Board Report

30-Sep-22

Account number COMALL

CITY OF MILW ALL ACCTS

Page 2 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-BLAIR CME05	5,750,305.77 2.41%	0.00 0.00%	231,646,100.00 97.08%	0.00 0.00%	740,894.27 0.31%	475,089.08 0.20%	238,612,389.10 4.43%
MILWAUKEE-MFS CME12	1,610,795.46 0.99%	0.00 0.00%	160,168,219.20 98.78%	0.00 0.00%	373,578.45 0.23%	0.00 0.00%	162,152,593.10 3.01%
MILWAUKEE-POLEN 2644553	0.00 0.00%	8,815,654.61 6.89%	121,124,697.90 94.71%	0.00 0.00%	0.00 0.00%	-2,051,014.22 -1.60%	127,889,338.30 2.38%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	168,887,942.80 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	168,887,942.80 3.14%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	234,465,237.10 103.08%	0.00 0.00%	0.00 0.00%	-7,000,000.00 -3.08%	227,465,237.10 4.23%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	68,504,708.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	68,504,708.00 1.27%
MILWAUKEE- NEUBERGER SOF V-SL 4479679	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	10,761,635.00 100.00%	0.00 0.00%	10,761,635.00 0.20%
MILWAUKEE - ABBOTT 2022-SL 4479680	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	5,406,208.00 100.00%	0.00 0.00%	5,406,208.00 0.10%
MILWAUKEE-APTITUDE / 4479682 4479682	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	85,238,000.00 100.00%	0.00 0.00%	85,238,000.00 1.58%
MILWAUKEE - DFA US LCV CME15	407,346.35 0.31%	0.00 0.00%	132,654,212.50 99.62%	0.00 0.00%	0.00 0.00%	99,570.34 0.07%	133,161,129.10 2.47%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	242,553,287.70 92.38%	0.00 0.00%	20,000,000.00 7.62%	262,553,287.70 4.88%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	179.33 0.00%	0.00 0.00%	0.00 0.00%	728,888,500.00 100.00%	0.00 0.00%	728,888,679.33 13.54%
MILWAUKEE-REAL ESTATE MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	582,328,372.88 100.00%	0.00 0.00%	582,328,372.88 10.82%

Monthly Board Report

30-Sep-22

Account number COMALL

CITY OF MILW ALL ACCTS

Page 3 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
Total for consolidation	57,684,567.95	53,141,471.46	2,305,954,645.94	1,195,386,053.12	1,883,642,531.94	-113,019,424.15	5,382,789,846.22
% for consolidation	1.07%	0.99%	42.84%	22.21%	34.99%	-2.10%	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.

IRS CIRCULAR 230 NOTICE: To the extent that this message or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see <http://www.northerntrust.com/circular230>

Employees' Retirement System
Securities Lending Income and Expenses: 2022
As of September 30, 2022

Date	Amounts Expended			Balance
	Income From Lending	Fees	Administrative Transfers	
Balance 12-31-21				\$552,798.88
Quarter 1 Totals	\$205,746.26	\$41,117.46	\$553,000.00	164,427.68
Quarter 2 Totals	\$349,721.49	\$69,872.91	\$0.00	444,276.26
07/06/22	\$358.88	\$0.00	\$0.00	444,635.14
07/15/22	\$112,415.88	\$22,475.91	\$0.00	534,575.11
08/03/22	\$628.40	\$0.00	\$0.00	535,203.51
08/15/22	\$64,615.28	\$12,916.53	\$0.00	586,902.26
09/06/22	\$975.28	\$0.00	\$0.00	587,877.54
09/15/22	\$59,866.76	\$11,965.83	\$0.00	635,778.47
Current Totals	\$733,486.19	\$146,382.81	\$553,000.00	\$586,902.26

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

MERS PERFORMANCE ESTIMATES
September 30, 2022

Account	2021 Return	1st Quarter 2022	2nd Quarter 2022	Jul 2022	Aug 2022	Sep 2022	3rd Quarter 2022	YTD Thru 9/30/22
Northern Trust S&P 500 Index	28.69%	-4.58%	-16.09%	9.22%	-4.08%	-9.21%	-4.88%	-23.85%
S&P 500	28.71%	-4.60%	-16.10%	9.22%	-4.08%	-9.21%	-4.88%	-23.87%
Difference	-0.01%	0.02%	0.01%	0.00%	0.00%	0.00%	0.00%	0.02%
BlackRock Russell 1000 Value Index	25.18%	-0.76%	-12.21%	6.64%	-2.98%	-8.77%	-5.61%	-17.76%
Russell 1000 Value	25.16%	-0.74%	-12.21%	6.63%	-2.98%	-8.77%	-5.62%	-17.75%
Difference	0.02%	-0.02%	0.00%	0.01%	0.00%	0.00%	0.01%	-0.01%
DFA US Large Cap Value	27.52%	0.32%	-12.38%	6.31%	-2.54%	-8.68%	-5.38%	-16.83%
Russell 1000 Value	25.16%	-0.74%	-12.21%	6.63%	-2.98%	-8.77%	-5.62%	-17.75%
Difference	2.36%	1.06%	-0.17%	-0.32%	0.44%	0.09%	0.24%	0.92%
Polen	24.84%	-13.76%	-24.05%	11.31%	-5.33%	-9.97%	-5.13%	-37.86%
S&P 500	28.71%	-4.60%	-16.10%	9.22%	-4.08%	-9.21%	-4.88%	-23.87%
Difference	-3.86%	-9.16%	-7.95%	2.09%	-1.25%	-0.76%	-0.25%	-13.99%
Earnest	26.09%	-5.49%	-11.67%	9.08%	-4.15%	-9.74%	-5.63%	-21.23%
Russell MidCap	22.58%	-5.68%	-16.85%	9.87%	-3.14%	-9.27%	-3.44%	-24.27%
Difference	3.50%	0.19%	5.18%	-0.79%	-1.01%	-0.47%	-2.19%	3.04%
CastleArk	12.30%	-15.30%	-19.30%	10.48%	-0.99%	-7.10%	1.62%	-30.53%
Russell 2000 Growth	2.83%	-12.63%	-19.25%	11.20%	-0.94%	-9.00%	0.24%	-29.28%
Difference	9.46%	-2.67%	-0.05%	-0.72%	-0.05%	1.90%	1.38%	-1.25%
DFA US Small Cap Value	40.61%	1.02%	-12.13%	9.62%	-2.15%	-9.79%	-3.24%	-14.10%
Russell 2000 Value	28.27%	-2.40%	-15.28%	9.68%	-3.16%	-10.19%	-4.61%	-21.12%
Difference	12.34%	3.42%	3.15%	-0.06%	1.01%	0.40%	1.37%	7.02%
Brandes	14.37%	-2.65%	-10.45%	1.38%	-4.55%	-8.91%	-11.85%	-23.16%
MSCI EAFE	11.26%	-5.91%	-14.51%	4.98%	-4.75%	-9.35%	-9.36%	-27.09%
Difference	3.10%	3.26%	4.06%	-3.60%	0.20%	0.44%	-2.49%	3.93%
William Blair	12.75%	-14.84%	-18.81%	8.30%	-5.77%	-9.76%	-7.91%	-36.33%
MSCI ACWI ex US	8.29%	-5.33%	-13.54%	3.46%	-3.19%	-9.94%	-9.80%	-26.18%
Difference	4.46%	-9.51%	-5.27%	4.84%	-2.58%	0.18%	1.89%	-10.15%
DFA Int'l Small Cap Value	15.90%	-2.58%	-13.68%	4.59%	-4.55%	-9.94%	-10.09%	-24.40%
MSCI EAFE Small Cap	10.10%	-8.53%	-17.69%	6.61%	-4.43%	-11.50%	-9.83%	-32.11%
Difference	5.80%	5.95%	4.01%	-2.02%	-0.12%	1.56%	-0.26%	7.71%
AQR	0.24%	-3.66%	-13.84%	-0.74%	0.11%	-12.23%	-12.78%	-27.60%
MSCI EM	-2.54%	-6.97%	-11.45%	-0.25%	0.42%	-11.72%	-11.57%	-27.16%
Difference	2.78%	3.31%	-2.39%	-0.49%	-0.31%	-0.51%	-1.21%	-0.44%
BlackRock Global Alpha Tilts	18.72%	-5.28%	-14.93%	5.98%	-3.57%	-9.47%	-7.48%	-25.45%
MSCI ACWI	18.54%	-5.36%	-15.66%	6.98%	-3.68%	-9.57%	-6.82%	-25.63%
Difference	0.18%	0.08%	0.73%	-1.00%	0.11%	0.10%	-0.66%	0.18%
MFS	19.56%	-7.40%	-13.56%	7.70%	-4.63%	-10.10%	-7.66%	-26.08%
MSCI ACWI	18.54%	-5.36%	-15.66%	6.98%	-3.68%	-9.57%	-6.82%	-25.63%
Difference	1.02%	-2.04%	2.10%	0.72%	-0.95%	-0.53%	-0.84%	-0.45%
BlackRock Gov't Bond Index		-5.42%	-3.89%	1.59%	-2.46%	-3.40%	-4.28%	-12.99%
Bloomberg Gov't Bond		-5.53%	-3.71%	1.58%	-2.46%	-3.41%	-4.30%	-12.95%
Difference		0.11%	-0.18%	0.01%	0.00%	0.01%	0.02%	-0.04%
Reams	-1.22%	-5.52%	-4.98%	3.62%	-3.13%	-5.31%	-4.95%	-14.67%
Bloomberg US Aggregate	-1.54%	-5.93%	-4.69%	2.44%	-2.83%	-4.32%	-4.75%	-14.61%
Difference	0.32%	0.41%	-0.29%	1.18%	-0.30%	-0.99%	-0.20%	-0.06%
Loomis Sayles	2.14%	-5.74%	-6.81%	3.34%	-1.99%	-3.95%	-2.72%	-14.55%
Bloomberg US Aggregate	-1.54%	-5.93%	-4.69%	2.44%	-2.83%	-4.32%	-4.75%	-14.61%
Difference	3.69%	0.19%	-2.12%	0.90%	0.84%	0.37%	2.03%	0.06%
UBS	8.12%	1.46%	3.06%	-0.62%	0.48%	0.64%	0.50%	5.08%
SOFR + 4% *	4.27%	0.45%	0.99%	0.33%	0.33%	0.33%	0.99%	2.45%
Difference	3.86%	1.01%	2.07%	-0.95%	0.15%	0.31%	-0.49%	2.63%
Aptitude **								0.00%
SOFR + 4%								0.00%
Difference								0.00%
Principal	17.58%	5.82%	-9.98%	4.61%	-2.35%	-10.12%	-8.19%	-12.54%
Blended Benchmark	15.87%	6.84%	-10.75%	4.99%	-2.39%	-10.14%	-7.91%	-12.19%
Difference	1.72%	-1.02%	0.77%	-0.38%	0.04%	0.02%	-0.28%	-0.35%
Baird	-0.20%	-1.70%	-0.58%	0.46%	-0.38%	-0.72%	-0.64%	-2.90%
Bloomberg Govt/Credit 1-3 Year	-0.47%	-2.49%	-0.63%	0.53%	-0.78%	-1.22%	-1.48%	-4.54%
Difference	0.27%	0.79%	0.05%	-0.07%	0.40%	0.50%	0.84%	1.64%
Total MERS	18.89%	-0.46%	-6.79%	3.78%	-2.29%	-5.90%	-4.59%	-11.47%

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, UBS, and Aptitude)

* The benchmark for UBS is SOFR + 4% as of March 1, 2022. Prior to March 1, 2022, the benchmark was One Year LIBOR + 4%.

** Initial funding to Aptitude took place on 9/26/2022; performance will begin 10/1/2022

ACTUAL ALLOCATIONS

September 30, 2022

		Target	Market Value	Allocation
EQUITY				
Public Equity				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.89%	\$ 213,518,523	4.05%
	BlackRock (Russell 1000 Value)	3.89%	\$ 184,380,302	3.50%
	Sub-Total Passive Large Cap Equity	7.78%	\$ 397,898,825	7.55%
Active Large Cap Equity	Polen (S&P 500)	2.19%	\$ 127,889,338	2.43%
	DFA (Russell 1000 Value)	2.78%	\$ 133,161,129	2.53%
	Sub-Total Active Large Cap Equity	4.97%	\$ 261,050,467	4.95%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	2.00%	\$ 97,854,432	1.86%
	CastleArk (Russell 2000 Growth)	1.61%	\$ 79,209,929	1.50%
	DFA (Russell 2000 Value)	3.44%	\$ 168,408,832	3.19%
	Sub-Total Active Mid/Small Cap Equity	7.05%	\$ 345,473,193	6.55%
Total Domestic		19.80%	\$ 1,004,422,485	19.05%
International				
Active International Equity	Brandes (MSCI EAFE)	5.80%	\$ 297,467,028	5.64%
	William Blair (MSCI ACWI ex US)	4.41%	\$ 238,613,385	4.52%
	DFA (MSCI EAFE Small Cap)	3.20%	\$ 157,528,821	2.99%
	AQR (MSCI EM)	1.99%	\$ 68,504,708	1.30%
Total International		15.40%	\$ 762,113,942	14.45%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.84%	\$ 227,465,237	4.31%
	MFS (MSCI ACWI)	3.96%	\$ 162,152,272	3.07%
Total Global		8.80%	\$ 389,617,509	7.39%
Total Public Equity		44.00%	\$ 2,156,153,936	40.89%
Private Equity				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 328,938,070	6.24%
	Mesirow (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 280,748,240	5.32%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 36,901,797	0.70%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 79,454,091	1.51%
Total Private Equity		10.00%	\$ 726,042,198	13.77%
TOTAL EQUITY (Public Equity + Private Equity)		54.00%	\$ 2,882,196,135	54.65%
FIXED INCOME & ABSOLUTE RETURN				
Fixed Income				
Cash				
		1.00%	\$ 16,789,067	0.32%
Passive Fixed Income	BlackRock (Bloomberg US Government)	5.50%	\$ 262,553,288	4.98%
	Reams (Bloomberg US Aggregate)	9.90%	\$ 486,503,573	9.23%
	Loomis Sayles (Bloomberg US Aggregate)	6.60%	\$ 336,447,684	6.38%
Sub-Total Active Fixed Income		16.50%	\$ 822,951,257	15.61%
Total Fixed Income		23.00%	\$ 1,102,293,612	20.90%
Absolute Return				
	Aptitude (SOFR + 4%)	3.00%	\$ 85,238,000	1.62%
	UBS (SOFR + 4%)	7.00%	\$ 465,921,727	8.83%
Total Absolute Return		10.00%	\$ 551,159,727	10.45%
TOTAL FIXED INCOME & ABSOLUTE RETURN		33.00%	\$ 1,653,453,339	31.35%
REAL ASSETS				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	3.03%	\$ 148,888,100	2.82%
	Morgan Stanley (NFI-ODCE)	3.03%	\$ 175,546,220	3.33%
	LaSalle (NFI-ODCE)	1.52%	\$ 112,856,185	2.14%
	Prologis (NFI-ODCE)	1.52%	\$ 111,048,679	2.11%
	Sub-Total Private Real Estate - Core	9.10%	\$ 548,339,183	10.40%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 20,744,988	0.39%
Public Real Assets	Principal (Blended Benchmark)	3.90%	\$ 168,887,943	3.20%
TOTAL REAL ASSETS		13.00%	\$ 737,972,114	13.99%
TOTAL ERS			\$ 5,273,621,588	100.00%
Total City Reserve Fund			R. W. Baird	79,892,367

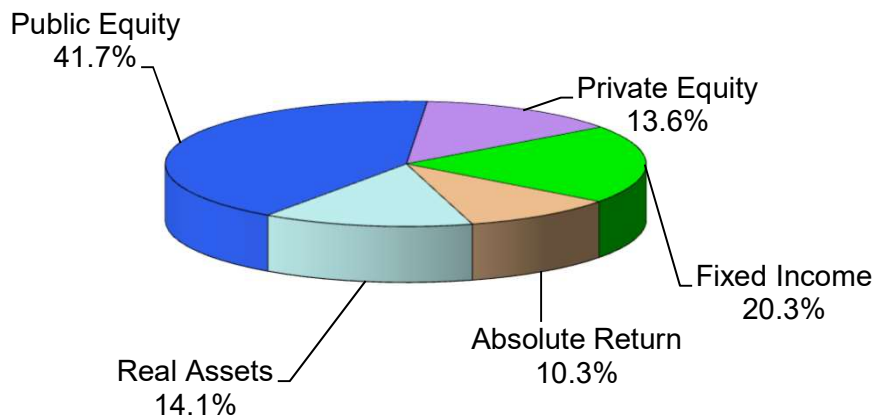
PROJECTED TARGET ALLOCATIONS

Oct 17, 2022

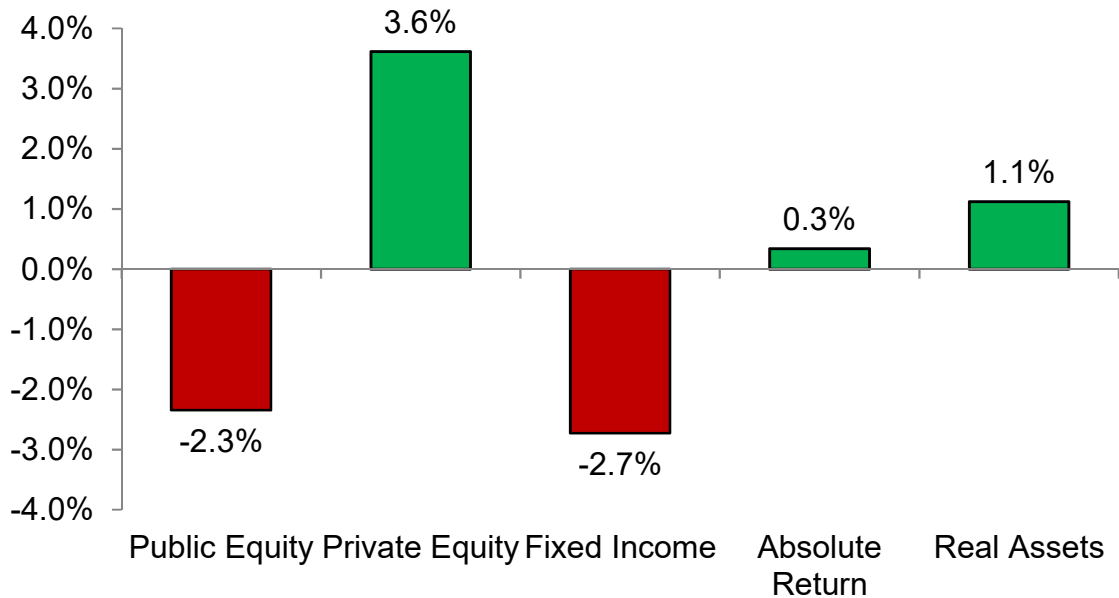
		Target	Market Value	Allocation
EQUITY				
Public Equity				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.89%	\$ 197,607,631	3.71%
	BlackRock (Russell 1000 Value)	3.89%	\$ 191,339,269	3.59%
	Sub-Total Passive Large Cap Equity	7.78%	\$ 388,946,900	7.29%
Active Large Cap Equity	Polen (S&P 500)	2.19%	\$ 131,340,834	2.46%
	DFA (Russell 1000 Value)	2.78%	\$ 140,314,527	2.63%
	Sub-Total Active Large Cap Equity	4.97%	\$ 271,655,362	5.10%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	2.00%	\$ 100,009,398	1.88%
	CastleArk (Russell 2000 Growth)	1.61%	\$ 81,271,912	1.52%
	DFA (Russell 2000 Value)	3.44%	\$ 180,868,499	3.39%
	Sub-Total Active Mid/Small Cap Equity	7.05%	\$ 362,149,808	6.79%
Total Domestic		19.80%	\$ 1,022,752,070	19.18%
International				
Active International Equity	Brandes (MSCI EAFE)	5.80%	\$ 306,319,600	5.75%
	William Blair (MSCI ACWI ex US)	4.41%	\$ 242,381,130	4.55%
	DFA (MSCI EAFE Small Cap)	3.20%	\$ 161,486,832	3.03%
	AQR (MSCI EM)	1.99%	\$ 81,783,527	1.53%
Total International		15.40%	\$ 791,971,089	14.85%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.84%	\$ 241,340,556	4.53%
	MFS (MSCI ACWI)	3.96%	\$ 164,792,021	3.09%
Total Global		8.80%	\$ 406,132,577	7.62%
Total Public Equity		44.00%	\$ 2,220,855,736	41.65%
Private Equity				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 328,938,070	6.17%
	Mesirow (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 280,748,240	5.27%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 36,901,797	0.69%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 79,453,912	1.49%
Total Private Equity		10.00%	\$ 726,042,019	13.62%
TOTAL EQUITY (Public Equity + Private Equity)		54.00%	\$ 2,946,897,755	55.27%
FIXED INCOME & ABSOLUTE RETURN				
Fixed Income				
Cash		1.00%	\$ 25,128,959	0.47%
Passive Fixed Income	BlackRock (Bloomberg US Government)	5.50%	\$ 239,776,845	4.50%
Active Fixed Income	Reams (Bloomberg US Aggregate)	9.90%	\$ 481,698,352	9.03%
	Loomis Sayles (Bloomberg US Aggregate)	6.60%	\$ 334,312,461	6.27%
	Sub-Total Active Fixed Income	16.50%	\$ 816,010,813	15.30%
Total Fixed Income		23.00%	\$ 1,080,916,617	20.27%
Absolute Return				
	Aptitude (SOFR + 4%)	3.00%	\$ 85,238,000	1.60%
	UBS (SOFR + 4%)	7.00%	\$ 465,921,727	8.74%
Total Absolute Return		10.00%	\$ 551,159,727	10.34%
TOTAL FIXED INCOME & ABSOLUTE RETURN		33.00%	\$ 1,632,076,344	30.61%
REAL ASSETS				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	3.23%	\$ 148,888,100	2.79%
	Morgan Stanley (NFI-ODCE)	3.23%	\$ 175,546,220	3.29%
	LaSalle (NFI-ODCE)	1.62%	\$ 125,992,400	2.36%
	Prologis (NFI-ODCE)	1.62%	\$ 110,246,482	2.07%
	Sub-Total Private Real Estate - Core	9.70%	\$ 560,673,202	10.52%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 20,736,382	0.39%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 171,351,462	3.21%
TOTAL REAL ASSETS		13.00%	\$ 752,761,046	14.12%
TOTAL ERS			\$ 5,331,735,146	100.00%
Total City Reserve Fund	R. W. Baird		79,742,864	

PROJECTED VERSUS POLICY ALLOCATIONS

Asset Mix Using Projected Balances



Asset Allocation vs. Current Policy Benchmark



YTD Market Value Change

December 31, 2021 Market Value including City Reserve & PABF Accounts			\$ 6,260,134,748
Monthly Cash Outflows thru	<u>October 17, 2022</u>		
Retiree Payroll Expense		\$ (335,486,791)	
PABF Payroll Expense		\$ (38,825)	
Expenses Paid		\$ (11,536,842)	
GPS Benefit Payments		\$ (7,605,876)	
Sub-Total Monthly Cash Outflows			\$ (354,668,333)
Monthly Cash Inflows thru	<u>October 17, 2022</u>		
Contributions		\$ 102,662,147	
PABF Contribution		\$ 43,402	
Sub-Total Monthly Contributions			\$ 102,705,549
City Reserve Fund Contribution			\$ 40,000,000
Capital Market Gain/(Loss)			<u>\$ (636,693,956)</u>
Value including City Reserve & PABF Accounts as of	<u>October 17, 2022</u>		<u>\$ 5,411,478,009</u>
Less City Reserve Account ¹			\$ 79,742,864
Less PABF Fund ²			\$ 2,508
Net Projected ERS Fund Value as of	<u>October 17, 2022</u>		<u><u>\$ 5,331,732,638</u></u>

1 The City Reserve Account balance equals the market value currently held in the Baird account.

2 PABF Fund balance equals the market value currently held in the PABF account.