

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD  
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
789 N. WATER ST. (Employees' Retirement System)  
TUESDAY, DECEMBER 20, 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](http://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 November 22, 2022.
- II. Chief Investment Officer Report.
- III. Investment Committee Report.
- IV. Administration & Operations Committee Report.
- V. New Business.
  - A. Retirements, Death Claims, and Refunds (November).
  - B. Conference Requests – December 2022 Board Meeting.
- VI. Medical Reports.
  - A. All Duty & Ordinary Disability Applications & Re-examinations (December).
  - B. Disability Findings – Sandra Crawford.

VII. Unfinished Business – November 22, 2022 Board Meeting.

- A. Approval of Contract for Independent Reviewer/Hearing Examiner – Paul F. Reilly.
- B. Proposed Change to Board Rule III.E.
- C. Conference Requests – November 2022 Board Meeting.
- D. Proposed 2023 Board and Committee Meeting Dates.
- E. Pension Board Election Results.
- F. Pending Legal Opinions and Service Requests Report.
- G. Pending Legislation Report.
- H. Executive Director’s Report – Inventory of ERS Projects.
- I. Pending Litigation Report.
- J. Conferences.
- K. Class Action Income 2022 YTD.
- L. Adjusted Quarterly Cost Basis of Equity.
- M. Minutes of the Administration & Operations Committee Meeting Held October 19, 2022.
- N. Report on Bills.
- O. Deployment of Assets.
- P. Securities Lending Revenue and Budget Report.
- Q. Preliminary Performance Report and Asset Allocation.

Unfinished Business – December 20, 2022 Board Meeting.

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

VIII. Informational.

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2022 YTD.
- D. Minutes of the Investment Committee Meeting Held November 10, 2022.
- E. Report on Bills.
- F. Deployment of Assets.
- G. Securities Lending Revenue and Budget Report.
- H. Preliminary Performance Report and Asset Allocation.

**MEETING REMINDERS**

**ANNUAL MEETING OF THE ANNUITY AND PENSION BOARD**

**TUESDAY, JANUARY 24, 2023 – 9:00 A.M.**  
789 N. WATER ST.

I.

APPROVAL OF MINUTES

- A. Regular Meeting Held November 22, 2022.

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

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

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

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

Board Members Not Present: Nik Kovac (attending a scheduled meeting initially)

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

Others Present: Larry Langer, Aaron Chochon, Cavanaugh Macdonald, LLC; Christine Webb, Sara Schmidt, Brown & Brown; Andrea Knickerbocker, Department of Employee Relations; Kathy Block, Patrick McClain, City Attorney's Office; Timothy Heling, ERS Trustee Elect, Terry Siddiqui, DS Consulting, Inc., six members of the public called in to the meeting.

**Regular Meeting.**

**Approval of Minutes.**

**Regular Meeting Held October 25, 2022.** It was moved by Mr. Konrad, seconded by Mr. Campbell, and unanimously carried, to approve the Minutes of the Regular Meeting Held October 25, 2022.

**Chief Investment Officer Report.** As a matter of information, Board members received the November 22, 2022 Performance Update. Mr. Sauer noted the Fund as of October 31, 2022, had a value of \$5.41 billion. He said the Fund return of 3.2% in October, gross of fees, outperformed by approximately 59 basis points. He said the primary relative performance drivers under Manager Selection were DFA Mandates, which added 18 basis points, Brandes, which added 11 basis

points, and Blair, which added 10 basis points. Mr. Sauer said Style Bias added 28 basis points with US Value & Small adding and International detracting. He noted the Overall Allocation was -16 basis points. Mr. Sauer said the Fund outperformed the benchmark in all time periods shown. He said the Fund return, through November 21<sup>st</sup> was up 2.5% month-to-date. Mr. Sauer said the Fund return is down 6.3 percent year to date and the Fund value is \$5.54 billion. He noted 10 out of the Fund's 16 active mandates are outperforming year to date, and the Public Equity, Fixed Income, Private Equity, 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 -\$386.7 million, paid benefits & expenses of \$394.7 million, and received contributions of \$105.2 million. He said the monthly withdrawals for benefit payments are \$9.5 million from Blair, \$9.5 million from Brandes, \$6 million from Principal, and \$4.5 million from Polen. Discussion ensued.

Mr. Silber said Staff is pleased with how the Fund performed in October, both in terms of total return and outperformance. He said the strong month was driven by the traditional assets classes, mostly due to stocks. Mr. Silber noted it is hard to pinpoint how much the new Public Equity structure, approved in September, added in terms of the 59 basis points of outperformance. He said most of the Public Equity structure was implemented before October started and had a benefit though, given how well value and small cap stocks did in October. He said the Public Equity portfolio outperformed by about 130 basis points in October. He commented on the liquidity discussion that took place at the last Investment Committee meeting and how the strong stock returns so far in Q4 allow the Fund to withdraw \$23.5 million from Public Equity managers in November. Mr. Silber said the flexibility the Board has given for the guidelines is still important given how volatile stock returns continue to be. He stated that markets and assets allocations will drive future decisions. Mr. Silber concluded that the last Investment Committee meeting for the year is December 8 and the agenda will include a Private Equity Side Letter, a Real Estate performance update from Callan, and a couple other items.

**Investment Committee Report.** Mr. Klusman reported that at its November 10<sup>th</sup> meeting, Staff summarized a number of challenges and considerations it is taking into account in its implementation of the Fund, including the impact that a prolonged market downturn could have on the Fund's asset allocation and liquidity oversight. He said Staff explained that the liquidity considerations needed to be addressed at the meeting, while many of the other challenges would be most appropriately addressed as part of Callan's ALM study scheduled for next year. Mr. Klusman noted after some discussion, the Committee approved an update to the Statement of Investment Policy that will reduce the Fixed Income minimum range to 17.5% on an interim basis until March 1, 2023, where it will then revert to 20% absent further action. He said the Committee also approved an update that eliminates references to the September 2021 Asset Allocation memo, since those references are no longer relevant. Mr. Klusman said Staff also presented the 3<sup>rd</sup> quarter performance update, along with routine due diligence reports on MFS, William Blair, and DFA. He stated that the Committee took up four items in closed session – three related to the UBS Hedge Fund of Funds mandate that the Fund invests in, and one related to a Callan Real Estate Manager Search Update. Mr. Klusman concluded the Investment Committee recommends approval of two items: Approval of Recommendation Regarding UBS Hedge Fund Solutions Allocation and Approval of Statement of Investment Policy Update.

**Approval of Recommendation Regarding UBS Hedge Fund Solutions Allocation.** It was moved by Mr. Klusman, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Recommendation Regarding UBS Hedge Fund Solutions Allocation.

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

### **New Business.**

**Approval of Property and Excess Liability Insurance Renewal.** It was moved by Ms. King, seconded by Ms. Sawa, and unanimously carried, to approve the Approval of Property and Excess Liability Insurance Renewal.

At this point, Chairman Bell took the meeting out of order to New Business item, IV.I. Approval of ERS Executive Staff Compensation.

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.

### **Approval of ERS Executive Staff Compensation.**

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

The Board convened in closed session at 9:23 a.m.

Mr. Kovac joined the meeting during closed session at 10:11 a.m.

The Board reconvened in open session at 11:18 a.m.

It was moved by Mr. Bell, seconded by Mr. Konrad, and unanimously carried, to approve adjustment of ERS Executive Staff Compensation as agreed upon in closed session.

At this point, Mr. Bell continued to take the meeting out of order of the agenda to New Business item IV.C.

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

Active Death Benefits reported	\$0.00
Deferred Death	\$16,332.42

Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$316,132.23
Retired Death Benefits reported	\$21,642.22
Survivor Death – Termination Benefits reported	\$15,247.28
Refund of Member Contributions paid	\$246,016.41

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

Mr. Bell took the meeting out of order to Medical Reports item V.A.

### **Medical Reports.**

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

<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Robert Kendziorski	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Thomas Gillespie	Approval
<u>GC – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Chesterfield Hall	Approval
Sheila Hampton	Approval
Bonnie Heikkinen	Approval
Chara Morris	Approval

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

At this point, Chairman Bell returned the meeting to the agenda order at New Business item IV.B.

**Discussion of Recommendations from the Five-Year Experience Study.** As a matter of information, Board members received from Cavanaugh Macdonald a presentation booklet “City of Milwaukee Employees’ Retirement System Funding Policy Discussion” dated November 22, 2022. Board members also received the presentation booklets “Experience Study Results: Economic Assumptions” dated August 24, 2022 and “Experience Study Results: Demographic

Assumptions” dated September 28, 2022. Mr. Langer and Mr. Chochon gave a presentation on the following topics: Actuarial Assumptions vs Funding Policy, Funding Policy, Policy Objectives for Public Pension Plan Funding Policies, Preliminary Funding Policy Recommendations, Public Sector Funding Policies Fixed vs Actuarial Funding, Employer Contributions, Phase-in Illustration, Employer Contribution and Dollar vs. Rate. The Cavanaugh Macdonald presentation booklet’s Appendix and Mr. Langer provided additional information on the Funding Policy presentation given at the August 24 Board Meeting. The Board members had requested additional information on Cavanaugh Macdonald’s preliminary recommendations so there was an additional focus on Amortization Policy and Phase-in. Discussion ensued.

Due to the length of the meeting, Mr. Bell stated the remaining agenda items would be carried over to the December 20, 2022 Board meeting.

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

Mr. Bell adjourned the meeting at 12:37 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

# Milwaukee Employees' Retirement System - December 20, 2022

## Fund as of November 30, 2022

\*Fund value of \$5.59b.

\*Fund return of 4.1% in Nov., gross of fees, underperformed by approximately 33bp.

\*Primary Relative Perf. Drivers:  
Overweight Private Equity -15bp  
Manager Selection

Real Estate -7bp  
UBS -7bp

\*Fund has outperformed benchmark in all other time periods shown.

## Dec. Update (12/13/22 estimates)

\*Fund return 0.0% MTD

\*Fund return -4.8% YTD

\*Fund value \$5.60b

\*10 out of 16 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: - \$295.4m

\*Benefits & Expenses: 433.0m

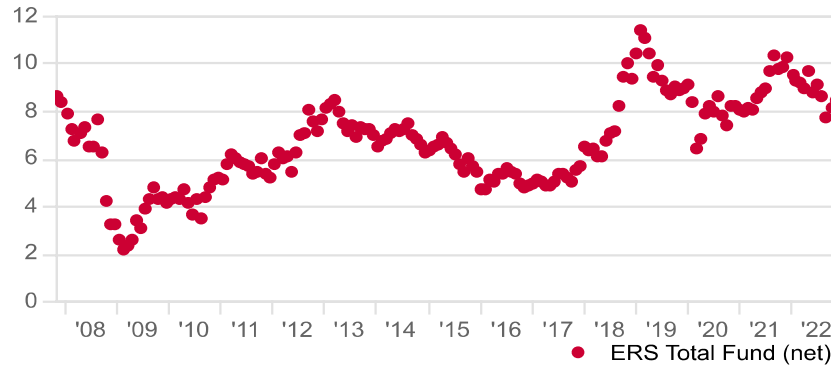
\*Contributions: 107.7m

## Monthly Withdrawals:

Brandes \$12m, Blair \$9m, DFA US Small \$7m, DFA Int'l \$6.5m, Principal \$6m, Polen \$4.5m

## Total Fund - 10-Year Rolling Returns

11/28/1997 to 11/30/2022



## Return Data

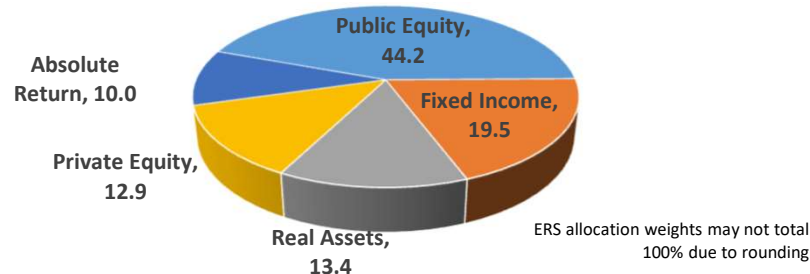
Source Data: Monthly Return

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	4.1	-4.8	-1.1	7.0	8.4	6.0	7.8
ERS Benchmark	4.5	-8.6	-6.4	5.8	7.6	5.7	7.2

## Total Fund - 20-Year Risk & Return Data

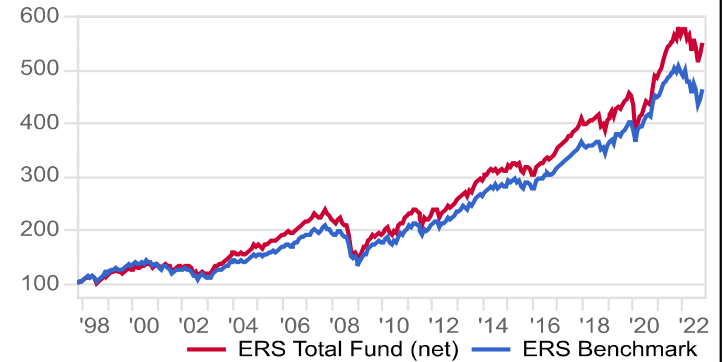
	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.8	10.3	2.5	0.2	0.6	0.0	1.1
ERS Benchmark	7.2	9.2	--	--	0.7	0.0	1.0

## ERS Allocation as of November 30, 2022



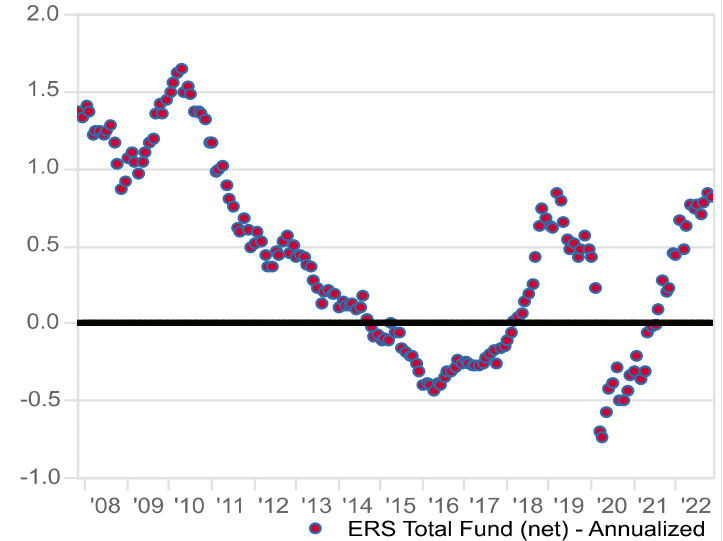
## Growth of \$100 - Total Fund & ERS Benchmark

11/28/1997 to 11/30/2022

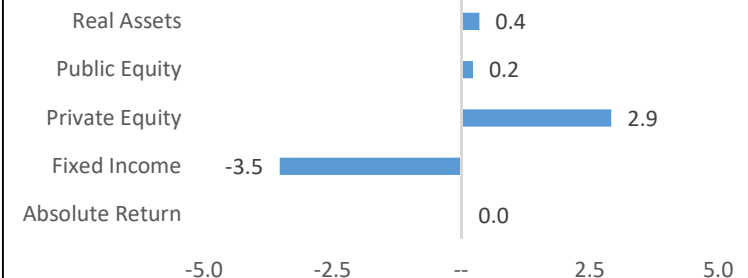


## Total Fund - 10-Year Rolling Excess Returns

11/28/1997 to 11/30/2022



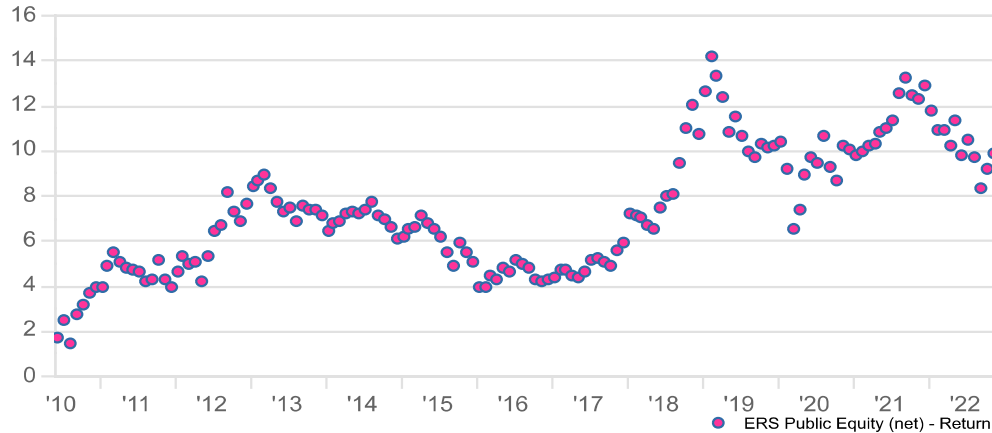
## Asset Allocation vs Policy as of November 30, 2022



# Milwaukee Employees' Retirement System - December 20, 2022

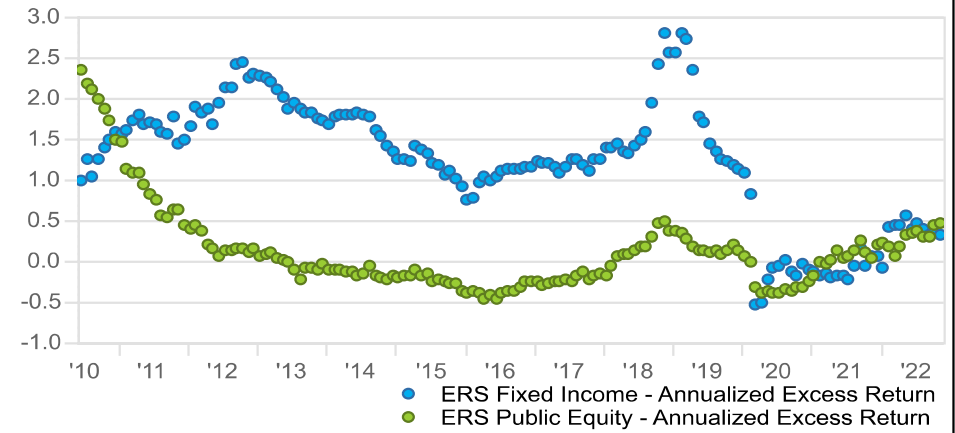
## Public Equity - 10-Year Rolling Returns

06/30/2000 to 11/30/2022



## Asset Class - 10-Year Rolling Excess Returns

06/30/2000 to 11/30/2022



## Return Data

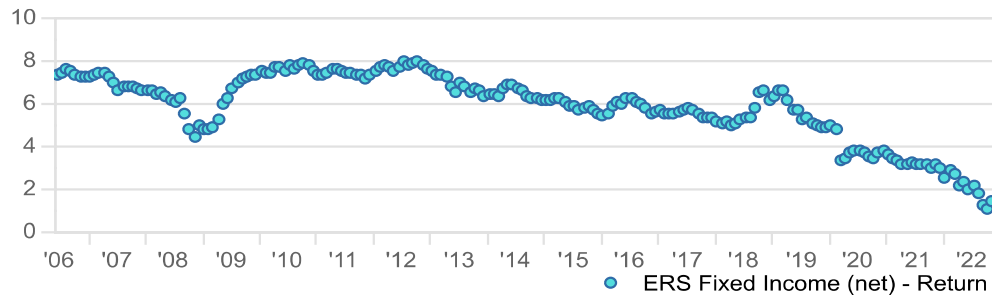
	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	7.7	-12.9	-8.7	7.2	10.2	6.3	8.7
Public Equity (net)	7.7	-13.2	-9.0	6.8	9.8	6.0	8.3
Public Equity Benchmark	7.6	-15.1	-11.8	6.1	9.3	5.9	8.0
MSCI ACWI IMI NR USD	7.6	-15.1	-11.8	6.1	8.6	5.2	8.2

## Risk Adjusted Returns (6/30/14 - 11/30/22)

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	7.4	15.7	0.4	-25.3
Fixed Income (net)	1.2	6.4	0.1	-13.6
Absolute Return (net)	5.3	10.1	0.4	-27.1

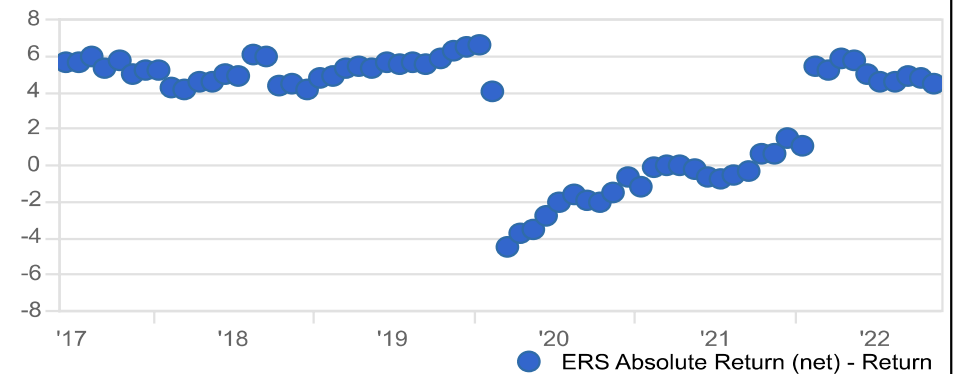
## Fixed Income - 10-Year Rolling Returns

06/28/1996 to 11/30/2022



## Absolute Return - 3-Year Rolling Returns

06/30/2014 to 11/30/2022



## Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	3.7	-6.6	-6.5	0.5	1.6	3.8	4.7
Fixed Income (net)	3.7	-6.7	-6.6	0.4	1.4	3.6	4.6
Bbg US Agg Bond TR USD	3.7	-12.6	-12.8	0.2	1.1	2.7	3.2

## Return Data

	1 Month	YTD	1 Year	3 Year	5 Year	7 Year
Absolute Return (net)	-0.1	21.2	22.9	4.5	5.2	5.2
90-Day T-Bill + 3%	0.6	4.4	4.7	3.8	4.3	4.1

III.

INVESTMENT COMMITTEE REPORT

#### IV.

#### ADMINISTRATION & OPERATIONS COMMITTEE REPORT

V.

NEW BUSINESS

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

## Board Report - November 2022

## Retirements

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	RYSKAMP	OFELIA	3/19/2017	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	THOMAS	MICHAEL	8/3/2021	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Involuntary Separation	ASTLEY	SCOTT	5/6/2022	MAX	VEOLIA ENVIRONNEMENT
Regular	Service	O BYRNE	CHRISTOPHER	6/17/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	KOSPER	SUSAN	9/18/2022	MAX	HEALTH DEPARTMENT
Regular	Conversion (Duty Disability to Regular)	FERRILL	CHERYL	10/1/2022	50	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	KLOSKEY	LEANNA	10/2/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	GOLD	JEFFREY	10/6/2022	64	LIBRARY - CENTRAL LIBRARY
Regular	Service	GRIFFIN	LECRYSTAL	10/10/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	DIXON	SONIA	10/12/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	ALSTON	ALLEN	10/14/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Early	FISHER	PAMALA	10/15/2022	MAX	DCD - PUBLIC HOUSING
Regular	Service	ORTIZ	JESUS	10/15/2022	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	PETERSON	JAMES	10/15/2022	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	SCHULTZ	DAVID	10/15/2022	MAX	DPW-WATER-ENGINEERING
Regular	Service	TOMASZEWSKI	ARTHUR	10/15/2022	MAX	DPW-INFRASTRUCTURE-ELECTRICAL
Regular	Service	BELASCO	DAVID	10/17/2022	100	DEPT OF NEIGHBORHOOD SRVCS
Regular	Deferred	MERRILL	NANCY	10/18/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BRUSO	RANDOLPH	10/20/2022	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	HALVERSON	TIMOTHY	10/22/2022	50	FIRE - FIREFIGHTING
Regular	Deferred	BURNETT	LAWRENCE	10/24/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	CHRISTMAN	DONALD	10/29/2022	100	FIRE - FIREFIGHTING
Regular	Service	LAND	EDWARD	10/29/2022	MAX	DPW-INFRASTRUCTURE-BRIDGES & BLDGS
Regular	Service	SWITZER	MARCUS	10/29/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	WESTBY	SUSAN	11/1/2022	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	PAHLISCH	GORDON	11/1/2022	65	DPW-OPS-FLEET SERVICES

## Board Report - November 2022

## Deaths

Type	Last Name	First Name	Death Date	Payment Date	Amount
Retiree Death-Termination	BROOKS	MELANIE	6/30/2022	11/30/2022	\$ 7,353.75
Retiree Death-Termination	CLEMINs	ROBERT	12/3/2020	11/30/2022	\$ 167.54
Retiree Death-Termination	DENTICE	SALVATORE	10/23/2022	11/30/2022	\$ 1,483.92
Retiree Death-Termination	FERRIER	JAMES	10/5/2022	11/30/2022	\$ 377.75
Retiree Death-Termination	GIBBS	THOMAS	10/16/2022	11/30/2022	\$ 1,202.89
Retiree Death-Termination	GOZDZIALSKI	MICHAEL	10/13/2020	11/30/2022	\$ 6,303.31
Retiree Death-Termination	HANSON	MARY JEAN	9/19/2022	11/30/2022	\$ 251.36
Retiree Death-Termination	KLEINSTEIBER	JAMES	8/30/2022	11/30/2022	\$ 1,986.51
Retiree Death-Termination	KOEPKE	JAMES	6/25/2022	11/30/2022	\$ 766.45
Retiree Death-Termination	KORTSCH	MADONNA	8/26/2022	11/30/2022	\$ 145.27
Retiree Death-Termination	LORINO	PHYLLIS	10/24/2022	11/30/2022	\$ 414.81
Retiree Death-Termination	PETERSON	ORVILLE	10/29/2022	11/30/2022	\$ 5,714.79
Retiree Death-Termination	SCHEMENAUER	ALLEN	8/7/2022	11/30/2022	\$ 317.42
Retiree Death-Termination	SKORCZ	JAMES	9/17/2022	11/30/2022	\$ 697.72
Retiree Death-Termination	THIELE	GREGORY	10/26/2022	11/30/2022	\$ 4,484.10
Retiree Death-Termination	TUTTLE	WAYNE	8/21/2022	11/30/2022	\$ 1,777.72
Retiree Death-Termination	WICKBOLDT	GEORGE	7/2/2022	11/30/2022	\$ 404.05
Retiree Death-Termination	ZUELZKE	JOSEPHINE	7/18/2022	11/30/2022	\$ 159.28
Surv Death-Termination	BAUER	ELSIE	9/6/2022	11/30/2022	\$ 435.34
Surv Death-Termination	BURZYNSKI	LOUISE	10/6/2022	11/30/2022	\$ 453.30
Surv Death-Termination	FULLER	DELOIS	10/7/2021	11/30/2022	\$ 513.37
Surv Death-Termination	HOPPE	JANE ANN	9/11/2022	11/30/2022	\$ 298.36
Surv Death-Termination	KATSEKES	ANNE	7/2/2022	11/30/2022	\$ 48.96
Surv Death-Termination	KORTSCH	MADONNA	8/26/2022	11/30/2022	\$ 365.98
Surv Death-Termination	MILLER	IRMA	7/22/2022	11/30/2022	\$ 241.20
Surv Death-Termination	RICK	LINDA	8/17/2022	11/30/2022	\$ 807.52
Surv Death-Termination	SCHWINGSHAKL	PATRICIA	8/14/2022	11/30/2022	\$ 759.28
Surv Death-Termination	STENBER	SALLY	10/9/2022	11/30/2022	\$ 141.16
Surv Death-Termination	STOLLER	MARION	10/28/2020	11/30/2022	\$ 1,445.82

TOTAL \$ 39,518.93



Type	Last Name	First Name	Death Date	Payment Date	Amount
Retiree Death-Cont Opt	DONALD	LEON	11/5/2022	11/1/2022	
Retiree Death-Cont Opt	DUECKER	ROBERT	11/6/2022	11/1/2022	
Retiree Death-Cont Opt	EBERHARDY	JOHN	10/31/2022	11/1/2022	
Retiree Death-Cont Opt	FAULKNER	ROBERT	11/2/2022	11/1/2022	
Retiree Death-Cont Opt	FRANKOWSKI	EUGENE	10/30/2022	11/1/2022	
Retiree Death-Cont Opt	HOFFMANN	ROY	11/8/2022	11/1/2022	
Retiree Death-Cont Opt	HUNT	MATTHEW	10/31/2022	11/1/2022	
Retiree Death-Cont Opt	KASZUBA	THOMAS	11/9/2022	11/1/2022	
Retiree Death-Cont Opt	OWENS	FRANKLIN	11/8/2022	11/1/2022	
Retiree Death-Cont Opt	PETERSON	WAYNE	10/24/2022	11/1/2022	
Retiree Death-Cont Opt	PLACZEK	JEROME	11/9/2022	11/1/2022	
Retiree Death-Cont Opt	RADLOFF	CYNTHIA	10/28/2022	11/1/2022	
Retiree Death-Cont Opt	REKOWSKI	EDWARD	11/9/2022	11/1/2022	
Retiree Death-Cont Opt	SCHWEIKART	HELMUT	10/30/2022	11/1/2022	
Retiree Death-Cont Opt	SOKOL	JAMES	11/9/2022	11/1/2022	
Retiree Death-Cont Opt	TREU	EDWARD	10/27/2022	11/1/2022	
Retiree Death-Cont Opt	VACHON	DONALD	11/6/2022	11/1/2022	
Retiree Death-Cont Opt	WISNIEWSKI	BERNADINE	11/16/2022	11/1/2022	
Retiree Death-Cont Opt	YEE	ROBERT	10/6/2022	11/1/2022	

**Board Report - November 2022**
**Withdrawals**

Type	Last Name	First Name	Payment Date	Amount
Administrative Withdrawal	CARR	PHILLIS	11/30/2022 \$	1,825.47
Administrative Withdrawal	EISENBERG	HELENE	11/30/2022 \$	617.39
Administrative Withdrawal	JACKSON	HERMONICA	11/30/2022 \$	390.26
Administrative Withdrawal	JESKE	ERIC	11/30/2022 \$	4,077.01
Administrative Withdrawal	JINNING	FELICIA	11/30/2022 \$	817.04
Administrative Withdrawal	KAUFMAN	ALICE	11/30/2022 \$	5,115.43
Administrative Withdrawal	LANGDON	THERESA	11/30/2022 \$	3,149.57
Administrative Withdrawal	SMITH	MATTHEW	11/30/2022 \$	501.16
Administrative Withdrawal	WALLACE	STEPHANIE	11/30/2022 \$	1,461.20
Full Refund	ARENDT	JOHN	11/30/2022 \$	3,464.32
Full Refund	BARBOSA MACEDO PEREIRA	ALVARO	11/30/2022 \$	8,262.49
Full Refund	BERRY	NATHANIEL	11/30/2022 \$	8,122.98
Full Refund	BROWN	MIRACLE	11/30/2022 \$	8,666.94
Full Refund	BYRD	YASHICA	11/30/2022 \$	15,984.78
Full Refund	CHA	RUNO	11/30/2022 \$	7,475.97
Full Refund	GEE	LEVOY	11/30/2022 \$	23,564.76
Full Refund	JACKSON	PATRICIA	11/30/2022 \$	7,310.36
Full Refund	JONES	AIMEE	11/30/2022 \$	12,393.38
Full Refund	RAMOS	ANGIE	11/30/2022 \$	47,821.63
Full Refund	STATEN	MICHAEL	11/30/2022 \$	5,925.68
Full Refund	VANG	MALY	11/30/2022 \$	14,320.34
Member Only Refund	ADAMS	MARQUES	11/30/2022 \$	3,766.33
Member Only Refund	CROWLEY	AIYANA	11/30/2022 \$	983.23
Member Only Refund	GRAY	YUSEF	11/30/2022 \$	2,254.66
Member Only Refund	HOAGLAND	STEVEN	11/30/2022 \$	1,628.94
Member Only Refund	HURLEY	TOBY	11/30/2022 \$	4,353.67
Member Only Refund	JEFFERSON	LATRINA	11/30/2022 \$	74.36
Member Only Refund	JEFFERY	TERRY	11/30/2022 \$	810.18
Member Only Refund	LOPEZ	MARIA	11/30/2022 \$	1,119.32

Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	MERRIWEATHER	MARNETTA	11/30/2022 \$	2,932.63
Member Only Refund	MICHALSKI	ANDREW	11/30/2022 \$	3,240.10
Member Only Refund	MOORE	JERMAINE	11/30/2022 \$	1,014.64
Member Only Refund	PITTA	SKY	11/30/2022 \$	1,308.12
Member Only Refund	SCHMITT	SPENCER	11/30/2022 \$	2,202.21
Member Only Refund	STRELNICK	DANIEL	11/30/2022 \$	2,259.13
Member Only Refund	TOMASZEWSKI	JACOB	11/30/2022 \$	12,037.68
Member Only Refund	WHEELER	QUINN	11/30/2022 \$	9,424.74
Member Only Refund	WILLIAMS	CHELSEY	11/30/2022 \$	3,401.06
Member Only Refund	WILLIAMS	KOREE	11/30/2022 \$	1,514.94
<b>TOTAL \$</b>				<b>235,594.10</b>

## VI.

### MEDICAL REPORTS

- A. All Duty & Ordinary Disability Applications & Re-examinations (December).
- B. Disability Findings – Sandra Crawford.

MERITS

CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM

Page Number: 1 OF 1

Medical Panel Approvals Report

DATE RAN : 12/08/2022

Approved by Executive Director

Pension Board Meeting Date 12/20/2022

TIME RAN : 14:13

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>
691	DANNIES, KYLE	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		03/01/2022	

Number of Cases: 1

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

## MERITS

## CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM

Page Number: 1 OF 1

## Medical Council Approvals Report

DATE RAN : 12/09/2022

Board Meeting: 12/20/2022

TIME RAN : 13:21

<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>
BERTSCHE, JARED	FIREFIGHTER	MILWAUKEE FIRE DEPARTMENT	Ordinary Disability	Application	08/31/2022	12/09/2022
CROSS, HAROLD	OPERATIONS DRIVER/WORKER	DPW-OPERATIONS	Ordinary Disability	Re-Examination	10/13/2017	12/09/2022
KOWALSKI, DENNIS	FIRE LIEUTENANT X	MFD	Ordinary Disability	Re-Examination	06/25/2019	12/09/2022
MADISON HEMPHILL, JUDY	SCH SECRETARY 1-11 MO	MPS	Ordinary Disability	Re-Examination	04/15/2021	12/09/2022
MALDONADO, TEOFILO	BOOKMOBILE OPERATOR	LIBRARY	Ordinary Disability	Re-Examination	10/26/2005	12/09/2022
ORY, LAURIE	OFFICE ASST IV	DCD	Ordinary Disability	Re-Examination	12/28/2018	12/09/2022
WEINZIERL, THOMAS	FIRE PARAMEDIC	MFD	Ordinary Disability	Re-Examination	03/04/2021	12/09/2022
WILSON, TOMMY	POLICE OFFICER	MPD	Ordinary Disability	Re-Examination	10/02/2018	12/09/2022

Number of Cases: 8

*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.*

MERITS	CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Council Denials Report	DATE RAN :	12/09/2022
	Board Meeting: 12/20/2022	TIME RAN :	13:21

<u>Case Number</u>	<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>
1532	BERTSCHE, JARED	FIREFIGHTER	MILWAUKEE FIRE DEPARTMENT	DD 75%	Application	08/31/2022	12/09/2022

Number of Cases: 1

*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.*

## VII.

### UNFINISHED BUSINESS

#### November 22, 2022 Board Meeting.

- A. Approval of Contract for Independent Reviewer/Hearing Examiner – Paul F. Reilly.
- B. Proposed Change to Board Rule III.E.
- C. Conference Requests – November 2022 Board Meeting.
- D. Proposed 2023 Board and Committee Meeting Dates.
- E. Pension Board Election Results.
- F. Pending Legal Opinions and Service Requests Report.
- G. Pending Legislation Report.
- H. Executive Director's Report – Inventory of ERS Projects.
- I. Pending Litigation Report.
- J. Conferences.
- K. Class Action Income 2022 YTD.
- L. Adjusted Quarterly Cost Basis of Equity.
- M. Minutes of the Administration & Operations Committee Meeting Held October 19, 2022.
- N. Report on Bills.
- O. Deployment of Assets.
- P. Securities Lending Revenue and Budget Report.
- Q. Preliminary Performance Report and Asset Allocation.

#### December 20, 2022 Board Meeting.

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





# Memorandum

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TO: Bernard J. Allen, Executive Director  
Annuity and Pension Board

FROM: Gust Petropoulos, Disability Deputy Director

DATE: November 11, 2022

RE: **Independent Reviewer/Hearing Examiner – Paul Reilly**

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The Employees' Retirement System (ERS) utilizes the services of retired Wisconsin Circuit Court judges and attorneys to conduct the reviews and administrative appeal hearings in connection with Disability and Duty Death applications and re-examinations (*pursuant to §36-15-18, MCC and Annuity & Pension Board Rules and Regulations §§XX and XXI*). Over the last few years, there has been some attrition in the number of Reviewers and Hearing Examiners. I had communicated this to Judge Dennis Moroney, a current Reviewer and Hearing Examiner, in an effort to obtain recommended candidates to fill the role. In September 2022 Judge Moroney informed me that he would recommend Judge Paul Reilly. I spoke with Judge Reilly and discussed the duties. He expressed interest and provided his resume.

Judge Reilly is a retired Appeals Court Jurist for the State of Wisconsin. He is currently a reserve judge and conducts mediation services. Assistant City Attorney Patrick McClain has reviewed Judge Reilly's credentials and has found that he would be well qualified. Upon the recommendation of Judge Moroney and review by Mr. McClain, I recommend the Annuity and Pension Board retain his services in the capacity of an Independent Reviewer and Hearing Examiner.

**Hon. Paul F. Reilly (ret.)**  
**35847 Waterstone Cir. Oconomowoc WI 53066**  
**262-844-0641**  
**preilly@concurrence adr.com**

## **PROFESSIONAL EXPERIENCE**

**CONCURRENCE ADR, LLC:** January 2022-Present

**STATE OF WISCONSIN,**  
**Reserve Judge,** March 2022-Present

**Wisconsin Court of Appeals, District 2;** 2010-2022 (Presiding Judge 2016-2022)

**Waukesha County Circuit Court;** 2003-2010 (Rotations in Criminal, Civil and Family Divisions)

**HIPPENMEYER, REILLY, MOODIE & BLUM;** 1987-2003

**CITY ATTORNEY, CITY OF NEW BERLIN WIS.;** 1997-2003

## **EDUCATION**

UNIVERSITY OF WISCONSIN LAW SCHOOL, Madison, Wisconsin  
Juris Doctorate, May 1987

UNIVERSITY OF WISCONSIN SCHOOL of BUSINESS, Madison,  
Wisconsin, Bachelor of Business Administration; Risk & Insurance; May  
1984

## **BAR ADMISSIONS**

State of Wisconsin, 1987

U.S. Court of Appeals, 7<sup>th</sup> Cir. 1990

Eastern & Western District Federal Courts of Wisconsin, 1987

## **PROFESSIONAL AND CIVIC ACTIVITIES**

- State Bar of Wisconsin; Board of Governors
- Waukesha County Bar Association, Past-President
- Wisconsin Civil Jury Instruction Committee (2008-2022)
- Wisconsin Judicial Commission (2010-2016, Chair, 2015)
- Judicial Faculty, State Courts of Wisconsin

## **HEARING EXAMINER SERVICES AGREEMENT**

AGREEMENT made by and between Paul F. Reilly of Oconomowoc, Wisconsin (“Hearing Examiner”), and the Employees’ Retirement System of the City of Milwaukee (“ERS”), with its principal offices located at 789 North Water Street, Suite 300, Milwaukee, Wisconsin 53202.

### **RECITALS**

1. ERS exists by virtue of Chapter 396, Laws of 1937, and Chapter 36 of the Milwaukee City Charter, 1971 compilation as amended, and has all of the powers and privileges of a corporation as enumerated in Chapters 180 and 182 of the Wisconsin Statutes.

2. The general administration and responsibility for the operation of the ERS and for making effective the provisions of Chapter 36 of the Milwaukee City Charter is vested in the Annuity and Pension Board (“Board”).

3. Under Milwaukee City Charter §36-15-7, the Board is authorized to engage such services as shall be required to transact the business of the ERS.

4. Pursuant to Milwaukee City Charter §36-15-18, any person aggrieved within the meaning of Wis. Stats. Ch. 68, by a determination of the Board reviewable under Wis. Stats. Ch. 68, may have such determination reviewed in accordance with the procedures established in Wis. Stats. §§68.08 to 68.13.

5. Under Wis. Stats. §68.09(2), review of an initial determination may be conducted by a person other than the person or entity who made the initial determination. Under Wis. Stats. §68.11, a hearing on an administrative appeal may be conducted by an impartial person designated by the Board to conduct a hearing and report to the Board.

6. The Board rules establishing the review procedure provide for an independent review, and appointment of an impartial hearing examiner to review initial determinations and conduct

administrative appeal hearings.

7. The Board is desirous of entering into an agreement with a person who shall serve in the capacity of a hearing examiner, and Hearing Examiner is desirous of serving in that capacity in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises of the parties contained herein, the ERS and the Hearing Examiner hereby agree as follows:

### **I. DESCRIPTION OF THE WORK**

Hearing Examiner agrees to serve as an independent reviewer or hearing examiner for ERS in accordance with Articles XX and XXI of the Rules and Regulations of the Board annexed hereto. Hearing Examiner shall serve in a particular matter at the designation of the Board.

### **II. PAYMENT**

ERS shall pay the Hearing Examiner at the rate of \$200.00 (One hundred ten dollars) per hour for work performed as described in Section I, above. Compensation for fractions of hours worked shall be prorated on the basis of the hourly rate. In addition, ERS will reimburse Hearing Examiner for reasonable related expenses such as typing, photocopying and mailing.

### **III. PROMPT PAYMENT POLICY**

ERS, as a matter of policy, shall strive to pay all timely and properly completed invoices within thirty (30) days of submission. Payment to the Hearing Examiner will be deemed timely if the payment is mailed, delivered, or transferred within forty fifth (45) days after receipt of a properly completed and undisputed invoice or receipt and acceptance of the service under this Agreement, whichever is later. If the ERS does not make payment by the 60<sup>th</sup> calendar day, the ERS shall pay simple interest beginning with the 31<sup>st</sup> calendar day at the rate of one percent (1%) per month,

unless the ERS disputes the amount of the invoice.

## **V. CUSTODY OF DOCUMENTS**

The ERS shall retain ownership and custody of all documents provided to, reviewed or created by the Hearing Examiner in connection with the work he/she performs pursuant to this Agreement. Hearing Examiner shall return to the ERS all copies of all documentation with which he/she is provided, reviews, and/or creates in connection with his/her work under this Agreement, and no copies of such documents shall remain with the Hearing Examiner.

## **VI. COMPLIANCE WITH MEDICAL PRIVACY LAWS**

At all times, Hearing Examiner shall abide by any and all applicable state and federal medical privacy laws and regulations, including but not limited to Section 146.82 of the Wisconsin Statutes and the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended from time to time, if applicable.

## **VII. RELATIONSHIP OF THE PARTIES**

The Hearing Examiner is an independent contractor for the ERS. Hearing Examiner is not an employee of the ERS and is not entitled to any fringe benefits, including, but not limited to, group insurance and pension plan benefits. Personal income tax payments, social security contributions, and all other governmental reporting and contributions required as a consequence of the Hearing Examiner receiving payment under this Agreement shall be the sole responsibility of the Hearing Examiner. Hearing Examiner may practice his/her profession during those periods when he/she is not performing work under this Agreement. The Board may, during the term of this Agreement, engage independent contractors to perform the same work Hearing Examiner performs hereunder.

## **VIII. INDEMNIFICATION**

The Board agrees to indemnify and hold harmless the Hearing Examiner for any and all

liability, costs, attorneys' fees, and judgments which the Hearing Examiner may incur as a result of Hearing Examiner negligent performance under the terms of the Agreement. Hearing Examiner agrees to tender the defense of any claim or lawsuit falling within the terms of this paragraph by delivering the complaint, or otherwise providing notification of the lawsuit, to the Executive Director within five (5) business days of receipt thereof and to fully cooperate with the ERS and Board in the defense thereof.

#### **IX. CONFLICTS OF INTEREST**

No officer, employee, or agent of the City of Milwaukee ("City") who exercises any functions or responsibilities in connection with the carrying out of any services or requirements to which this Agreement pertains, shall have any personal interest, direct or indirect, in this Agreement. No member of the governing body of the City and no other public official of the City who exercises any functions or responsibilities in the review or approval of the carrying out of this Agreement shall have any personal interest, direct or indirect, in this Agreement.

The Hearing Examiner covenants that he/she presently has no interest, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of his/her services hereunder. An interest on the part of the Hearing must be disclosed to the ERS and/or the City.

#### **X. QUALIFICATIONS OF HEARING EXAMINER**

Hearing Examiner must be licensed to practice law in the State of Wisconsin, in good standing under the laws of the State of Wisconsin, and must remain so throughout the term of this Agreement.

#### **XI. DURATION**

This Agreement shall be in force as and from the date of execution of this Agreement

until terminated by either party upon written notice of termination. Either party may cancel this Agreement on fifteen (15) days written notice.

## **XII. NOTICE**

Notices provided under this Agreement shall be provided, via first class U.S. Mail, to:

For ERS:

Bernard J. Allen, Executive Director  
Employees' Retirement System  
789 North Water Street, Suite 300  
Milwaukee, WI 53202

For the Hearing Examiner:

Paul F. Reilly  
35847 Waterstone Circle  
Oconomowoc, WI 53066

## **XIII. CHOICE OF LAW AND VENUE**

This Agreement, and all questions arising in connection herewith shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Venue for any action arising out of or in any way related to this Agreement shall be exclusively in the City of Milwaukee for matters arising under state law and in federal district court in the eastern district of Wisconsin for matters arising under federal jurisdiction.

## **XIV. PUBLIC RECORDS**

The Hearing Examiner understands that the ERS is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. Sec. 19.21 et. sec., including but not limited to those records that are produced or collected under this Agreement. The Hearing Examiner acknowledges that he/she is obligated to assist the ERS in retaining and producing records that are subject to the Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this

Agreement, and that the Hearing Examiner must defend and hold the ERS harmless from liability due to his/her fault under that law. Except as otherwise required by this Agreement, those records shall be maintained for a period of seven years.

#### **XV. NONDISCRIMINATION**

To the extent applicable to this Agreement, if any, the Hearing Examiner agrees not to discriminate against any qualified employee or qualified applicant for employment because of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status, sexual orientation, gender identity or expression, past or present membership in the military service, familial status, or based on affiliation with or perceived affiliation with any of these protected categories. This requirement shall apply, but not be limited to, the following: tenure, terms or conditions of employment, promotion, demotion or transfer, recruitment or recruitment advertising, employment rules and policies, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship.

To the extent applicable to this Agreement, if any, no person in the United States shall, on the grounds of race, color, religion, sex, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement. The ERS and each employer will comply with all requirements imposed by or pursuant to the regulations of the appropriate federal agency effectuating Title VI of the Civil Rights Act of 1964.

To the extent applicable to this Agreement, Hearing Examiner agrees to comply with all applicable requirements of the Americans with Disabilities Act of 1990, 42 U.S.C. 12101, et seq.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at Milwaukee, Wisconsin this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.



IN THE PRESENCE OF:

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Paul F. Reilly

IN THE PRESENCE OF:

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EMPLOYES' RETIREMENT SYSTEM OF  
THE CITY OF MILWAUKEE

---

---

Matthew Bell, President  
Annuity and Pension Board

---

Bernard J. Allen, Executive Director  
Employees' Retirement System

This form document was drafted  
by the office of the City Attorney.

1054-2018-221:246748.1



# Memorandum

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TO: Bernard J. Allen, Executive Director  
Annuity and Pension Board

FROM: Gust Petropoulos, Disability Deputy Director

DATE: November 11, 2022

RE: **Proposed change to Board Rule III.E.**

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On rare occasion ERS Disability staff has encountered circumstances that make it difficult to comply with rule III.E and also administer the provisions of the Re-examination requirement in Chapter 36 of the City's Charter Ordinance. This is most often due to the physical condition of the retiree who is to be re-examined. Following is a proposed change to this Board Rule that would be consistent with the spirit of the current rule, but give discretion and flexibility to ERS staff and examining Medical Doctors. The proposed changes are underlined. This proposal has been discussed with Assistant City Attorney Patrick McClain. He and I present the following language as a starting point for discussion by the Annuity and Pension Board.

"A member, retired on account of a duty disability retirement, who lives outside of the City of Milwaukee shall be required to return to Milwaukee to report to the Medical Council or Medical Panel for medical re-examination as provided in Section 36-05-3-c of the Milwaukee City Charter for Firemen and Policemen and Section 36-07-1 of the Milwaukee City Charter for other employees on duty disability retirement. However, the Board may authorize such examination to be made by a physician selected by the Medical Council and the fee for such examination shall be as determined by the Medical Council and shall be paid by the ERS upon receipt of a report from the physician. Notwithstanding the foregoing, the Disability Deputy Director may, upon recommendation by the selected physician that an in-person examination is not required, authorize a re-examination to be conducted remotely by virtual means."

## **Conference Requests – November 2022 Board Meeting**

Erich Sauer	Visions, Insights, Perspectives Conference
Sponsor:	Institutional Real Estate, Inc.
Location:	Rancho Palos Verdes, CA
Date(s):	January 17-20, 2023
Estimated Cost:	\$2,250
David Silber, Dave Walters	BlackRock Due Diligence & Potential Callan Office Visit
Sponsor:	BlackRock
Location:	San Francisco, CA
Date(s):	February 1-3, 2023
Estimated Cost:	\$1,600 per person
David Silber, Dave Walters	2023 Public Funds Roundtable
Sponsor:	Institutional Investor
Location:	Los Angeles, CA
Date(s):	April 24-27, 2023
Estimated Cost:	\$2,100 per person

**2023**

**Board and Committee Meeting Dates**

All meetings begin at 9:00 a.m. unless otherwise noted.

<b>January</b>	24	Board ( <i>Tuesday</i> )
<b>February</b>	09	Investment ( <i>Thursday</i> )
	27	Board ( <i>Monday</i> )
<b>March</b>	22	A&O ( <i>Wednesday</i> )
	28	Board ( <i>Tuesday</i> )
<b>April</b>	20	Investment ( <i>Thursday</i> )
	25	Board ( <i>Tuesday</i> )
<b>May</b>	04	Investment ( <i>Thursday</i> )
	23	Board ( <i>Tuesday</i> )
<b>June</b>	08	Investment ( <i>Thursday</i> )
	21	A&O ( <i>Wednesday</i> )
	27	Board ( <i>Tuesday</i> )
<b>July</b>	25	Board ( <i>Tuesday</i> )
<b>September</b>	07	Investment ( <i>Thursday</i> )
	20	A&O ( <i>Wednesday</i> )
	26	Board ( <i>Tuesday</i> )
<b>October</b>	24	Board ( <i>Tuesday</i> )
<b>November</b>	09	Investment ( <i>Thursday</i> )
	28	Board ( <i>Tuesday</i> )
<b>December</b>	07	Investment ( <i>Thursday</i> )
	19	Board ( <i>Tuesday</i> )
	20	A&O ( <i>Wednesday</i> )

**PLEASE POST**

## **ANNUITY AND PENSION BOARD**

### **RESULTS OF NOVEMBER 4, 2022 AT LARGE MEMBER ELECTION**

The results of the Annuity and Pension Board At Large Member Election held November 4, 2022 are as follows:

<u>Name of Candidate</u>	<u>Number of Votes</u>
David Misky	571
Timothy Heling	1,318

**ANNUITY AND PENSION BOARD**



Bernard J. Allen  
Executive Director

November 4, 2022

Bulletin 195-b



## November 22, 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.

**11/03/22** Received legal opinion from City Attorney's Office.

**11/22/22 On Pension Board Agenda.**

**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.

**10/25/22** Contract extension approved by Pension Board. City Attorney's Office continues negotiations with Wells Fargo for a new banking services agreement.

**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**

**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 Matter referred to outside legal counsel, Reinhart Boerner Van Deuren S.C.

**TEARMAN SPENCER**  
City Attorney

**ODALO J. OHIKU**  
**ROBIN A. PEDERSON**  
**S.TODD FARRIS**  
Deputy City Attorneys



Milwaukee City Hall Suite 800 • 200 East Wells Street • Milwaukee, Wisconsin 53202-3551  
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**HEIDI WICK SPOERL**  
**KATHRYN Z. BLOCK**  
**THOMAS D. MILLER**  
**PETER J. BLOCK**  
**ALLISON N. FLANAGAN**  
**PATRICK J. MCCLAIN**  
**HANNAH R. JAHN**  
**JULIE P. WILSON**  
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November 3, 2022

Mr. Bernard J. Allen  
Executive Director  
City of Milwaukee Employees' Retirement System  
789 North Water Street Suite 300  
Milwaukee, WI 53202  
(414) 286-3557

Re: Retroactive Election of Spouse Survivorship Options for Same-Sex Spouses

Dear Mr. Allen:

The City of Milwaukee Employees' Retirement System ("ERS") has received an inquiry related to a U.S. district court decision in the case of *Thornton v. Commissioner of Social Security Administration*, 570 F. Supp. 3d 1010, 1017 (W.D. Wash. 2020) (unpublished). In that case, the Social Security Administration ("SSA") was ordered to re-adjudicate past applications for surviving spouse benefits submitted by "surviving partners of same-sex couples who were prohibited from marrying because of now-unconstitutional state laws that banned same-sex marriage." *Id.* at 1018. You have asked whether the *Thornton* decision requires ERS to allow retroactive election of spouse survivorship options for ERS retirees who were in same-sex relationships not recognizable as marriages in the State of Wisconsin at the time of retirement. For the following reasons, we conclude that the ERS is not required to allow retroactive adjustment of survivorship elections.

## **BACKGROUND**

### **A. ERS Survivorship Options**

Prior to retirement, ERS members can choose to receive a full retirement allowance or a reduced retirement allowance that includes a survivorship benefit. Under the maximum benefit option, the member receives a full monthly retirement allowance based on the applicable formula payable for the duration of the member's lifetime. Under a survivorship option, the member receives a reduced monthly allowance that will continue to be paid to





a named survivor after the member's death. Milwaukee City Charter ("MCC") § 36-05-7-b, *et seq.*

The amount of the benefit reduction and corresponding survivorship allowance depends upon the member's age at retirement, the age and relationship of the named survivor, and which survivorship option the member elects. *See Id.* While members are generally free to designate any survivor they wish, the election of a spouse as survivor provides numerous advantages not available when a non-spouse survivor is designated. *See e.g.* MCC § 36-05-7-b-2. A survivorship option election becomes irrevocable upon retirement, and cannot be withdrawn or altered even if the designated survivor predeceases the member. MCC § 36-05-7-b.

## **B. Court Decisions and IRS Guidance Relevant to Same-Sex Unions**

### *1. U.S. v. Windsor and IRS Notice 2014-19*

The last decade has seen a whirlwind of legislative, executive, and judicial actions affecting same-sex unions in the United States. In 2013, the U.S. Supreme Court decision in *U.S. v. Windsor* struck down portions of the Defense of Marriage Act—which defined marriage for purposes of federal law as a union between a man and a woman. 570 U.S. 744 (2013). After *Windsor*, the Internal Revenue Service ("IRS") issued IRS Notice 2014-19, which directed qualified pension plans to recognize any same-sex union that was validly entered into in a state whose laws authorize such unions—even if the plan or member was located in a state whose laws did not authorize such unions. The guidance specified that the new requirement would be implemented prospectively beginning on June 26, 2013. It further noted that a qualified plan could—but was not required to—implement the change retroactive to June 26, 2013. The guidance expressly cautioned, however, that doing so "may trigger requirements that are difficult to implement retroactively...and may create unintended consequences." The IRS therefore advised that retroactive application, while permissible, had the potential to create compliance issues.

### *2. Obergefell v. Hodges and IRS Notice 2015-86*

In 2015, the Supreme Court issued its decision in *Obergefell v. Hodges*, which declared same-sex unions to be a constitutional right. 576 U.S. 644 (2015). After *Obergefell*, any state law that prohibited marriage by same-sex couples was rendered unconstitutional. While *Obergefell* created this right, it failed to provide virtually any guidance as to how the right should be implemented by the states.

As it did after the *Windsor* decision, the IRS released guidance regarding the effects of *Obergefell* on qualified pension plans. In IRS Notice 2015-86, the IRS indicated that it did "not anticipate any significant impact from *Obergefell*" because any changes that might have been required by the decision were previously implemented under IRS Notice 2014-19. The guidance expressly indicated that no additional changes (beyond those outlined under Notice 2014-19) were required after *Obergefell*.

### 3. *Thornton v. Commissioner of Social Security*

The 2020 U.S. district court case of *Thornton v. Commissioner of Social Security* is one of the many recent court decisions attempting to fill the gaps left by *Obergefell*. In *Thornton*, the surviving partner of a same-sex couple applied for and was denied SSA survivor benefits. SSA survivor benefits require applicants to be a “widow” or “widower”—which by definition required the applicant to have been married to the decedent. 570 F. Supp. 3d at 1018. It was undisputed that the plaintiff would have married her same-sex partner were it not for the now-unconstitutional Washington state laws in place at the time of her partner’s death. *Id.* at 1030. The *Thornton* court ruled that the SSA had violated the plaintiff’s constitutional rights by denying her survivorship benefits based solely on the fact that the plaintiff was unable to marry her partner because of a now-unconstitutional state law. *Id.* at 1024. The court declared the case applicable to a nationwide class of all similarly situated persons who applied for and were denied social security survivor’s benefits. *Id.* at 1029-30. Because the federal government elected not to appeal, there is no court of appeals decision on the issue.

### DISCUSSION

You have asked whether the *Thornton* decision requires the ERS to allow retroactive elections of spouse survivorship options for ERS retirees who were in same-sex relationships not recognizable as marriages in the State of Wisconsin at the time of retirement. For the following reasons, ERS is not required to allow retroactive adjustments.

First, the *Thornton* decision is inapplicable to the ERS. While the U.S. District Court did extend the reach of its holding to a nationwide class, the class encompasses only those individuals who “presented claims for social security survivor’s benefits based on the work history of their same-sex partner and who were barred from satisfying the marriage requirements for such benefits because of applicable laws that prohibited same-sex marriage.” 570 F. Supp. 3d at 1030. As such, the *Thornton* decision is applicable only to survivor’s benefits administered by the SSA.

Second, the *Thornton* case did not overrule or otherwise disturb the IRS guidance for qualified pension plans issued in IRS Notices 2014-19 and 2015-86. Pursuant to IRS Notice 2015-86, any qualified pension system that properly amended its plan following IRS Notice 2014-19 is expressly deemed to be in compliance with the *Windsor* and *Obergefell* decisions.

Third and finally, the IRS has cautioned that while retroactive changes of the kind about which you now inquire are permissible, they are not necessarily advisable. IRS Notice 2014-19 warned that retroactive implementation of the *Windsor* decision would likely trigger requirements that are “difficult” to implement retroactively and may create “unintended consequences.” As such, voluntary retroactive changes similar to those required by the court in *Thornton* implicate significant compliance risks that have the

Mr. Bernard Allen  
November 3, 2022  
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potential to jeopardize the qualified status of the ERS plan. These risks necessarily militate against the advisability of allowing retroactive elections.

### CONCLUSION

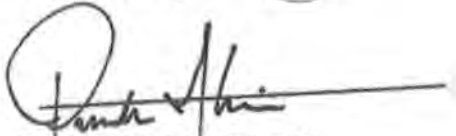
For the reasons set forth above, we conclude that the *Thornton* decision does not require ERS to allow retroactive election of spouse survivorship options for ERS retirees who were in same-sex relationships not recognizable as marriages in the State of Wisconsin at the time of retirement.

We trust this opinion has adequately addressed your inquiry. Should you have any additional questions or concerns, please do not hesitate to contact the undersigned.

Very truly yours,



TEARMAN SPENCER,  
City Attorney



PATRICK J. McCLAIN,  
Assistant City Attorney  
1054-2022-1199:422018

Encl: (1) IRS Notice 2014-19 (7 pages)  
(2) IRS Notice 2015-86 (6 pages)

## **Application of the Windsor Decision and Rev. Rul. 2013-17 to Qualified Retirement Plans**

### **Notice 2014-19**

#### **I. PURPOSE**

The purpose of this notice is to provide guidance on the application (including the retroactive application) of the decision in United States v. Windsor, 570 U.S. \_\_\_, 133 S. Ct. 2675 (2013), and the holdings of Rev. Rul. 2013-17, 2013-38 I.R.B. 201 (Sept. 16, 2013), to retirement plans qualified under section 401(a) of the Internal Revenue Code (Code).

#### **II. BACKGROUND**

##### **01. Qualified Retirement Plan Rules Relating to Married Participants**

Several Code sections provide special rules with respect to married participants in qualified retirement plans, including, but not limited to, the following:

- Under section 401(a)(11), certain qualified retirement plans must provide a qualified joint and survivor annuity (QJSA) upon retirement to married participants (and generally must provide a qualified preretirement survivor annuity (QPSA) to the surviving spouse of a married participant who dies before retirement). If a plan is subject to these rules, the QJSA (or QPSA) may be waived by a married participant only with spousal consent pursuant to section 417. If such a plan permits loans to participants, then section 417(a)(4) requires a plan to obtain the consent of the spouse of a married participant before making a loan to the participant.
- Under section 401(a)(11)(B)(iii), certain qualified defined contribution retirement plans are exempt from the QJSA and QPSA requirements provided that a married participant's benefit is payable in full, on the death of the participant, to the participant's surviving spouse, unless the surviving spouse consents to the designation of a different beneficiary.
- Under the required minimum distribution rules of section 401(a)(9) and the rollover rules of section 402(c), additional alternatives are provided for surviving spouses that are not available to non-spousal beneficiaries.
- Under section 1563(e)(5), generally a spouse is treated as owning shares owned by the other spouse for purposes of determining whether corporations are members of a controlled group under section 414(b).

- Under section 318(a)(1), generally a spouse is treated as owning shares owned by the other spouse for purposes of determining whether an employee is a key employee under section 416(i)(1), including whether an employee is considered a 5% owner.
- Under section 409(n), an employee stock ownership plan (ESOP) that acquires certain employer securities generally must prohibit the allocation or accrual of those securities for the benefit of certain individuals, including the spouse of the seller and the spouse of any individual who owns 25% or more of the securities.
- Under section 409(p), no portion of the assets of an ESOP attributable to employer securities consisting of S corporation stock may accrue during a nonallocation year for the benefit of any disqualified person or certain family members of the disqualified person (including the spouse) in certain circumstances.
- Under section 401(a)(13)(B), the anti-alienation rules do not apply to the creation, assignment, or recognition of an alternate payee's right to receive all or a portion of the benefits payable to a participant under a plan pursuant to a qualified domestic relations order (QDRO) described in section 414(p), and, under section 402(e)(1), an alternate payee who is a spouse or former spouse of the participant is treated as the distributee of a distribution under a QDRO.

## 02. Defense of Marriage Act

Until the decision of the Supreme Court in Windsor found it unconstitutional, section 3 of the Defense of Marriage Act (DOMA) prohibited the recognition of same-sex spouses for purposes of Federal tax law. Specifically, section 3 of DOMA provided that:

In determining the meaning of any Act of Congress, or of any ruling, regulation, or interpretation of the various administrative bureaus and agencies of the United States, the word 'marriage' means only a legal union between one man and one woman as husband and wife, and the word 'spouse' refers only to a person of the opposite sex who is a husband or a wife.

1 U.S.C. § 7. As a result, same-sex spouses were not recognized for purposes of the Code with respect to qualified retirement plans.

## 03. Effect of the Windsor Decision and Rev. Rul. 2013-17

In the Windsor decision, the Supreme Court held on June 26, 2013 that section 3 of DOMA is unconstitutional because it violates Fifth Amendment principles. Subsequent to the Windsor decision, Rev. Rul. 2013-17 held the following:

(1) For Federal tax purposes, the terms "spouse," "husband and wife," "husband," and "wife" include an individual married to a person of the same sex if the individuals

are lawfully married under state law, and the term “marriage” includes such a marriage between individuals of the same sex.

(2) For Federal tax purposes, the Internal Revenue Service (Service) adopts a general rule recognizing a marriage of same-sex individuals that was validly entered into in a state whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a state that does not recognize the validity of same-sex marriages.

(3) For Federal tax purposes, the terms “spouse,” “husband and wife,” “husband,” and “wife” do not include individuals (whether of the opposite sex or the same sex) who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of that state, and the term “marriage” does not include such formal relationships.

The holdings of Rev. Rul. 2013-17 apply for all Federal tax purposes, including for purposes of the Federal tax rules that apply to qualified retirement plans under section 401(a). The ruling provides that the holdings will be applied prospectively as of September 16, 2013. The ruling also provides that taxpayers may rely on the holdings retroactively with respect to any employee benefit plan or arrangement (or any benefit provided thereunder) for limited purposes with respect to certain employer-provided health coverage and fringe benefits that are specified in the ruling. The ruling further states that:

The Service intends to issue further guidance on the retroactive application of the Supreme Court’s opinion in Windsor to other employee benefits and employee benefit plans and arrangements. Such guidance will take into account the potential consequences of retroactive application to all taxpayers involved, including the plan sponsor, the plan or arrangement, employers, affected employees and beneficiaries. The Service anticipates that the future guidance will provide sufficient time for plan amendments and any necessary corrections so that the plan and benefits will retain favorable tax treatment for which they otherwise qualify.

#### 04. Authority under Section 7805(b)(8)

Under section 7805(b)(8), the Commissioner is authorized to prescribe the extent, if any, to which any judicial decision, or any administrative determination other than by regulation, relating to the internal revenue laws is to be applied without retroactive effect.

## 05. Remedial Amendment Period under Section 401(b)

Section 401(b) provides a period during which a plan may be amended retroactively to comply with the Code's qualification requirements. The deadline for amending a plan is generally the time prescribed by law for filing the return of the employer for its taxable year in which the amendment was adopted or such later time as the Secretary may designate.

Rev. Proc. 2007-44, 2007-28 I.R.B. 54, provides rules regarding the timing of amendments made to qualified retirement plans. Section 5.05 of Rev. Proc. 2007-44 provides that when there are changes to the plan qualification requirements that affect provisions of the written plan document, the adoption of an interim amendment generally is required by the later of the end of the plan year in which the change is first effective or the due date of the employer's tax return for the tax year that includes the date the change is first effective.

## III. QUESTIONS AND ANSWERS

### GENERAL RULES

Q-1. How does the Windsor decision affect the application of the Federal tax rules to qualified retirement plans?

A-1. In the Windsor decision, the Supreme Court held that section 3 of DOMA (which applied for purposes of determining an individual's marital status under Federal law) is unconstitutional. In the absence of section 3 of DOMA, any retirement plan qualification rule that applies because a participant is married must be applied with respect to a participant who is married to an individual of the same sex. For example, a participant in a plan subject to the rules of section 401(a)(11) who is married to a same-sex spouse cannot waive a QJSA without obtaining spousal consent pursuant to section 417.

Q-2. As of what date are qualified retirement plans required to be operated in a manner that reflects the outcome of Windsor and the guidance in Rev. Rul. 2013-17?

A-2. Qualified retirement plan operations must reflect the outcome of Windsor as of June 26, 2013. A retirement plan will not be treated as failing to meet the requirements of section 401(a) merely because it did not recognize the same-sex spouse of a participant as a spouse before June 26, 2013. For Federal tax purposes, effective as of September 16, 2013, Rev. Rul. 2013-17 (i) adopts a general rule recognizing a marriage of same-sex individuals that is validly entered into in a state whose laws authorize the marriage of two individuals of the same sex, even if the individuals are domiciled in a state that does not recognize the validity of same-sex marriages, and (ii) provides that individuals (whether part of an opposite-sex or same-sex couple) who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of that state are not treated as married. Accordingly, a retirement plan will not be treated as failing to meet the requirements of section 401(a) merely because the plan, prior to

September 16, 2013, recognized the same-sex spouse of a participant only if the participant was domiciled in a state that recognized same-sex marriages. See Q&A-8 for the deadline to adopt plan amendments pursuant to this notice.

Q-3. May a qualified retirement plan be amended to reflect the outcome of Windsor as of a date earlier than June 26, 2013, and, if so, may the amendment reflect the outcome of Windsor for only certain purposes?

A-3. A qualified retirement plan will not lose its qualified status due to an amendment to reflect the outcome of Windsor for some or all purposes as of a date prior to June 26, 2013, if the amendment complies with applicable qualification requirements (such as section 401(a)(4)). Recognizing same-sex spouses for all purposes under a plan prior to June 26, 2013, however, may trigger requirements that are difficult to implement retroactively (such as the ownership attribution rules) and may create unintended consequences. Provided that applicable qualification requirements are otherwise satisfied, a plan sponsor's choice of a date before June 26, 2013, and the purposes for which the plan amendments recognize same-sex spouses before June 26, 2013, do not affect the qualified status of the plan. For example, for the period before June 26, 2013, a plan sponsor may choose to amend its plan to reflect the outcome of Windsor solely with respect to the QJSA and QPSA requirements of section 401(a)(11) and, for those purposes, solely with respect to participants with annuity starting dates or dates of death on or after a specified date.

## PLAN AMENDMENTS

Q-4. For purposes of satisfying the Federal tax rules relating to qualified retirement plans, must a qualified retirement plan be amended to reflect the outcome of Windsor and the guidance in Rev. Rul. 2013-17 and this notice?

A-4. Whether a plan must be amended to reflect the outcome of Windsor and the guidance in Rev. Rul. 2013-17 and this notice depends on the terms of the specific plan, as described in Q&A-5 through Q&A-7 of this notice.

Q-5. Must a plan sponsor amend a qualified retirement plan if its terms with respect to the requirements of section 401(a) define a marital relationship by reference to section 3 of DOMA or if the plan's terms are otherwise inconsistent with the outcome of Windsor or the guidance in Rev. Rul. 2013-17 or this notice?

A-5. If a plan's terms with respect to the requirements of section 401(a) define a marital relationship by reference to section 3 of DOMA or are otherwise inconsistent with the outcome of Windsor or the guidance in Rev. Rul. 2013-17 or this notice, then an amendment to the plan that reflects the outcome of Windsor and the guidance in Rev. Rul. 2013-17 and this notice is required by the date specified in Q&A-8 of this notice.

Q-6. If a qualified retirement plan's terms are not inconsistent with the outcome of Windsor and the guidance in Rev. Rul. 2013-17 and this notice (for example, the term



“spouse,” “legally married spouse” or “spouse under Federal law” is used in the plan without any distinction between a same-sex spouse and an opposite-sex spouse), must the plan be amended to reflect the change in meaning or interpretation of those terms to include same-sex spouses?

A-6. If a plan’s terms are not inconsistent with the outcome of Windsor and the guidance in Rev. Rul. 2013-17 and this notice, an amendment generally would not be required. If no amendment to such a plan is made, the plan nonetheless must be operated in accordance with the provisions of Q&A-2 of this notice. (Though not required, a clarifying amendment may be useful for purposes of plan administration.)

Q-7. If a plan sponsor chooses to apply the rules with respect to married participants in qualified retirement plans in a manner that reflects the outcome of Windsor for a period before June 26, 2013, is an amendment to the plan required?

A-7. Yes, if a plan sponsor chooses to apply the rules in a manner that reflects the outcome of Windsor for a period before June 26, 2013, an amendment to the plan that specifies the date as of which, and the purposes for which, the rules are applied in this manner is required. The deadline for this amendment is the date specified in Q&A-8 of this notice.

Q-8. What is the deadline to adopt a plan amendment pursuant to this notice?

A-8. The deadline to adopt a plan amendment pursuant to this notice is the later of (i) the otherwise applicable deadline under section 5.05 of Rev. Proc. 2007-44, or its successor, or (ii) December 31, 2014. Moreover, in the case of a governmental plan, any amendment made pursuant to this notice need not be adopted before the close of the first regular legislative session of the legislative body with the authority to amend the plan that ends after December 31, 2014.

Q-9. Is an amendment to a single-employer defined benefit plan that implements the outcome of Windsor and the guidance in Rev. Rul. 2013-17 and this notice subject to the requirements of section 436(c)?

A-9. In general, under section 436(c), an amendment to a single-employer defined benefit plan that increases the liabilities of the plan cannot take effect unless the plan’s adjusted funding target attainment percentage is sufficient or the employer makes the additional contribution specified under section 436(c)(2). However, this notice provides a special rule pursuant to § 1.436-1(c)(4)(iii). Under this special rule, a plan amendment that is described in Q&A-5 of this notice and that takes effect on June 26, 2013, is not treated as an amendment to which section 436(c) applies. In contrast, a plan amendment that is described in Q&A-7 of this notice is an amendment to which section 436(c) applies.

#### **IV. EFFECT ON OTHER DOCUMENTS**

Rev. Rul. 2013-17 is amplified by providing further guidance on the effect of the Windsor decision with respect to qualified retirement plans under section 401(a).

## **V. DRAFTING INFORMATION**

The principal authors of this notice are Angelique Carrington of the Employee Plans, Tax Exempt and Government Entities Division, and Jeremy Lamb of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, contact Ms. Carrington at *RetirementPlanQuestions@irs.gov* or Mr. Lamb at (202) 317-6700 (not a toll-free call).

# Application of Obergefell to Qualified Retirement Plans and Health and Welfare Plans

## Notice 2015-86

### I. PURPOSE

This notice provides guidance on the application of the decision in Obergefell v. Hodges, 576 U.S. \_\_\_, 135 S.Ct. 2584 (2015), to retirement plans qualified under section 401(a) of the Internal Revenue Code (Code) and to health and welfare plans, including cafeteria plans under section 125 of the Code. This guidance relates solely to the application of federal tax law with respect to same-sex spouses.

### II. BACKGROUND

#### .01 Windsor and Impact on Employee Benefit Plans

Prior to the decision of the Supreme Court in United States v. Windsor, 570 U.S. \_\_\_, 133 S.Ct. 2675 (2013), section 3 of the Defense of Marriage Act (DOMA), 1 U.S.C. § 7, prohibited recognition of same-sex spouses for purposes of federal tax law. As a result, same-sex spouses who were married under applicable state law were not recognized as spouses for purposes of the federal tax rules that apply because an individual is married, including the rules that apply with respect to employee benefit plans.

On June 26, 2013, the Supreme Court held in Windsor that section 3 of DOMA is unconstitutional. As a result of this decision, marriages of same-sex spouses were recognized for federal tax law purposes. On August 29, 2013, the Department of the Treasury (Treasury) and the IRS issued Rev. Rul. 2013-17, 2013-38 I.R.B. 201. Among other issues addressed in the ruling, Treasury and the IRS adopted a general rule for federal tax purposes recognizing a marriage of same-sex couples that was validly entered into in a state whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a state that does not recognize the validity of such marriages. As a result of Windsor and Rev. Rul. 2013-17, marriages of same-sex spouses that were valid in the state where they were entered into, including marriages entered into in previous years, were recognized for federal tax law purposes.<sup>1</sup>

Following Rev. Rul. 2013-17, Treasury and the IRS issued the following additional guidance addressing various employee benefit and employment tax issues (collectively

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<sup>1</sup> Individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of the state are not recognized as spouses for federal tax law purposes. See Rev. Rul. 2013-17.

referred to in this notice as the Post-Windsor Guidance): Notice 2014-19, 2014-17 I.R.B. 979, amplified by Notice 2014-37, 2014-24 I.R.B. 1100 (applying Windsor and Rev. Rul. 2013-17 to qualified retirement plans); Notice 2013-61, 2013-44 I.R.B. 432 (applying Windsor and Rev. Rul. 2013-17 to employment taxes, including procedures for adjustments or claims for refunds or credits); and Notice 2014-1, 2014-02 I.R.B. 270 (applying Windsor and Rev. Rul. 2013-17 to elections and reimbursements for same-sex spouses under cafeteria plans, flexible spending arrangements, and health savings accounts).<sup>2</sup>

## **.02    Limited Effect of Obergefell for Federal Tax Law Purposes**

On June 26, 2015, the Supreme Court held in Obergefell that the Fourteenth Amendment (i) requires a state’s civil marriage laws to apply to same-sex couples “on the same terms and conditions as opposite-sex couples,” and (ii) prohibits a state from refusing to “recognize a lawful same-sex marriage performed in another State on the ground of its same-sex character.”<sup>3</sup> Because Obergefell requires that states recognize marriages of same-sex couples performed in other states, certain marriages performed in previous periods will be recognized for the first time for state law purposes. However, because these same marriages have already been recognized for federal tax law purposes pursuant to Windsor and the Post-Windsor Guidance, Treasury and the IRS do not anticipate any significant impact from Obergefell on the application of federal tax law to employee benefit plans.

Treasury and the IRS understand, however, that some plan sponsors may alter aspects of their employee benefit plans, or how their plans are administered, in response to Obergefell. In addition, some plan sponsors have asked for clarification of the application of Obergefell to certain changes to employee benefit plans, such as a discretionary expansion of benefits that is not required under the federal tax rules. The following questions and answers provide guidance to address these issues.

## **III.    QUESTIONS AND ANSWERS**

### **Qualified Retirement Plans**

Q-1. For federal tax law purposes, does Obergefell require that a sponsor of a qualified retirement plan change the terms or operation of its plan?

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<sup>2</sup> For further information regarding Windsor, Rev. Rul. 2013-17, and Notice 2014-19, see *IRS FAQs on Application of the Windsor Decision and Post-Windsor Guidance to Qualified Retirement Plans* (<http://www.irs.gov/Retirement-Plans/Application-of-the-Windsor-Decision-and-Post-Windsor-Published-Guidance-to-Qualified-Retirement-Plans-FAQs>).

<sup>3</sup> On October 23, 2015, Treasury and the IRS published proposed regulations that reflect the holdings of Obergefell, Windsor, and Rev. Rul. 2013-17, and that define terms in the Code describing the marital status of taxpayers. Definition of Terms Relating to Marital Status, 80 Fed. Reg. 64378 (Oct. 23, 2015).

A-1. A qualified retirement plan is not required to make additional changes as a result of Obergefell. Q&A-8 of Notice 2014-19 required qualified retirement plans to be amended to reflect Windsor and Notice 2014-19 no later than December 31, 2014 (or a possible delayed amendment deadline for governmental plans, as described in Q&A-8 of Notice 2014-19). Thus, under Windsor and Notice 2014-19, any plan amendments required to recognize same-sex spouses and their marriages with respect to the section 401(a) qualification requirements are already required to be adopted and effective (subject to a possible delayed amendment deadline for governmental plans). However, a plan sponsor may decide to amend its plan following Obergefell to make certain optional changes or clarifications. Examples of discretionary amendments a plan sponsor may decide to make to its qualified retirement plan are described in Q&A-2 and Q&A-3 of this notice.

Q-2. May a qualified retirement plan be amended to provide new rights or benefits with respect to participants with same-sex spouses?

A-2. In response to Windsor, some plan sponsors may have amended their qualified retirement plans to provide new rights or benefits with respect to participants with same-sex spouses in order to make up for benefits or benefit options that had not previously been available to those participants.<sup>4</sup> For example, such an amendment may have provided participants who commenced a single life annuity distribution prior to June 26, 2013 (the date of the Windsor decision) with an opportunity to elect a qualified joint and survivor annuity (QJSA) form of distribution as of a new annuity starting date. Following Obergefell, some plan sponsors might similarly decide to make discretionary plan amendments to provide new rights or benefits with respect to participants with same-sex spouses. Plan sponsors are permitted to make such amendments, which must comply with the applicable qualification requirements (such as the nondiscrimination requirements of section 401(a)(4)).

Q-3. Q&A-3 of Notice 2014-19 provided that a qualified retirement plan could be amended to recognize marriages of same-sex couples on a retroactive basis as of a date earlier than June 26, 2013, the date of the Windsor decision. If a plan sponsor did not make such a retroactive amendment to its qualified retirement plan following issuance of Notice 2014-19, may the qualified retirement plan now be amended to recognize marriages of same-sex couples on a retroactive basis and only for certain purposes as described in Q&A-3 of Notice 2014-19?

A-3. In general, under Windsor and Notice 2014-19, a retirement plan fails to meet the applicable section 401(a) qualification requirements (such as the qualified joint and

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<sup>4</sup> See, for example, FAQ-4 in *IRS FAQs on Application of the Windsor Decision and Post-Windsor Guidance to Qualified Retirement Plans* (<http://www.irs.gov/Retirement-Plans/Application-of-the-Windsor-Decision-and-Post-Windsor-Published-Guidance-to-Qualified-Retirement-Plans-FAQs>).

survivor requirements of section 401(a)(11)) if it does not recognize the same-sex spouse of a participant as a spouse on and after June 26, 2013, the date of the Windsor decision. However, a plan will not lose its qualified status if it also applies Windsor prior to June 26, 2013.<sup>5</sup> A plan sponsor that has not yet made such a retroactive amendment in accordance with Notice 2014-19 may decide to make such an amendment after this notice is issued. Such an amendment will not cause the plan to lose its qualified status, provided the amendment otherwise complies with Q&A-3 of Notice 2014-19 (for example, the amendment must comply with applicable qualification requirements, such as section 401(a)(4)).

Q-4. Is an amendment to a single-employer defined benefit plan that is intended to respond to Obergefell or this notice (for example, by extending certain rights and benefits to a same-sex spouse) subject to the requirements of section 436(c)?

A-4. In general, under section 436(c), a discretionary amendment to a single-employer defined benefit plan that increases the liabilities of the plan cannot take effect unless the plan's adjusted funding target attainment percentage is sufficient or the plan sponsor makes the additional contribution specified under section 436(c)(2). Because an amendment that extends rights and benefits to a same-sex spouse in response to Obergefell or this notice (for example, an amendment described in Q&A-2 or Q&A-3 of this notice) is a discretionary expansion of coverage, the amendment is subject to the requirements of section 436(c).

Q-5. What is the deadline for the sponsor of a qualified retirement plan to adopt a plan amendment pursuant to this notice, such as an amendment described in Q&A-2?

A-5. Amendments to a qualified retirement plan that are contemplated by this notice are not interim amendments within the meaning of section 5.02 of Rev. Proc. 2007-44, or successor guidance, but are discretionary amendments. Thus, pursuant to section 5.05(2) of Rev. Proc. 2007-44, the deadline to adopt a plan amendment pursuant to this notice is generally the end of the plan year in which the amendment is operationally effective. However, pursuant to section 5.06(1) of Rev. Proc. 2007-44, in the case of a governmental plan, the deadline for any amendment made pursuant to this notice is the later of (i) the end of the plan year in which the amendment is operationally effective, or (ii) the last day of the next regular legislative session beginning after the amendment is operationally effective in which the governing body with authority to amend the plan can consider a plan amendment under the laws and procedures applicable to the governing body's deliberations.

## **Health and Welfare Plans**

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<sup>5</sup> See Q&A-3 of Notice 2014-19.

Q-6. For federal tax law purposes, does Obergefell require that a sponsor of a health or welfare plan change the terms or operation of its plan?

A-6. Federal tax law generally does not require health and welfare plans to offer any specific rights or benefits to the spouse of a participant. To the extent that a health or welfare plan does offer benefits to the spouse of a participant, the federal tax treatment of the benefits that are provided to a same-sex spouse has already been addressed in Rev. Rul. 2013-17 and Notice 2014-1. Accordingly, no changes to the terms of a health or welfare plan are required due to Obergefell.

If a health or welfare plan does offer benefits to the spouse of a participant, however, Obergefell could require changes to the operation of the plan to the extent that the decision results in a change in the group of spouses eligible for coverage under the terms of the plan. For example, if the terms of a health or welfare plan provide that coverage is offered to the spouse of a participant as defined under applicable state law, and the plan administrator determines that applicable state law has expanded to include same-sex spouses as a result of Obergefell, then the terms of the plan would require coverage of same-sex spouses as of the date of the change in applicable state law. See Q&A-7 below for a discussion of election changes under a section 125 cafeteria plan under such circumstances.

Q-7. If, as of the beginning of a plan year, a health or welfare plan that is offered under a section 125 cafeteria plan does not permit coverage of same-sex spouses, and the terms or operation of the plan change during the plan year to permit coverage of same-sex spouses, may the cafeteria plan permit a participant to revoke an existing election and submit a new election?

A-7. Yes, if the terms of the cafeteria plan allow (or, under Q&A-8 of this notice, are amended to allow) a participant to make a change in coverage due to a significant improvement in coverage during the coverage period under an existing coverage option, then the participant may revoke an existing election and make a new election as permitted under § 1.125-4(f)(3)(iii). If the eligibility criteria for a qualified benefit offered under a cafeteria plan change during a plan year to add eligibility for same-sex spouses, this change constitutes a significant improvement in coverage under an existing coverage option for purposes of § 1.125-4(f)(3)(iii). Such a change in eligibility criteria could occur, for example, as a result of an amendment to the terms of the plan; a change in applicable state law (to the extent the terms of the plan refer to state law); or a change in the interpretation of the existing terms of the plan.

A cafeteria plan that allows participants to make a change in election due to a significant improvement in coverage under an existing coverage option may permit a participant to revoke an existing election and submit a new election if same-sex spouses first become eligible for coverage under the terms of the plan during the period of coverage for any reason, including but not limited to those listed in the preceding paragraph. This new election may be an election by a participant to add coverage for a same-sex spouse to a benefit option in which the participant is already enrolled, or an election by a participant

who had not previously elected coverage to add coverage for the participant and a same-sex spouse.

Q-8. If the terms of a cafeteria plan do not allow participants to make a change in election due to a significant improvement in coverage during the coverage period under an existing coverage option, may the plan sponsor amend the terms of the cafeteria plan to allow such an election?

A-8. Yes. The cafeteria plan may be amended at any time to permit participants to make a change in election. In the case of a change described in Q&A-7, such an amendment must be adopted no later than the last day of the plan year including the later of (i) the date same-sex spouses first became eligible for coverage under the plan, or (ii) December 9, 2015. Such an amendment may be retroactive to the date same-sex spouses first became eligible for coverage under the plan.

#### **IV. EFFECT ON OTHER DOCUMENTS**

Notice 2014-19 is amplified.

#### **V. NO INFERENCE**

No inference should be drawn from this notice as to the application of any law other than federal tax law, including the application of any provisions of the Constitution of the United States or Title VII of the Civil Rights Act of 1964,<sup>6</sup> to the treatment of same-sex spouses under employee benefit plans.

#### **VI. DRAFTING INFORMATION**

The principal authors of this notice are Jeremy Lamb and Shad Fagerland of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding the qualified retirement plan aspects of this notice, contact Mr. Lamb at (202) 317-6799 (not a toll-free call) and regarding the health and welfare plan aspects of this notice, contact Mr. Fagerland at (202) 317-5500 (not a toll-free call).

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<sup>6</sup> Public Law 88-352, 78 Stat. 241.





## November 22, 2022 Board Meeting

### **PENDING LEGISLATION REPORT**

#### **PART 1. PENDING CHARTER ORDINANCES FOR COMMON COUNCIL ACTION**

None.

#### **PART 2. PENDING CHANGES TO THE RULES & REGULATIONS**

None.

#### **PART 3. PENDING LEGISLATIVE COMMITTEE REFERRALS**

##### **Pension Contribution Offset**

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

02/16/17 City Attorney issued a legal opinion advising that since members receiving a duty disability retirement allowance have not paid the member contributions, they are not entitled to the 5.8% pension contribution offset.

02/27/17 Opinion referred to Legislative Committee for consideration on whether the pension contribution offset received by general city and protective service members should be included in the calculation of the Conversion to Service Retirement and Extended Life retirement allowances.

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

## Employees' Retirement System – Executive Director's Report

November 2022

### I. Personnel Update

- A. ERS is working with DER to fill the following positions: ERS Systems Administrator and 2 Program Assistant II.

### II. Member Services

- A. New retirees on payroll in October - 36; 23 are currently anticipated for the November payroll.
- B. Retiree/Employee deaths in September - 23.
- C. There was a Retirement Workshop for MPA on 10/14/22 and 36 attended. There was a Retirement Workshop for MFD on 10/21/22 and 5 attended.
- D. The last General City Retirement Workshop for this year will be on Friday, 11/18/22.
- E. Both Life Insurance Specialist positions are vacant. A Transfer/Promotional Opportunity was sent out by DER on 10/28/22. This opportunity is for all current City of Milwaukee employees only. Based on the number and quality of applicants received, the same list will be used to fill both positions.
- F. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
<b>Annuitants</b>	
Death - Duty	27
Death - Ordinary	96
Disability - Duty	379
Disability - Ordinary	582
Retirement	12,731
Separation	37
<b>Total Annuitants</b>	<b>13,852</b>
<b>Active</b>	<b>10,712</b>
<b>Deferred</b>	<b>3,140</b>
<b>Total Population</b>	<b>27,704</b>

### III. Financial Services

- A. Staff will be meeting with Baker Tilly and Cavanaugh Macdonald in December to outline the work schedules for the 12/31/22 Financial Audit and 1/1/23 Actuarial Valuation.
- B. DER has completed the market study analysis for Business Operations and HR positions within ERS. We have started implementing the pay raises and will continue to implement them through Pay Period 23, which ends November 26<sup>th</sup>. We expect the **market study analysis' for ERS senior manager to be** implemented in December as well. DER also plans to complete a market study for ERS administrative and clerical positions in December.

### IV. Information Services

- A. Struts Upgrade and Modernize MERITS Website in progress.

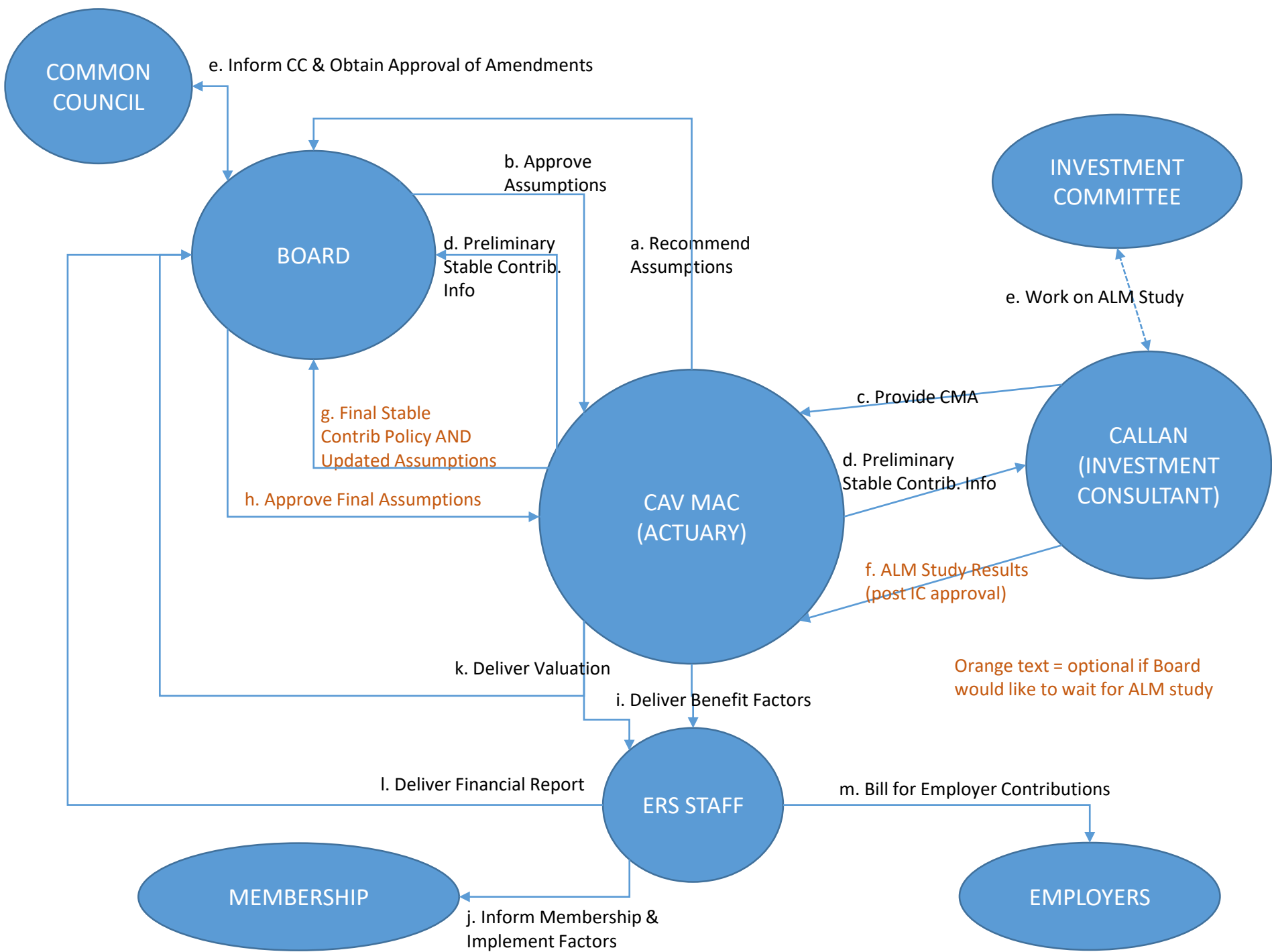
- B. FileNet P8-WebSphere Application Server Upgrade in progress.
- C. IBM-DataCap Upgrade in progress.
- D. System Galaxy Security System Upgrade in progress.
- E. VMware Workspace ONE Implementation in progress.
- F. Titan Content Manager Upgrade in progress.
- G. Network Infrastructure Firmware/OS Upgrade in progress.
- H. 789 and Remote Office PC Firmware Upgrade in progress.
- I. WUG Upgrade in progress.

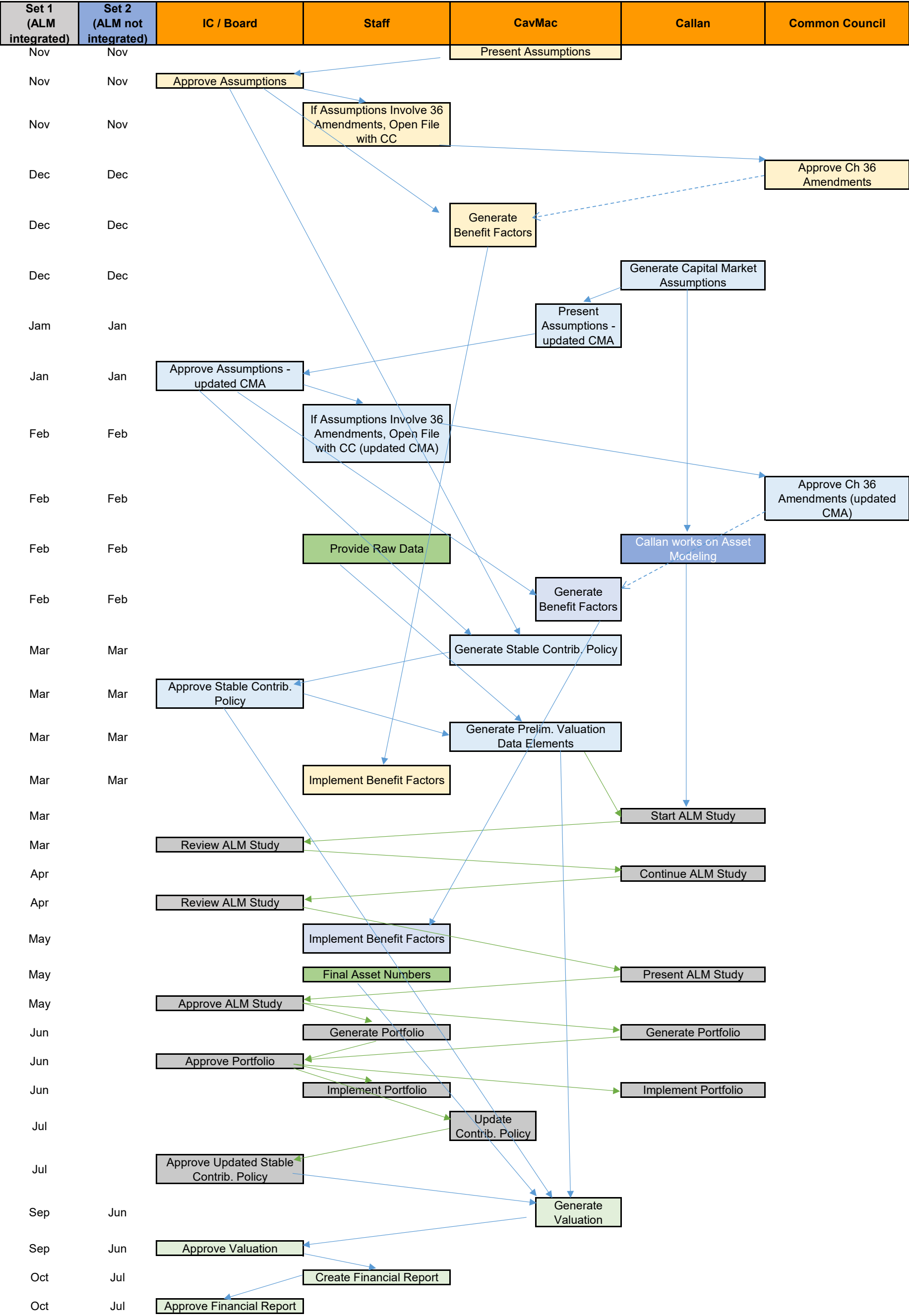
V. Administration

Pat Beckham and Larry Langer of Cavanaugh MacDonald are giving a presentation regarding proposed changes to the ERS funding policy resulting from the five-year experience study. Copies of the current and previous presentations regarding the five-year experience study and funding policy recommendations are included in with this **month's board packet for reference.**

Also attached is a graphic illustration of the work-flow and decision matrix associated with Board and staff activities in connection with determining and implementing both the outcomes of the five-experience study conducted by Cavanaugh MacDonald and the Asset-Liability Study proposed by Callan Assoc. These two studies are inter-**related and present a fair amount of complexity, including a potential "chicken or egg"** conundrum about which study is to be completed first with resulting outcomes incorporated as inputs in the other study.

In order to resolve the potential conundrum, Callan has advised that they will provide phase 1 of the Asset-Liability study at the proposed February 9, 2023 Investment Committee meeting which will model asset scenarios based on final capital market assumptions for 2023. Phase 2 of the study requires final determination of projected liabilities and reset of the stable contribution for the period 2023-2027 based on the updated discount rate adopted by the Board as **a result of Cavanaugh MacDonald's** five year experience study which in turn necessarily assumes the current investment policy and strategic asset allocation prior to completion of Phase 2 of the Asset-Liability Study.





# Basic Website Metrics

	2021			2022									
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.
Visits	5,442	5,180	4,728	5,053	4,698	5,107	4,872	4,212	4,565	4,852	5,268	3,791	<b>5,538</b>
Users	4,015	3,813	3,667	3,810	3,551	3,375	3,751	3,147	3,458	3,408	3,728	2,640	<b>3,979</b>
Page Views	16,046	13,712	12,305	13,532	12,267	13,227	12,458	11,258	10,415	11,694	13,000	9,856	<b>13,918</b>
Ave. Visit	2:35	2:10	2:09	2:18	2:10	2:10	2:14	2:29	1:13	1:09	1:07	1:29	<b>1:12</b>



## November 22, 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 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\*\***

➤ **10/13/22** Notice of Motion, Motion for Summary/Declaratory Judgment, Brief and Affidavits in Support filed.

➤ **10/19/22** Plaintiffs' Request to Adjourn Summary Judgment Hearing.

➤ **01/27/23** Case scheduled for Summary Judgment Hearing.

## **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**

- Hearing held on October 26, 2022. Parties' proposed findings submitted on November 3, 2022. Hearing Examiner's decision pending.

### **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: November 22, 2022**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
April 2 – 4, 2023	Callan Institute's 2023 National Conference Scottsdale, AZ	Callan Associates

# Trustee Conferences 2022-2023

**Board Meeting: November 22, 2022**

DATE(S)		
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 10, 2023 Noon – 1pm	Reviewing My 2022 Forecast and What the Outlook for 2023 Holds – John Stoltzfus, Chief Investment Strategist at Oppenheimer Virtual	CFA Society Madison
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
February 27 – 28, 2023	Investment Basics – Certificate Series Course Orlando, FL	International Foundation of Employee Benefit Plans
March 6 – 8, 2023	CII Spring 2023 Conference Washington, DC	Council of Institutional Investors
April 19, 2023	7 <sup>th</sup> 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) New Orleans, LA	NCPERS
May 21 – 24, 2023	Annual Conference & Exhibition (ACE) New Orleans, LA	NCPERS
May 23, 2023	9 <sup>th</sup> Annual Midwest Institutional Forum Chicago, IL	Markets Group

## Trustee Conferences 2022-2023

**Board Meeting: November 22, 2022**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
July 20 - 21, 2023	ALTSCHI Chicago, IL	Markets Group
July 24 - 25, 2023	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part I Chicago, IL	International Foundation of Employee Benefit Plans
July 26 - 27, 2023	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part II Chicago, IL	International Foundation of Employee Benefit Plans
September 11 – 13, 2023	CII Fall 2023 Conference Long Beach, CA	Council of Institutional Investors
September 20 – 21, 2023	Investment Basics – Certificate Series Course Las Vegas, NV	International Foundation of Employee Benefit Plans
September 30 – October 1, 2023	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part I Boston, MA	International Foundation of Employee Benefit Plans
October 3 – 5, 2023	2023 Roundtable for Consultants & Institutional Investors Chicago, IL	Institutional Investor
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
December 13-15, 2022	Polen and Earnest (Boca Raton, FL and Atlanta, GA)	Erich and Tom
February 1-3, 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 Networks, Inc.	8/25/2022 \$	24
Centrais Electricas Brasileiras S.A.	10/6/2022 \$	8,883
<b>Total Class Action Income Received in 2022 YTD</b>	<b>\$</b>	<b>121,679</b>

## Adjusted Quarterly Cost Basis of Equity September 30, 2022

Date	Market Value of Total Fund	Equity as Percent of Portfolio on a Market Value Basis %	Cost Value of Total Fund	Equity as Percent of Portfolio on Cost Basis %
Jun-15	4,974,456,735	57.8%	4,213,135,754	53.1%
Sep-15	4,659,927,006	55.7%	4,188,522,173	53.5%
Dec-15	4,711,796,883	57.4%	4,160,594,964	54.1%
Mar-16	4,777,710,957	58.4%	4,201,741,347	55.8%
Jun-16	4,753,379,711	58.9%	4,167,278,877	56.8%
Sep-16	4,878,963,087	59.2%	4,265,248,439	52.6%
Dec-16	4,875,173,931	58.7%	4,259,899,650	51.6%
Mar-17	5,054,238,404	59.5%	4,296,075,081	54.0%
Jun-17	5,141,650,168	59.6%	4,238,775,000	54.0%
Sep-17	5,253,079,121	60.3%	4,219,738,169	54.0%
Dec-17	5,356,413,868	60.7%	4,347,067,963	54.6%
Mar-18	5,360,763,834	54.5%	4,493,669,234	48.5%
Jun-18	5,364,526,404	52.8%	4,508,052,439	47.2%
Sep-18	5,416,752,057	53.2%	4,475,388,278	47.5%
Dec-18	4,952,685,618	50.7%	4,457,976,536	48.9%
Mar-19	5,287,164,709	52.5%	4,458,818,165	48.5%
Jun-19	5,368,388,543	52.2%	4,439,503,880	48.5%
Sep-19	5,336,312,140	51.6%	4,409,684,126	48.6%
Dec-19	5,525,553,595	53.1%	4,370,713,537	48.7%
Mar-20	4,532,932,039	47.6%	4,421,955,418	47.5%
Jun-20	4,904,369,177	52.6%	4,216,408,115	50.3%
Sep-20	5,077,501,527	52.0%	4,228,679,409	49.0%
Dec-20	5,531,306,606	53.5%	4,270,905,026	47.9%
Mar-21	5,693,916,321	53.5%	4,338,199,305	46.1%
Jun-21	6,012,966,775	52.3%	4,337,113,221	45.0%
Sep-21	6,026,295,778	48.4%	4,378,190,704	42.2%
Dec-21	6,218,053,813	47.6%	4,473,429,725	41.0%
Mar-22	6,156,069,941	46.5%	4,642,000,891	41.1%
Jun-22	5,633,734,690	44.6%	4,548,655,130	43.9%
Sep-22	5,276,131,314	43.7%	4,538,899,040	44.8%

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

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

The meeting was called to order at 9:03 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  
Dan Gopalan, Chief Financial Officer  
Jeff Shober, Chief Technology Officer  
Mary Turk, Business Operations Analyst  
Jan Wills, Board Stenographer

Others Present: Kathy Block, City Attorney's Office; Terry Siddiqui, DS Consulting Partners, Inc., no members of the public called in to the meeting.

**Discussion of Internal Audit Charter.** As a matter of information, Committee members received the Administration & Operations Committee Audit Charter and the Internal Audit Charter. Ms. Sawa had completed a detailed review of the annual Audit Charter and was thinking about the standards that are new that our internal auditors outsource to follow and wanted more assurance on what they were doing. Ms. Sawa had been in talks with CliftonLarsonAllen (CLA) and CLA had sent her the detailed standards they follow. She said they do follow the consulting standards of AICPA. Ms. Sawa said CLA would talk with the A&O Committee at its December 2022 meeting. Ms. Sawa also said the Committee would need to come to a consensus on what they want CLA to follow. She said the Committee would then need to re-word the Professional Standards paragraph in the audit charter.

**Approval of Contract for Banking Services.** As a matter of information, Committee members received the Second Amendment to the Service Agreement Between the Employees' Retirement System of the City of Milwaukee and Wells Fargo Bank, N.A. Ms. Block noted the contract is just a short three-month extension with the existing contract set to expire at the end of 2022. She said Wells Fargo was selected for a new contract that would have been set to begin in January 2023. She said Wells Fargo agreed to the same terms on the amendment until the end of March 2023.

It was moved by Ms. King, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Contract for Banking Services.

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.

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 9:14 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: 2022-10-31**

	Budget	2022-7	2022-8	2022-9	2022-10	Year to Date Expended	Life to Date Commitments	Remaining Budget
<b>Regular Departmental Appropriations:</b>								
Employee Salaries & Wages	3,583,222.00	-	-	-	-	-	-	3,583,222.00
Base Pay-Salary & Wage	-	205,610.45	211,510.55	352,154.87	121,178.89	2,317,977.43	-	(2,317,977.43)
Overtime Premium	-	303.17	127.77	624.46	133.73	2,541.12	-	(2,541.12)
Other Worked Compensation	-	-	1,389.30	-	(334.64)	5,895.03	-	(5,895.03)
Non-Worked Compensation	-	-	-	-	-	(24.00)	-	24.00
Time Paid Not Worked	-	41,307.82	41,479.35	40,009.84	9,074.98	376,281.29	-	(376,281.29)
Employee Salaries & Wages	\$ 3,583,222.00	247,221.44	254,506.97	392,789.17	130,052.96	\$ 2,702,670.87	\$ -	\$ 880,551.13
Fringe Benefits Applied	1,648,282.00	-	-	-	-	-	-	1,648,282.00
Fringe Benefits Applied	-	106,074.44	109,118.29	181,676.69	62,516.19	1,195,844.61	-	(1,195,844.61)
Applied Employee Benefits	\$ 1,648,282.00	106,074.44	109,118.29	181,676.69	62,516.19	\$ 1,195,844.61	\$ -	\$ 452,437.39
<b>Operating Expenditures</b>								
Operating Expenditures	15,558,400.00	-	-	-	-	-	-	15,558,400.00
Office Supplies	-	956.70	1,062.79	883.81	808.29	5,819.68	-	(5,819.68)
Printed Forms	-	-	7,389.07	1,947.64	-	9,336.71	-	(9,336.71)
Magazines, Subscription	-	2,390.84	2,870.77	847.20	820.20	7,381.20	-	(7,381.20)
Postal and Mailing Services	-	9,785.65	14,141.15	18,226.41	11,254.57	120,269.18	-	(120,269.18)
Electricity	-	-	4,022.76	1,944.63	2,041.41	14,840.93	-	(14,840.93)
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	39,981.48	370,072.99	-	(370,072.99)
Printing & Dupl Machine Rental	-	3,218.39	7,911.42	2,054.18	3,549.95	31,024.06	-	(31,024.06)
Consulting	-	40,666.67	49,750.01	39,366.03	30,499.99	351,526.32	-	(351,526.32)
Medical, Surgical & Lab	-	8,941.90	11,432.38	4,483.39	10,063.37	94,149.03	-	(94,149.03)
Administrative Charges	-	44,178.91	26,248.55	58,046.15	13,986.20	445,203.53	-	(445,203.53)
Other Professional Services	-	1,277,800.21	995,736.94	75,000.00	872,699.13	5,168,239.01	-	(5,168,239.01)
Systems Support	-	67,669.00	131,367.50	33,932.70	74,570.26	514,053.96	-	(514,053.96)
IT Infrastructure	-	-	-	10,560.00	3,900.00	118,349.56	-	(118,349.56)
Infrastructure	-	-	-	-	-	49,203.13	-	(49,203.13)
Telephone, Communications	-	10,700.62	5,617.49	3,109.08	8,756.71	61,106.52	-	(61,106.52)
Bldgs-Machinery & Equip Repair	-	5,121.00	-	-	-	9,127.25	-	(9,127.25)
Travel & Subsistence	-	3,708.94	5,663.06	1,424.41	3,387.46	35,477.38	-	(35,477.38)
Equipment Repair (Parts & Labo	-	-	-	-	-	532.77	-	(532.77)
Printing Services	-	2,446.62	610.99	1,920.18	42.41	6,916.45	-	(6,916.45)
Insurance-Non Health	-	-	-	-	-	12,724.00	-	(12,724.00)
Other Misc Services	-	341.02	1,114.34	8,070.32	533.17	29,712.20	-	(29,712.20)
Operating Expenditures	\$ 15,558,400.00	1,524,865.81	1,297,116.08	286,339.68	1,076,894.60	\$ 7,461,969.13	\$ -	\$ 8,096,430.87
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	860,805.54	1,269,463.75	\$ 11,360,484.61	\$ -	\$ 10,302,419.39
<b>Other Departmental Appropriations:</b>								
Pol Pension Lump-Sum Sup Cont	10,000.00	-	-	-	-	10,000.00	-	-
PABF Payroll	55,000.00	-	1,996.29	3,677.04	1,995.45	28,303.75	-	26,696.25
Group Life Insurance Premium	4,560,000.00	369,837.56	372,374.99	372,777.42	376,183.53	3,757,025.15	-	802,974.85
Retiree's Benefit Adjustment	32,000.00	1,889.92	2,219.07	-	3,545.52	20,959.16	-	11,040.84
Other Classes	\$ 4,657,000.00	371,727.48	376,590.35	376,454.46	381,724.50	\$ 3,816,288.06	\$ -	\$ 840,711.94
Total Dept Appropriations	\$ 26,319,904.00	2,249,889.17	2,037,331.69	1,237,260.00	1,651,188.25	\$ 15,176,772.67	\$ -	\$ 11,143,131.33

# Monthly Board Report

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-TOWNSEND CASH 2602846	0.00 0.00%	321,867.63 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	321,867.63 0.01%
MILWAUKEE-CASH ACCOUNT 2605491	0.00 0.00%	46,781,478.67 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	46,781,478.67 0.85%
MILWAUKEE-THE NORTHERN TRS 2605496	0.00 0.00%	0.00 0.00%	208,098,114.40 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	208,098,114.40 3.79%
MILWAUKEE-ERS EXPENSE FUND 2605504	0.00 0.00%	693,516.74 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	693,516.74 0.01%
MILWAUKEE-PABF BENEFIT PAYMENT 2610128	0.00 0.00%	2,505.60 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	2,505.60 0.00%
MILWAUKEE-DFA INTERNATIONAL 2619838	0.00 0.00%	0.00 0.00%	166,335,394.50 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	166,335,394.50 3.03%
MILWAUKEE-EARNEST -SL 2630942	0.00 0.00%	1,740,210.45 1.65%	103,714,671.40 98.35%	0.00 0.00%	0.00 0.00%	0.00 0.00%	105,454,881.80 1.92%
MILWAUKEE - UBS A&Q 2637239	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	438,626,159.60 100.00%	0.00 0.00%	438,626,159.60 8.00%
MILWAUKEE-DFA 2637848	0.00 0.00%	0.00 0.00%	193,599,587.10 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	193,599,587.10 3.53%
MILWAUKEE-BAIRD 2674604	0.00 0.00%	25,391,220.63 31.82%	0.00 0.00%	56,371,475.49 70.64%	0.00 0.00%	-1,959,048.89 -2.45%	79,803,647.23 1.46%
MILWAUKEE-CASTLEARK 2697782	0.00 0.00%	521,273.46 0.61%	85,554,634.30 99.78%	0.00 0.00%	0.00 0.00%	-330,063.16 -0.38%	85,745,844.60 1.56%
MILWAUKEE - BLACKROCK R1000V 4472746	0.00 0.00%	0.00 0.00%	203,290,288.40 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	203,290,288.40 3.71%
MILWAUKEE-LOOMIS SAYLE CME01	2,030,591.88 0.63%	0.00 0.00%	4,858,521.23 1.50%	314,647,480.80 96.98%	0.00 0.00%	2,901,141.90 0.89%	324,437,735.80 5.92%
MILWAUKEE-BRANDES INT'L EQUITY CME03	4,633,396.09 1.45%	0.00 0.00%	312,785,524.10 97.95%	0.00 0.00%	1,499,170.58 0.47%	412,962.63 0.13%	319,331,053.40 5.82%
MILWAUKEE-REAMS CME04	28,888,592.97 6.17%	0.00 0.00%	0.00 0.00%	611,618,991.10 130.56%	7,821,093.41 1.67%	-179,873,751.60 -38.40%	468,454,925.90 8.54%

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-BLAIR CME05	8,803,562.91 3.51%	0.00 0.00%	241,431,440.20 96.17%	0.00 0.00%	753,056.56 0.30%	65,678.13 0.03%	251,053,737.80 4.58%
MILWAUKEE-MFS CME12	1,705,810.21 1.01%	0.00 0.00%	167,598,620.60 98.78%	0.00 0.00%	371,643.79 0.22%	0.00 0.00%	169,676,074.60 3.09%
MILWAUKEE-POLEN 2644553	0.00 0.00%	11,440,425.22 8.55%	122,436,405.20 91.45%	0.00 0.00%	0.00 0.00%	0.00 0.00%	133,876,830.40 2.44%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	176,825,949.90 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	176,825,949.90 3.22%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	251,212,821.80 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	251,212,821.80 4.58%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	82,504,708.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	82,504,708.00 1.50%
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%	5,383,816.00 100.00%	0.00 0.00%	5,383,816.00 0.10%
MILWAUKEE-APTITUDE / 4479682 4479682	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	117,738,000.00 100.00%	0.00 0.00%	117,738,000.00 2.15%
MILWAUKEE - DFA US LCV CME15	498,492.29 0.33%	0.00 0.00%	149,840,745.50 99.67%	0.00 0.00%	0.00 0.00%	-1,316.65 0.00%	150,337,921.10 2.74%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	214,069,246.40 100.00%	0.00 0.00%	0.00 0.00%	214,069,246.40 3.90%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	708,996,568.00 100.00%	0.00 0.00%	708,996,568.00 12.93%
MILWAUKEE-REAL ESTATE MULTIPLE	0.00 0.00%	-315,830.09 -0.06%	0.00 0.00%	0.00 0.00%	570,961,504.20 100.00%	315,560.21 0.06%	570,961,234.30 10.41%

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
Total for consolidation	46,560,446.35	86,576,668.31	2,470,087,426.63	1,196,707,193.79	1,862,912,647.14	-178,468,837.43	5,484,375,544.67
% for consolidation	0.85%	1.58%	45.04%	21.82%	33.97%	-3.25%	100.00%

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

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**Employees' Retirement System**  
**Securities Lending Income and Expenses: 2022**  
**As of October 31, 2022**

Date	Amounts Expended			Balance
	Income From Lending	Fees	Administrative Transfers	
<b>Balance 12-31-21</b>				<b>\$552,798.88</b>
<b>Quarter 1 Totals</b>	\$205,746.26	\$41,117.46	\$553,000.00	164,427.68
<b>Quarter 2 Totals</b>	\$349,721.49	\$69,872.91	\$0.00	444,276.26
<b>Quarter 3 Totals</b>	\$238,860.48	\$47,358.27	\$0.00	635,778.47
10/05/21	\$1,107.66	\$0.00	\$0.00	\$636,886.13
10/17/21	\$68,905.38	\$13,773.95	\$0.00	\$692,017.56
<b>Current Totals</b>	<b>\$864,341.27</b>	<b>\$172,122.59</b>	<b>\$553,000.00</b>	<b>\$692,017.56</b>

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

# MERS PERFORMANCE ESTIMATES

October 31, 2022

Account	2021 Return	1st Quarter 2022	2nd Quarter 2022	3rd Quarter 2022	Oct 2022	YTD Thru 10/31/22
<b>Northern Trust S&amp;P 500 Index</b>	28.69%	-4.58%	-16.09%	-4.88%	8.09%	-17.69%
S&P 500	28.71%	-4.60%	-16.10%	-4.88%	8.10%	-17.70%
Difference	-0.01%	0.02%	0.01%	0.00%	-0.01%	0.01%
<b>BlackRock Russell 1000 Value Index</b>	25.18%	-0.76%	-12.21%	-5.61%	10.26%	-9.33%
Russell 1000 Value	25.16%	-0.74%	-12.21%	-5.62%	10.25%	-9.32%
Difference	0.02%	-0.02%	0.00%	0.01%	0.01%	-0.01%
<b>DFA US Large Cap Value</b>	27.52%	0.32%	-12.38%	-5.38%	12.90%	-6.10%
Russell 1000 Value	25.16%	-0.74%	-12.21%	-5.62%	10.25%	-9.32%
Difference	2.36%	1.06%	-0.17%	0.24%	2.65%	3.22%
<b>Polen</b>	24.84%	-13.76%	-24.05%	-5.13%	4.68%	-34.95%
S&P 500	28.71%	-4.60%	-16.10%	-4.88%	8.10%	-17.70%
Difference	-3.86%	-9.16%	-7.95%	-0.25%	-3.42%	-17.25%
<b>Earnest</b>	26.09%	-5.49%	-11.67%	-5.63%	7.77%	-15.10%
Russell MidCap	22.58%	-5.68%	-16.85%	-3.44%	8.88%	-17.55%
Difference	3.50%	0.19%	5.18%	-2.19%	-1.11%	2.45%
<b>CastleArk</b>	12.30%	-15.30%	-19.30%	1.62%	8.25%	-24.80%
Russell 2000 Growth	2.83%	-12.63%	-19.25%	0.24%	9.49%	-22.57%
Difference	9.46%	-2.67%	-0.05%	1.38%	-1.24%	-2.23%
<b>DFA US Small Cap Value</b>	40.61%	1.02%	-12.13%	-3.24%	14.96%	-1.25%
Russell 2000 Value	28.27%	-2.40%	-15.28%	-4.61%	12.59%	-11.19%
Difference	12.34%	3.42%	3.15%	1.37%	2.37%	9.94%
<b>Brandes</b>	14.37%	-2.65%	-10.45%	-11.85%	7.35%	-17.51%
MSCI EAFE	11.26%	-5.91%	-14.51%	-9.36%	5.38%	-23.17%
Difference	3.10%	3.26%	4.06%	-2.49%	1.97%	5.66%
<b>William Blair</b>	12.75%	-14.84%	-18.81%	-7.91%	5.21%	-33.01%
MSCI ACWI ex US	8.29%	-5.33%	-13.54%	-9.80%	3.00%	-23.96%
Difference	4.46%	-9.51%	-5.27%	1.89%	2.21%	-9.05%
<b>DFA Int'l Small Cap Value</b>	15.90%	-2.58%	-13.68%	-10.09%	5.59%	-20.17%
MSCI EAFE Small Cap	10.10%	-8.53%	-17.69%	-9.83%	4.23%	-29.24%
Difference	5.80%	5.95%	4.01%	-0.26%	1.36%	9.07%
<b>AQR</b>	0.24%	-3.66%	-13.84%	-12.78%	-2.89%	-29.70%
MSCI EM	-2.54%	-6.97%	-11.45%	-11.57%	-3.10%	-29.42%
Difference	2.78%	3.31%	-2.39%	-1.21%	0.21%	-0.28%
<b>BlackRock Global Alpha Tilts</b>	18.72%	-5.23%	-14.93%	-7.48%	7.14%	-20.08%
MSCI ACWI	18.54%	-5.36%	-15.66%	-6.82%	6.03%	-21.14%
Difference	0.18%	0.13%	0.73%	-0.66%	1.11%	1.06%
<b>MFS</b>	19.56%	-7.40%	-13.56%	-7.66%	4.64%	-22.65%
MSCI ACWI	18.54%	-5.36%	-15.66%	-6.82%	6.03%	-21.14%
Difference	1.02%	-2.04%	2.10%	-0.84%	-1.39%	-1.51%
<b>BlackRock Gov't Bond Index</b>		-5.42%	-3.70%	-4.28%	-1.35%	-14.00%
Bloomberg Gov't Bond		-5.53%	-3.71%	-4.30%	-1.37%	-14.14%
Difference		0.11%	0.01%	0.02%	0.02%	0.14%
<b>Reams</b>	-1.22%	-5.52%	-4.98%	-4.59%	-0.71%	-14.95%
Bloomberg US Aggregate	-1.54%	-5.93%	-4.69%	-4.75%	-1.30%	-15.72%
Difference	0.32%	0.41%	-0.29%	0.16%	0.59%	0.77%
<b>Loomis Sayles</b>	2.14%	-5.74%	-6.81%	-2.72%	-0.16%	-14.69%
Bloomberg US Aggregate	-1.54%	-5.93%	-4.69%	-4.75%	-1.30%	-15.72%
Difference	3.69%	0.19%	-2.12%	2.03%	1.14%	1.03%
<b>UBS</b>	8.12%	1.46%	3.06%	0.65%	0.73%	6.01%
SOFR + 4% *	4.27%	0.45%	1.12%	1.46%	0.56%	3.63%
Difference	3.86%	1.01%	1.94%	-0.81%	0.17%	2.38%
<b>Aptitude **</b>					0.94%	0.94%
SOFR + 4%					0.56%	0.56%
Difference					0.38%	0.38%
<b>Principal</b>	17.58%	5.82%	-9.98%	-8.19%	4.70%	-8.43%
Blended Benchmark	15.87%	6.84%	-10.75%	-7.91%	4.25%	-8.46%
Difference	1.72%	-1.02%	0.77%	-0.28%	0.45%	0.03%
<b>Baird</b>	-0.20%	-1.70%	-0.58%	-0.64%	-0.11%	-3.01%
Bloomberg Govt/Credit 1-3 Year	-0.47%	-2.49%	-0.63%	-1.48%	-0.13%	-4.66%
Difference	0.27%	0.79%	0.05%	0.84%	0.02%	1.65%
<b>Total MERS</b>	<b>18.89%</b>	<b>-0.46%</b>	<b>-6.79%</b>	<b>-4.53%</b>	<b>3.16%</b>	<b>-8.62%</b>

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 began 10/1/2022

# ACTUAL ALLOCATIONS

October 31, 2022

		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.89%	\$ 208,098,114	3.85%
	BlackRock (Russell 1000 Value)	3.89%	\$ 203,290,288	3.76%
	Sub-Total Passive Large Cap Equity	7.78%	\$ 411,388,403	7.61%
Active Large Cap Equity	Polen (S&P 500)	2.19%	\$ 133,876,830	2.48%
	DFA (Russell 1000 Value)	2.78%	\$ 150,337,921	2.78%
	Sub-Total Active Large Cap Equity	4.97%	\$ 284,214,751	5.26%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	2.00%	\$ 105,454,882	1.95%
	CastleArk (Russell 2000 Growth)	1.61%	\$ 85,745,845	1.59%
	DFA (Russell 2000 Value)	3.44%	\$ 193,599,587	3.58%
	Sub-Total Active Mid/Small Cap Equity	7.05%	\$ 384,800,314	7.12%
Total Domestic		19.80%	\$ 1,080,403,468	19.98%
International				
Active International Equity	Brandes (MSCI EAFE)	5.80%	\$ 319,331,053	5.91%
	William Blair (MSCI ACWI ex US)	4.41%	\$ 251,053,738	4.64%
	DFA (MSCI EAFE Small Cap)	3.20%	\$ 166,335,394	3.08%
	AQR (MSCI EM)	1.99%	\$ 80,147,784	1.48%
Total International		15.40%	\$ 816,867,970	15.11%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.84%	\$ 251,212,822	4.65%
	MFS (MSCI ACWI)	3.96%	\$ 169,676,075	3.14%
Total Global		8.80%	\$ 420,888,896	7.78%
<b>Total Public Equity</b>		<b>44.00%</b>	<b>\$ 2,318,160,334</b>	<b>42.88%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 328,938,070	6.08%
	Mesirow (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 279,848,240	5.18%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 36,901,797	0.68%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 79,453,912	1.47%
<b>Total Private Equity</b>		<b>10.00%</b>	<b>\$ 725,142,019</b>	<b>13.41%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>54.00%</b>	<b>\$ 3,043,302,353</b>	<b>56.29%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash				
		1.00%	\$ 47,799,369	0.88%
Passive Fixed Income	BlackRock (Bloomberg US Government)	5.50%	\$ 214,069,246	3.96%
	Reams (Bloomberg US Aggregate)	9.90%	\$ 468,454,926	8.66%
	Loomis Sayles (Bloomberg US Aggregate)	6.60%	\$ 324,437,736	6.00%
Sub-Total Active Fixed Income		16.50%	\$ 792,892,662	14.67%
<b>Total Fixed Income</b>		<b>23.00%</b>	<b>\$ 1,054,761,277</b>	<b>19.51%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 118,542,814	2.19%
	UBS (SOFR + 4%)	7.00%	\$ 441,828,129	8.17%
<b>Total Absolute Return</b>		<b>10.00%</b>	<b>\$ 560,370,943</b>	<b>10.36%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>33.00%</b>	<b>\$ 1,615,132,220</b>	<b>29.87%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	3.03%	\$ 147,873,490	2.74%
	Morgan Stanley (NFI-ODCE)	3.03%	\$ 175,546,220	3.25%
	LaSalle (NFI-ODCE)	1.52%	\$ 126,763,721	2.34%
	Prologis (NFI-ODCE)	1.52%	\$ 100,248,660	1.85%
	Sub-Total Private Real Estate - Core	9.10%	\$ 550,432,091	10.18%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 20,742,924	0.38%
Public Real Assets	Principal (Blended Benchmark)	3.90%	\$ 176,825,950	3.27%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 748,000,965</b>	<b>13.84%</b>
<b>TOTAL ERS</b>			<b>\$ 5,406,435,538</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>			<b>R. W. Baird</b>	<b>79,803,647</b>

# PROJECTED TARGET ALLOCATIONS

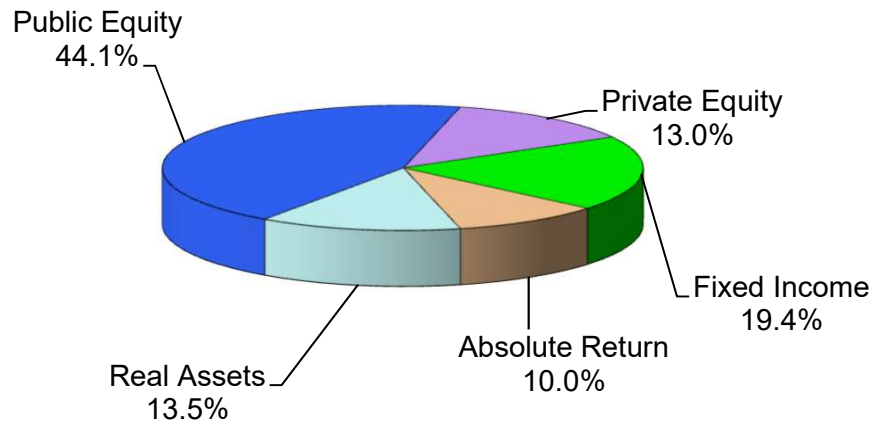
Nov 15, 2022

		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.89%	\$ 214,738,008	3.85%
	BlackRock (Russell 1000 Value)	3.89%	\$ 211,222,770	3.78%
	Sub-Total Passive Large Cap Equity	7.78%	\$ 425,960,779	7.63%
Active Large Cap Equity	Polen (S&P 500)	2.19%	\$ 137,829,795	2.47%
	DFA (Russell 1000 Value)	2.78%	\$ 156,879,037	2.81%
	Sub-Total Active Large Cap Equity	4.97%	\$ 294,708,832	5.28%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	2.00%	\$ 109,500,945	1.96%
	CastleArk (Russell 2000 Growth)	1.61%	\$ 85,565,737	1.53%
	DFA (Russell 2000 Value)	3.44%	\$ 201,436,191	3.61%
	Sub-Total Active Mid/Small Cap Equity	7.05%	\$ 396,502,873	7.10%
Total Domestic		19.80%	\$ 1,117,172,484	20.01%
International				
Active International Equity	Brandes (MSCI EAFE)	5.80%	\$ 351,610,011	6.30%
	William Blair (MSCI ACWI ex US)	4.41%	\$ 272,642,613	4.88%
	DFA (MSCI EAFE Small Cap)	3.20%	\$ 181,474,785	3.25%
	AQR (MSCI EM)	1.99%	\$ 90,806,779	1.63%
Total International		15.40%	\$ 896,534,188	16.06%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.84%	\$ 266,067,030	4.77%
	MFS (MSCI ACWI)	3.96%	\$ 181,017,976	3.24%
Total Global		8.80%	\$ 447,085,006	8.01%
<b>Total Public Equity</b>		<b>44.00%</b>	<b>\$ 2,460,791,677</b>	<b>44.07%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 328,938,070	5.89%
	Mesirow (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 279,848,240	5.01%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 36,901,797	0.66%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 79,453,912	1.42%
<b>Total Private Equity</b>		<b>10.00%</b>	<b>\$ 725,142,019</b>	<b>12.99%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>54.00%</b>	<b>\$ 3,185,933,696</b>	<b>57.06%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash		1.00%	\$ 50,428,776	0.90%
Passive Fixed Income	BlackRock (Bloomberg US Government)	5.50%	\$ 217,581,129	3.90%
Active Fixed Income	Reams (Bloomberg US Aggregate)	9.90%	\$ 483,610,048	8.66%
	Loomis Sayles (Bloomberg US Aggregate)	6.60%	\$ 331,171,906	5.93%
	Sub-Total Active Fixed Income	16.50%	\$ 814,781,953	14.59%
<b>Total Fixed Income</b>		<b>23.00%</b>	<b>\$ 1,082,791,859</b>	<b>19.39%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 118,542,814	2.12%
	UBS (SOFR + 4%)	7.00%	\$ 441,828,129	7.91%
<b>Total Absolute Return</b>		<b>10.00%</b>	<b>\$ 560,370,943</b>	<b>10.04%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>33.00%</b>	<b>\$ 1,643,162,802</b>	<b>29.43%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	3.23%	\$ 147,873,490	2.65%
	Morgan Stanley (NFI-ODCE)	3.23%	\$ 175,546,220	3.14%
	LaSalle (NFI-ODCE)	1.62%	\$ 126,763,721	2.27%
	Prologis (NFI-ODCE)	1.62%	\$ 99,089,052	1.77%
	Sub-Total Private Real Estate - Core	9.70%	\$ 549,272,483	9.84%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 20,737,709	0.37%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 184,490,233	3.30%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 754,500,425</b>	<b>13.51%</b>
<b>TOTAL ERS</b>			<b>\$ 5,583,596,923</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>	<b>R. W. Baird</b>		<b>80,252,182</b>	

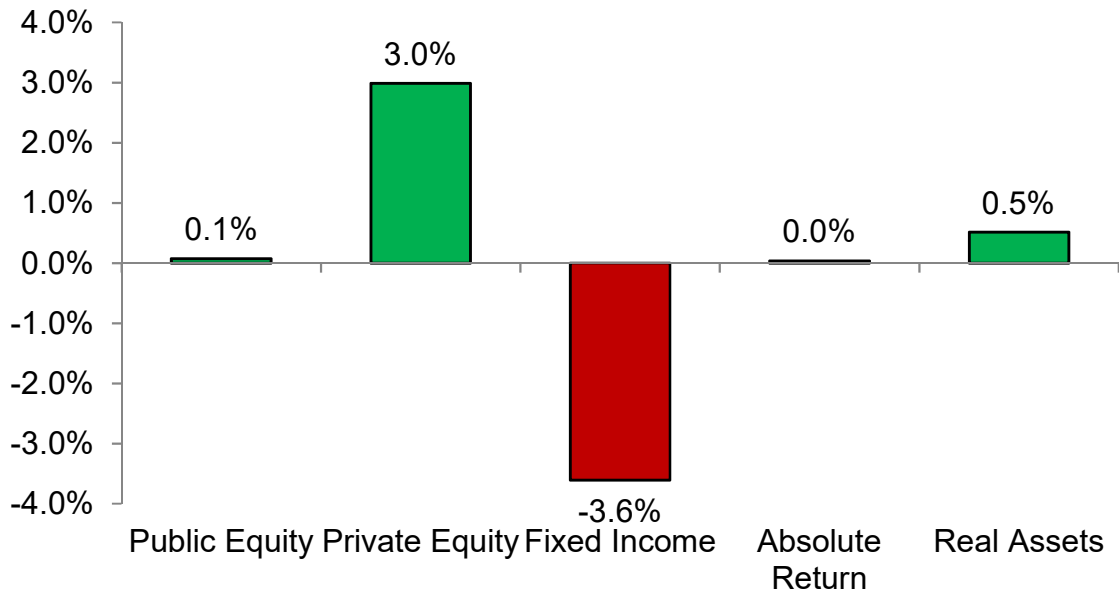


# PROJECTED VERSUS POLICY ALLOCATIONS

## 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>November 15, 2022</u>		
Retiree Payroll Expense		\$ (373,027,678)	
PABF Payroll Expense		\$ (40,820)	
Expenses Paid		\$ (12,267,842)	
GPS Benefit Payments		\$ (7,911,443)	
Sub-Total Monthly Cash Outflows			\$ (393,247,783)
Monthly Cash Inflows thru	<u>November 15, 2022</u>		
Contributions		\$ 105,155,005	
PABF Contribution		\$ 45,398	
Sub-Total Monthly Contributions			\$ 105,200,403
City Reserve Fund Contribution			\$ 40,000,000
Capital Market Gain/(Loss)			<u>\$ (348,238,263)</u>
Value including City Reserve & PABF Accounts as of	<u>November 15, 2022</u>		<u>\$ 5,663,849,105</u>
Less City Reserve Account <sup>1</sup>			\$ 80,252,182
Less PABF Fund <sup>2</sup>			\$ 2,509
Net Projected ERS Fund Value as of	<u>November 15, 2022</u>		<u><u>\$ 5,583,594,414</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.



## December 20, 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.

**11/03/22** Received legal opinion from City Attorney's Office.

**11/22/22** Matter held over to December 2022 Pension Board meeting.

**12/20/22 On Pension Board Agenda.**

**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.

**10/25/22** Contract extension approved by Pension Board. City Attorney's Office continues negotiations with Wells Fargo for a new banking services agreement.

**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**

**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 Matter referred to outside legal counsel, Reinhart Boerner Van Deuren S.C.

**11/28/22** Received proposed Side Letter and Limited Partnership Agreement from Reinhart.

**12/08/22** LPA and Side Letter documents approved by the Investment Committee pursuant to Board Rule VII.G.2.b.



## December 20, 2022 Board Meeting

### **PENDING LEGISLATION REPORT**

#### **PART 1. PENDING CHARTER ORDINANCES FOR COMMON COUNCIL ACTION**

**CCFN 220717** Substitute resolution authorizing city departments to expend monies appropriated in the 2023 city budget for Special Purpose Accounts, Debt Service Fund, Provisions for Employees' Retirement Fund, Delinquent Tax Fund, Common Council Contingent Fund, Grant and Aid Fund, and Special Capital Projects or Purposes.

09/20/22 File assigned to F&P Committee.

12/05/22 Resolution amendment submitted.

12/07/22 Recommended for adoption by Committee.

12/13/22 Scheduled for Common Council action.

#### **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.

**FILED**  
**12-13-2022**  
**George L. Christenson**  
**Clerk of Circuit Court**  
**2022CV001119**

**BY THE COURT:**

**DATE SIGNED: December 13, 2022**

Electronically signed by Kristy Yang  
Circuit Court Judge

**STATE OF WISCONSIN**

**CIRCUIT COURT**  
**Branch 47**

**MILWAUKEE COUNTY**

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FAITH WOODEN, Spouse of Late Lt. Kenyatte Wooden,

Plaintiff,

v.

Case No. 22-CV-1119

CITY OF MILWAUKEE and  
CITY OF MILWAUKEE EMPLOYEES'  
RETIREMENT SYSTEM, ANNUITY  
& PENSION BOARD

Defendants.

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### **DECISION AND ORDER**

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Petitioner Faith Wooden filed this certiorari action to petition this Court to review the City of Milwaukee Employees' Retirement System, Annuity & Pension Board's (the "Board") decision denying Petitioner Accidental Death Benefits for the death of her late husband, Lt. Kenyatte Wooden ("Lt. Wooden"). Petitioner seeks an order reversing the Board's decision. On January 26, 2022, the Board issued a decision denying Petitioner Accidental Duty Death Benefits because the Board determined Lt. Wooden's death did not meet the eligibility requirements for the Accidental Death Benefit. The Court has reviewed the record, evidence, and arguments, and for the reasons set forth herein AFFIRMS the Board's decision.

### **STATEMENT OF FACTS**

Lt. Wooden began employment with the Milwaukee Police Department ("MPD") in November 1997. *Dkt. #14* at 50. Lt. Wooden was employed by MPD for 23 years until his death on February 2, 2021. *Id.* On November 2, 2020, Lt. Wooden tested positive for COVID-19. *Id.* at 57. After testing positive, Lt. Wooden did not seek medical attention and was never hospitalized.

*Id.* at 51. Petitioner completed a worker's compensation form after Lt. Wooden's death, listing his last day of work as November 1, 2020. *Id.* at 50.

Lt. Wooden passed away suddenly on February 2, 2021, at the age of 45, after suffering from a cardiovascular episode. *Id.* at 35. An autopsy was performed and the Milwaukee County Medical Examiner prepared a report. *Id.* The report contains several key findings. At the time of his death, Lt. Wooden was obese, weighing 389 pounds with a height of 6'. *Id.* at 36. The report also noted Lt. Wooden had a "markedly enlarged" heart, exhibiting left ventricular hypertrophy and dilation to the cardiac chambers. *Id.* at 37. The report also noted Lt. Wooden had myocyte hypertrophy with increased interstitial and perivascular fibrosis. *Id.* Finally, the report noted that Lt. Wooden's lungs exhibited pulmonary edema. *Id.* The report also noted Lt. Wooden contracted COVID-19 three months prior. *Id.* The medical examiner determined Lt. Wooden's cause of death to be hypertensive cardiovascular disease, with a contributing condition of recent COVID-19 infection. *Id.* at 33.

Following the autopsy, a death certificate was issued that listed the same cause of death and same contributing condition as the medical examiner's report. *Id.* at 32. The "immediate cause" of death is listed as hypertensive cardiovascular disease. *Id.* COVID-19 is listed as an other significant condition "contributing to death but not resulting in the underlying cause given in Part 1.<sup>1</sup>" *Id.*

Following his death, on March 4, 2021, Lt. Wooden's wife, Faith Wooden, the Petitioner, filed an application for Accidental Duty Death Benefits with the City of Milwaukee. *Id.* at 29-31. The application lists hypertensive cardiovascular disease as the cause of death. *Id.* at 30. On June 4, 2021, the Medical Council of the City's Employment Retirement System ("ERS") recommended the Board deny the Application. *Id.* at 49. In their report, the Medical Council wrote:

The Medical Council reviewed the medical file documents for Mr. Wooden and the City Attorney Opinion (CAO) letter of September 18, 2020, i.e., there must be a direct causal relationship to the duty-related contraction of COVID-19. Based on Mr. Wooden's autopsy findings of hypertensive cardiovascular disease and morbid obesity, the event while shoveling snow, and the specific points noted in the CAP, in the presence of an unconfirmed history of mild COVID-19 infection many weeks prior to death, the Medical Council determines the death benefit is not warranted for Mr. Wooden.

*Id.* at 51.

The Medical Council also listed 14 medical studies that aided its analysis. *Id.* at 51-52.

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<sup>1</sup> Part 1 of the death certificate lists the "Immediate Cause" of death.

On June 7, 2021, the ERS sent notice to Petitioner that the Medical Council recommended denial of the Application to the Board. On June 21, 2021, the Board adopted the Medical Council's recommendation and denied Petitioner's application. *Id.* at 48.

Petitioner appealed the Board's decision and Attorney Michael Hogan was appointed as an independent reviewer. On July 30, 2021, Attorney Hogan issued his independent review decision affirming the initial determination. *Dkt. #12* at 82. In his review, Attorney Hogan states:

Section 891.453 of the Wisconsin Statutes creates a presumption if the death of a member was caused by an infectious disease, then it is presumed that the disease was contracted as a result of his employment. Because of the difficulty for the member to prove that he or she actually contracted the disease in the course of his or her employment, not in his or her off hours, the legislature granted this presumption for the member on the one issue of whether the infectious disease was contracted during the exercise of duties of employment. As such, it confirms that an "accident" as found in Milwaukee Charter 36-05-a could be death caused by an infectious disease and that the member did not have to prove that the accident occurred at some definite time and place. This presumption only arises if the death were caused by the infectious disease.

...

If it was believed that Covid-19 was also a direct cause, it could have been listed in Part L along with hypertensive cardiovascular disease in the death certificate and in the autopsy protocol as a cause of death rather than a contributing condition. The Medical Council's decision that given an enlarged heart, morbid obesity and shoveling snow at or near the time of his collapse, and the autopsy. Protocol, the direct cause of death was his heart disease. The presumption is not relevant since there is no finding that COVID-19 directly caused the death. The Medical Council's findings and conclusion are consistent with the foregoing analysis.

*Id.* at 86.

Petitioner then appealed Attorney Hogan's decision on August 26, 2021. *Id.* at 81. The hearing took place on October 15, 2021. *Id.* at 26. Petitioner testified at the hearing, stating that although she believed COVID contributed substantially to his death, she also believed he would not be dead if it were not for him contracting COVID. *Id.* at 30. On November 17, 2021, Judge Moroney who presided over the hearing, issued a written opinion affirming the Board's decision. *Id.* at 68-76. Judge Moroney relied on the evidentiary record, which included the autopsy and death certificate. On November 17, 2021, the independent adjudicator sent the Petitioner a notice of their decision, denying the Application, basing their decision primarily on the death certificate and the autopsy report. *Id.*



On February 21, 2022, Petitioner filed the instant action which petitioned the Court for certiorari review of the Board's decision. This Court has reviewed the record and parties' arguments and for the reasons stated herein, AFFIRMS the Board's June 21, 2022, decision.

### STANDARD OF REVIEW

Certiorari is a mechanism by which a court may test the validity of a decision rendered by a municipality, an administrative agency, or an inferior tribunal. *Ottman v. Town of Primrose*, 2011 WI 18, ¶ 34, 332 Wis. 2d 3, 796 N.W.2d 411. The scope of review pursuant to a writ of certiorari is limited to whether the agency (1) acted within its jurisdiction, (2) proceeded on a correct theory of law, (3) was arbitrary, oppressive or unreasonable, and (4) might have reasonably made the order or finding that it made based on the evidence. *Antisdel v. City of Oak Creek Police and Fire Com'n*, 2000 WI 35, ¶ 13, 234 Wis. 2d 154, 609 N.W.2d. 464 (citations omitted).

The first two certiorari prongs are questions of law which courts review independently from the determinations rendered by the agency. *Ottoman*, 2011 WI 18, ¶ 54. The first certiorari prong "requires the trial court to determine whether the Board acted within the scope of its powers. The second requires the trial court to review the Board's procedure in light of the applicable statutes and due process requirements." *State ex rel. Ruthenberg v. Annuity & Pension Bd. of City of Milwaukee*, 89 Wis. 2d 463, 472–73, 278 N.W.2d 835 (1979). The Board's decision is arbitrary and represents its will if it has acted without a rational basis or the exercise of discretion. *Id.* at 473. The Board's decision satisfies the fourth prong if it is supported by substantial evidence. *Id.* There is substantial evidence if reasonable persons could reach the same decision as the board. *Clark v. Waupaca Cty. Bd. of Adjustment*, 186 Wis. 2d 300, 304, 519 N.W.2d 782 (Ct. App. 1994). The substantial evidence test is highly deferential to the board's findings, and the court may not substitute its view of the evidence for that of the board. *Id.* "If any reasonable view of the evidence would sustain the board's findings, they are conclusive." *Id.* at 304-305. On certiorari review, "there is a presumption that the Board acted according to law and the official decision is correct and the weight and credibility of the evidence cannot be assessed." *Ruthenberg*, 89 Wis. 2d at 473.

### ANALYSIS

Petitioner sets forth several arguments in support of certiorari review. First, Petitioner argues that the Board's decision violated both Petitioner's statutory and constitutional due process

rights by failing to hold the appeal hearing within the statutory prescribed deadline, by allowing unsupported hearsay evidence to substantiate its decision, and by not applying a proper established standard of proof at the hearing. Second, Petitioner argues that Petitioner provided sufficient evidence for her application to have been approved.

**I. Petitioner's Statutory and Constitutional Rights Were Not Violated.**

**A. Petitioner's Due Process Rights Were Not Violated by Failure to Hold Appeal Hearing Within 15 Days of the Notice of Appeal.**

Petitioner argues that her statutory and constitutional rights were violated for three reasons. First, Petitioner argues due process violations because Petitioner's appeal hearing was not held within 15 days of the notice of the administrative appeal. Wis. Stat. § 68.11(1) states: "The municipality shall provide the appellant a hearing on an appeal under s. 68.10 within 15 days of receipt of the notice of appeal filed. . ." Petitioner argues that pursuant to this statute, the hearing should have been held by September 10, 2021, 15 days after her August 26, 2021, appeal, instead of October 15, 2021, when the hearing was actually held. Petitioner argues that because the hearing was not held within the statutory deadline, this is a violation of her statutory due process rights and the Board's decision to adopt the denial of benefits is a violation of her rights and is "fruit from the forbidden tree."

Petitioner is correct that the word "shall" is typically presumed mandatory. This is especially true when the words "shall" and "may" appear in the same statutory section. *Kruczek v. Wisconsin Dept. of Workforce Development*, 2005 WI App 12, ¶ 13, 278 Wis.2d 563, 692 N.W.2d 286. However, "statutes specifying a time period in which an agency is to act are directory unless the statute denies the exercise of power after such time or the nature of the action or the statutory language shows the time was meant to be a limitation." *Id.* at ¶14. Wisconsin courts consider four factors when determining whether "shall" is mandatory or directory: "(1) the purpose of the statute; (2) the statute's history; (3) whether a penalty or prohibition is imposed for the violation of the time limit; and (4) the consequences of interpreting the statutory time limit as either mandatory or directory, including whether the failure to act within the time limit works an injury or a wrong. *Koenig v. Pierce County Dept. of Human Services*, 2016 WI App 23, ¶ 45, 367 Wis.2d 633, 877 N.W.2d 632.

Respondent points to the *Koenig* case in support of its argument that Petitioner's due process rights were not violated on this count. Respondent argues that because the *Koenig* decision was premised on a fact-specific analysis, a fact-specific analysis is required here as well. In *Koenig*, the plaintiff owned and operated a daycare business, when one day a child in her care was found unconscious with a head injury. *Id.* at ¶ 2. The Wisconsin Department of Human Services ("DHS") made an initial determination that child maltreatment occurred, resulting in the revocation of the plaintiff's daycare license. *Id.* at ¶ 4. The plaintiff appealed the determination under Wis. Stat. § 68.08 on July 12, 2013. *Id.* at ¶ 5. DHS issued its written decision on October 31, past the 15 day limit imposed in the statute. *Id.* at ¶ 8. The plaintiff sought certiorari review arguing that her due process rights were violated because DHS did not issue its decision within 15 days. The trial court found that Koenig's due process rights were violated. *Id.* at ¶ 13. DHS appealed and the Court of Appeals agreed with the trial court, finding that DHS's failure to comply with the 15-day deadline did violate Koenig's due process rights, and the violation warranted reversal of the administrative decision. *Id.* at ¶ 36. In doing so, the *Koenig* court applied the facts to the four factors listed above. *Id.* at ¶¶45-55.

For the first factor, the court noted that the undisputed purpose of Wis. Stat. Ch. 68 is to "afford a constitutionally sufficient, fair and orderly administrative procedure and review in connection with determinations by municipal authorities which involve constitutionally protected rights of specific persons which are entitled to due process protection under the 14<sup>th</sup> amendment to the U.S. constitution." *Id.* at ¶ 46 (citations omitted). This factor works in favor of the finding that the 15-day deadline is mandatory rather than directory. The same is true in the present case. As for the second factor, neither party cited anything in the history of the statute that showed the legislatures' intention for the 15-day deadline to be mandatory or directory. *Id.* at ¶ 47. The same is true in the case at bar, thus the second factor is not resolvable. For the third factor, the court noted that Wis. Stat. § 68.09(3) does not contain any penalty for failure to comply with the 15-day time limit. *Id.* at ¶ 48. Similarly, Wis. Stat. § 68.11 also does not contain any penalty for failure to comply with the 15-day time limit, so this factor weighs in favor of finding the deadline to be directory.

The *Koenig* Court's decision thus hinged upon applying the fourth factor to the specific facts of the case. *Id.* at ¶ 49. The court found that the failure to comply with the deadline did produce an injury or wrong because Koenig was denied income from July through October due to

her childcare license being suspended, and because the failure to comply with the deadline contributed to ongoing injury of Koenig's reputation. *Id.* at ¶ 51. In the instant case, Respondents argue Petitioner suffers no such injury or harm. Although the Accidental Death Benefit is of substantial monetary value, this financial harm is not the same as in *Koenig*. Respondents point out that when previously denied ERS benefits are approved on appeal, benefit payments are backdated to the date of the Board first receiving notice of the death, per MCC §36-05-5-a. In *Koenig*, the plaintiff had no way to retroactively recover her lost revenue. Furthermore, Respondent points out that whenever a beneficiary is not eligible for the Accidental Death Benefit then an Ordinary Death Benefit shall be paid. MCC § 36-05-05-c. For Petitioner, the Ordinary Death Benefit amounted to approximately \$224,174.37. *Dkt. #13* at 47. MCC Ch. 36 provides a remedy for an applicant to be made whole, and provides a benefit even when an applicant is ineligible for the Accidental Death Benefits and as such, there is no injury or wrong present in this case. Because two out of the four factors weigh in favor of finding the 15-day deadline to be directory, and only one is in favor of finding the deadline to be mandatory, this Court finds the statute to be directory. Consequently, this Court finds that Petitioner's due process rights were not violated by the failure to hold the appeal hearing within 15 days of Petitioner's notice of appeal.

**B. The Board's Decision Did Not Lack the Necessary Support of Substantial Evidence.**

Second, Petitioner argues that her statutory and constitutional rights were violated because the Board allowed unsupported hearsay evidence to substantiate the basis of its decision. Petitioner argues that the Board's decision was based solely on the death certificate and the autopsy report, both of which were uncorroborated hearsay because no qualified person testified as to their contents at the administrative appeal hearing. As such, Petitioner argues that these two documents should not have been considered admissible evidence and should not have been relied upon by the adjudicator or the Board. Petitioner argues that due process requires that one be able to cross-examine evidence presented against them or relied upon, and at the appeal hearing, Petitioner was unable to do so because the City did not present evidence or testimony in support of either document.

Petitioner relies on *Gehin v. Wisconsin Group Insurance Board* to support their argument. In *Gehin*, the Wisconsin Supreme Court held that "uncorroborated written hearsay medical reports

alone (that are controverted by in-person testimony) did not constitute substantial evidence to support the Group Insurance Board's factual findings and decision to terminate the claimant's benefits." 2005 WI 16, ¶ 4, 278 Wis.2d 111, 692 N.W.2d 572. Therefore, uncorroborated written hearsay medical reports can be admissible, except for when they are controverted by in-person testimony. Petitioner argues that she directly controverted the findings of the autopsy report. Respondent however argues that the autopsy report and death certificate were not actually contested in any substantive way at the hearing, and that Petitioner cannot point to any specific portion of her testimony that contradicts the documents' conclusions. In her testimony, Petitioner acknowledges that Lt. Wooden had pre-existing conditions, stating "I do think that he did have a heart issue before he got COVID. . . I think that COVID exacerbated his preexisting heart condition to the extent of death." *Dkt. #12* at 30. Petitioner also testified that the coroner found damage and residual effects caused by COVID-19 to Lt. Wooden's heart and lungs. *Id.* at 31. Additionally, Petitioner discussed several studies supporting the assertion that individuals with underlying cardiovascular problems are at higher risk of death from a COVID-19 infection. *Id.* at 32.

None of this testimony directly contradicts the death certificate or the autopsy report. Both the death certificate and the autopsy report state that the cause of death was hypertensive cardiovascular disease, and that COVID-19 was a contributing factor. Petitioner's testimony acknowledges that Lt. Wooden had heart issues that were exacerbated by COVID-19. In *Gehin*, the Group Insurance Board based its findings of fact on the written medical reports submitted by three separate doctors, which were directly controverted at the hearing by the claimant's expert witness, who was a doctor. *Gehin*, 2005 WI 16 at ¶ 29-31. The Group Insurance Board totally disregarded the claimant's doctor's expert opinion testimony. *Id.* at ¶ 35. The claimant also testified and disagreed with the written medical reports. *Id.* at ¶ 36. The Board in this case did not do the same. The Board did not disregard an expert opinion nor did it disregard Petitioner's testimony, as Petitioner's testimony did not contradict the death certificate or autopsy certificate.

Additionally, the *Gehin* court noted that "[c]orroboation of hearsay is not always required in administrative proceedings." *Id.* at ¶ 104. Parties can agree that an agency may base its decision on uncorroborated hearsay. In *Gehin*, the Group Insurance Board's own rules prohibited uncorroborated hearsay from forming the basis of its findings of fact. *Id.* at ¶ 57. Here however, the Board's rules expressly allow the hearing examiner to rely on medical records as substantive

evidence. Annuity and Pension Board Rule XXI(B)(4)(f).<sup>2</sup> This distinguishes the present case from *Gehin*. As such, the Board's decision did not lack necessary substantial evidence and did not violate Petitioner's due process rights.

### **C. The Hearing Examiner Applied the Proper Standard of Review.**

Third, Petitioner argues "there was no pre-calibrated standard of proof for the appeal hearing regarding the Accidental Death Benefits application." *Dkt 18* at 3. Petitioner further argues that the hearing was informal with no procedures governing the admissibility of evidence. Chapter 68 of the Wisconsin Statutes provides the mechanism for review of administrative determinations. Wis. Stat. § 68.01. In a letter dated June 21, 2021, Petitioner was advised of her right to appeal and the letter specified the ordinance or statute by which Petitioner may do so. Petitioner cites to United States Supreme Court case, *Santosky v. Kramer*, for the holding that "the standard of proof necessarily must be calibrated in advance." *Santosky v. Kramer*, 455 U.S. 745, 757, 102 S. Ct. 1388, 1397, 71 L. Ed. 2d 599 (1982). In the instant case, the relevant legal standard is the statutory eligibility criteria found in MCC § 36-05-5-a as well as Wis. Stat. sec. 891.453(2). Prior to the administrative appeal under Wis. Stat. § 68.11, Petitioner was informed of the relevant standard at least once, in Attorney Hogan's decision. *See Dkt 12*. Attorney Hogan's decision discussed in detail the relevant ordinance and statute. At the administrative appeal level, the impartial decision maker is to listen to all the evidence and testimonies then render his written decision stating the reasons in support thereof. Wis. Stat. § 68.10-11. The legal standards applied to the facts are essentially the same at the review of determination level and at the administrative appeal level. Petitioner cites to *Mansour* in support of her argument; however, the *Mansour* case held that insufficient notice had been provided to a pet owner by a County order requiring the pet owner to remove his dog from the county or give up the dog to be euthanized because the order did not specify the ordinance or statute it was invoking to support its issuance. *Mansour v. King Cnty.*, 131 Wash. App. 255, 271, 128 P.3d 1241, 1249 (2006). In the instant case, Petitioner was made aware of the applicable ordinances and statutes governing her application for Accidental Death Benefits. Thus, Petitioner's due process rights have not been violated. Additionally, "[t]he requirement of procedural due process is met if a state provides adequate post-deprivation remedies." *Thorp v.*

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<sup>2</sup> <https://cmers.com/CMERS/Rules-and-Regulations/BoardRulesandRegulations.pdf>

*Town of Lebanon*, 2000 WI 60, ¶ 53, 235 Wis. 2d 610, 642, 612 N.W.2d 59, 76. The Wisconsin Supreme Court has declared certiorari to be an adequate post-deprivation remedy. *Id.*

Furthermore, as to Petitioner's argument there was no procedure governing admissibility of evidence, Petitioner overlooks the fact that the administrative record is evidence, and the record in this case contained medical records, the death certificate, the autopsy report, and the report of the Medical Council. Even more, the Board rules permit hearing examiners to accept into evidence, medical and hospital records or reports. Annuity and Pension Board Rule XXI(B)(4)(f). Notably, Judge Moroney found that the facts of the case were generally not disputed.

## **II. There is Sufficient Evidence Supporting the Board's Decision.**

Petitioner also argues there is sufficient evidence to grant her benefits application because she has provided enough evidence to warrant approval of the Accidental Death Benefit Application.

The ERS administers pension benefits for the City of Milwaukee. When an ERS member dies while on active service, the beneficiary may be eligible for death benefits. Two such benefits are the Accidental Death Benefit and the Ordinary Death Benefit. To be eligible for the Accidental Death Benefit, a member's death must be the "natural and proximate result of an accident occurring at some definite time and place while the member was in the actual performance of duty." MCC § 36-05-5-a. Wis. Stat. § 891.453 creates a presumption of employment-connectedness for police officers who contract infectious diseases. The Board found that Lt. Wooden's death was not caused by COVID-19, and as such, the presumption did not apply. The Board then found that the Petitioner's application did not meet the standards for the Accidental Death Benefit set forth in MCC § 36-05-5-a. Petitioner has not provided evidence that COVID-19 was the natural and proximate cause of Lt. Wooden's death. On the contrary, there is sufficient evidence in the record supporting the fact that hypertensive cardiovascular disease was the cause of death, including the death certificate and autopsy. The conclusions in the record also state that COVID-19 was a contributing factor, rather than a cause of Lt. Wooden's death. Because Lt. Wooden's death was not caused by an infectious disease, the statutory presumption does not apply. Absent the presumption, Petitioner must establish a connection between Lt. Wooden's hypertensive cardiovascular disease and his employment. Petitioner has not provided any evidence linking the two. As such, there is not sufficient evidence to support approval of Petitioner's Accidental Death

Benefit Application. Because Petitioner did not provide sufficient evidence to meet the standard set forth in MCC 36-05-5-a, the Board's decision was appropriate and certiorari is denied.

### **CONCLUSION**

Based upon a review of the record and the briefs of the parties, the Court finds that the Board acted according to law. Accordingly, the Board's decision is hereby AFFIRMED.

**SO ORDERED.**

**THIS DECISION AND ORDER IS FINAL FOR THE PURPOSES OF APPEAL**



## Employees' Retirement System – Executive Director's Report

December 2022

### I. Personnel Update

- A. ERS will be filling the following positions by the end of the month: ERS Systems Administrator and 2 Program Assistant II. The new ERS Systems Administrator will start on 12/19. Interviews have been conducted for the 2 Program Assistant II positions and offers have been made.

### II. Member Services

- A. New retirees on payroll in November - 26; 45 are currently anticipated for the December payroll.
- B. Retiree/Employee deaths in November - 48.
- C. There was a Retirement Workshop for General City on 11/18/22 and 70 attended.
- D. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
<b>Annuityants</b>	
Death - Duty	27
Death - Ordinary	96
Disability - Duty	375
Disability - Ordinary	582
Retirement	12,707
Separation	38
<b>Total Annuityants</b>	<b>13,825</b>
<b>Active</b>	<b>10,815</b>
<b>Deferred</b>	<b>3,127</b>
<b>Total Population</b>	<b>27,767</b>

### III. Financial Services

- A. The 2023 employer contribution pre-payment options notices were sent to city agencies earlier this month. These employer contributions are due on 1/31/24.
- B. Retirees who qualify for the CPI cost of living adjustment should expect a benefit increase of 3% on their retirement anniversary in 2023 as the CPI-U index should increase by at least 7.7% from December 2021 to November 2022.
- C. **Staff is working with DER to implement pay raises for ERS' investment team and senior management staff as a result of DER's market study. We expect to have all pay increases and retros completed by the end of January 2023.**

### IV. Information Services

- A. Struts Upgrade and Modernize MERITS Website in progress.
- B. FileNet P8-WebSphere Application Server Upgrade completed.
- C. IBM-DataCap Upgrade completed.
- D. System Galaxy Security System Upgrade completed.

- E. VMware Workspace ONE Implementation in progress.
- F. Titan Content Manager Upgrade in progress.
- G. Network Infrastructure Firmware/OS Upgrade in progress.
- H. 789 and Remote Office PC Firmware Upgrade in progress.
- I. WUG Upgrade completed.
- J. Printer Firmware Upgrade in progress.
- K. Video Conferencing System Upgrade in progress.
- L. Splunk Upgrade in progress.
- M. Microsoft Exchange Upgrade in progress.
- N. IT Vulnerability Audit in progress.

V. Administration

Staff will conduct the annual planning kick-off meeting with the independent actuary and financial auditor on December 19<sup>th</sup> for the 2023 actuarial valuation and 2022 financial audit. Attached is a copy of the calendar for completion of both reports. Also, contacted the actuary and discussed the implementation of revised actuarial standards for disclosure of pension liability reporting (ASOP#4) which is effective for all plan years after February 15, 2023. This would be calendar 2024 for CMERS. The revised standard requires disclosure of the amount of the liability calculated based on a risk-free discount rate (e.g. U.S. Treasury Bond yield). Yield on the 10 year bond was 3.58% as of this writing. Although ASOP #4 applies only to disclosure, not funding requirements, the change may generate questions from CMERS stakeholders as it will significantly increase reported liabilities. As a result, communication about the revised standard will need to clarify that the increased liability is not for funding purposes.

Start Date	End Date	Description	Responsible Party	Notes
1/6/2023	1/6/2023	November 2022 Trial Balance to Auditors	Hayes, Gopalan, Baker Tilly	
1/9/2023	1/13/2023	Preliminary Fieldwork	Hayes, Gopalan, Baker Tilly	
1/9/2023	1/13/2023	Computer Systems Testing	Shober, Siddiqui, Baker Tilly	
1/9/2023	1/13/2023	Member Records/Demographic Testing	Baker Tilly	
1/13/2023	1/13/2023	Preliminary Fieldwork Closing Meeting	Hayes, Gopalan, Baker Tilly	
1/16/2023	1/16/2023	ACFR - Actuarial Section	CavMac	Soft deadline, latest date could be 4/30/23
1/16/2023	1/16/2023	Review GAAP ACFR Verbiage	Gopalan, Hayes	
1/31/2023	1/31/2023	Real Estate/Private Equity Cutoff	Northern Trust	
1/31/2023	1/31/2023	NT 2022 Year-End Close	Northern Trust	
2/1/2023	2/1/2023	Determine City Accruals for 2022 Admin Expenses	Gopalan, Hayes	
2/2/2023	2/2/2023	City Accrual Letter	Gopalan, Hayes	
2/6/2023	2/6/2023	December Monthly Journal Entries Completed	Hayes, Bates	
2/6/2023	2/6/2023	1099 Population Sample to Baker Tilly	Siddiqui	
2/7/2023	2/7/2023	Actuarial Files for ERS & PABF to CavMac	Siddiqui	
2/13/2023	2/15/2023	Actuarial Report Review	Allen, Johnson, Gopalan, Siddiqui, Hayes	
2/16/2023	2/16/2023	Actuarial Report Meeting	Allen, Johnson, Gopalan, Siddiqui, Hayes	
3/8/2023	3/10/2023	Price Testing & Derivative Testing	Courtright, Walters, Sauer, Baker Tilly	
3/14/2023	3/16/2023	Actuarial Questions	Siddiqui, CavMac	
3/22/2023	3/22/2023	Pre-Audit Meeting - A&O committee - 9am	Wills, A&O Committee, Baker Tilly	Date needs Board approval at Dec. 2022 mtg.
3/31/2023	3/31/2023	ACFR Investment Section - CIO & Invt Consultant Letters	Callan, Silber	Soft deadline, latest date could be 4/30/23
3/31/2023	3/31/2023	Audit Workpaper Review	Gopalan	
4/3/2023	4/3/2023	Trial Balance to Baker Tilly	Hayes	
4/3/2023	4/4/2023	ACFR Internal Review	Gopalan, Hayes	
4/4/2023	4/6/2023	Actuarial File Review	Gopalan, Siddiqui	
4/5/2023	4/6/2023	ACFR Review	Allen, Johnson, Silber, Siddiqui, Gopalan, Hayes	
4/7/2023	4/7/2023	ACFR Meeting	Allen, Johnson, Silber, Siddiqui, Gopalan, Hayes	
4/10/2023	4/21/2023	Audit Fieldwork	Gopalan, Hayes, Baker Tilly	
4/10/2023	4/14/2023	Benefit Testing	Baker Tilly	
4/17/2023	4/17/2023	Real Estate & Private Equity Reporting Deadline	Hayes, Investments Team, Callan	
4/21/2023	4/21/2023	Final Fieldwork Update Meeting	Gopalan, Hayes, Baker Tilly	
4/21/2023	4/21/2023	Auditing Stops - Assets to CavMac	Gopalan, Hayes, CavMac	May need additional JE's if RE and PE Q4 value change materially
5/1/2023	5/1/2023	ACFR - Statistical Section deadline	Siddiqui, Hayes, Gopalan	
5/1/2023	5/1/2023	Management Comments to ERS	Baker Tilly	
5/5/2023	5/5/2023	Actuarial Report - Draft Deadline	CavMac	
5/5/2023	5/5/2023	Management Comments Response to Baker Tilly	Gopalan	

Start Date	End Date	Description	Responsible Party	Notes
5/12/2023	5/12/2023	June / July go-no-go	Gopalan, Hayes, Investment team	Decision whether we can finish up ACFR in June vs. July. Dependent on Alt.
5/8/2023	5/12/2023	Actuarial Report - Draft - Review	Allen, Johnson, Silber, Siddiqui, Gopalan, Hayes	
5/15/2023	5/18/2023	Actuarial Report - Draft - Accept	Allen, Johnson, Silber, Siddiqui, Gopalan, Hayes	Added a few extra days in case there are delays in preparing actuarial report
5/19/2023	5/19/2023	Final Actuarial Report to ERS incl. GASB 67	CavMac	
6/7/2023	6/7/2023	Prepare Annual Report - trifold	Hayes, Gopalan	
6/8/2023	6/8/2023	Management Rep Letter	Allen, Johnson, Silber, Gopalan	
6/8/2023	6/8/2023	Tech Review Deadline - Audit Report to ERS	Baker Tilly	Deadline for A&O committee materials is 6/15/23 if A&O date is 6/21/23. ACFR can be sent as pdf rather than hard copies
6/8/2023	6/8/2023	Legal Rep Letter Deadline	Gopalan, Baker Tilly	
6/9/2023	6/9/2023	Actuary Presentation Comments	Allen, Johnson, Silber, Gopalan, CavMac	
6/2/2023	6/2/2023	Numbers Stop Moving - All Reports Are Final	Baker Tilly, CavMac	
6/15/2023	6/15/2023	Review Actuary Presentation	Allen, Johnson, Silber, Gopalan	
6/16/2023	6/16/2023	FedEx Shipping Deadline for Board Reports	Baker Tilly, CavMac	
6/21/2023	6/21/2023	A&O Committee - Baker Tilly Presentation	Baker Tilly, A&O Committee	If unable to make June 2023 A&O committee meeting, we will need to schedule a special A&O committee meeting in July.
6/27/2023	6/27/2023	CMERS Board Meeting - Presentation by CavMac	CavMac, CMERS Board	Should Baker Tilly be available for Board meeting in case there are questions about the audit?
6/30/2023	6/30/2023	Submit ACFR to GFOA or request extension	Hayes, Gopalan	ACFR must be completed within 6 months of fiscal year end; 30 day extension if needed
7/3/2023	7/6/2023	Prepare GASB 68 Report	Hayes, Gopalan	
7/7/2023	7/7/2023	GASB 68 Report - Internal Review	Allen, Johnson, Gopalan, Siddiqui	
7/10/2023	7/10/2023	GASB 68 Report to Baker Tilly	Hayes	
7/10/2023	7/27/2023	GASB 68 Report - Final Review	Baker Tilly	
7/21/2023	7/21/2023	Website	Gopalan, Hayes	
7/25/2023	7/25/2023	July 2023 Board meeting - 9 am	Baker Tilly, CMERS Board	mtg
7/28/2023	7/28/2023	GASB 68 Report - Issuance Deadline	Baker Tilly	MPS needs to have GASB 68 report by 9/15/2023 for their audit reports
7/31/2023	7/31/2023	Funding Model from CavMac		
9/15/2023	9/15/2023	Actuarial Report & ACFR to Common Council	Gopalan, Hayes	
11/13/2023	11/13/2023	2023 Audit Planning Meeting	ERS, Baker Tilly, CavMac, Callan, Northern Trust	
11/8/2023	11/8/2023	Contribution Actuarial File to Baker Tilly	Siddiqui	
12/8/2023	12/8/2023	Send 1/31/2024 Contribution Billing Letters to Agencies	Siddiqui, Gopalan	

# Basic Website Metrics

	2021		2022										
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
Visits	5,180	4,728	5,053	4,698	5,107	4,872	4,212	4,565	4,852	5,268	3,791	5,538	<b>8,511</b>
Users	3,813	3,667	3,810	3,551	3,375	3,751	3,147	3,458	3,408	3,728	2,640	3,979	<b>7,068</b>
Page Views	13,712	12,305	13,532	12,267	13,227	12,458	11,258	10,415	11,694	13,000	9,856	13,918	<b>20,851</b>
Ave. Visit	2:10	2:09	2:18	2:10	2:10	2:14	2:29	1:13	1:09	1:07	1:29	1:12	<b>:52</b>

- In November 2022, numbers are inflated due to IT Vulnerability Audit.

## VIII.

### INFORMATIONAL

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2022 YTD.
- D. Minutes of the Investment Committee Meeting Held November 10, 2022.
- E. Report on Bills.
- F. Deployment of Assets.
- G. Securities Lending Revenue and Budget Report.
- H. Preliminary Performance Report and Asset Allocation.



## December 20, 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 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\*\***

➤ **10/13/22** Notice of Motion, Motion for Summary/Declaratory Judgment, Brief and Affidavits in Support filed.

➤ **10/19/22** Plaintiffs' Request to Adjourn Summary Judgment Hearing.

➤ **11/04/22** Stipulation for Extension of Time ("Stipulation to Extend Briefing Schedule" and Proposed Order) filed by Defendants.

➤ **11/17/22** Defendants' Brief in Opposition to Plaintiffs' Motion for Summary Declaratory Judgment and Affidavit filed with court.

➤ **01/27/23** Scheduled for Summary Judgment Hearing at 10:30 am.

## **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**

- Hearing Examiner's Report dated November 9, 2022 affirming denial of member's application for duty disability benefits. Findings will be presented to Board at its December 20, 2022 meeting.

### **Albert Greene Jr; Administrative Case Nos. 1511 and 1512**

- Appeal hearing requested; pending scheduling.

### **Benjean Lara; Administrative Case Nos. 1488, 1489 and 1490**

- Appeal hearing scheduled for January 12, 2023.

## **Part 3. Notice of Claim filed with ERS**

None.

## **Part 4. ERS Litigation through Outside Legal Counsel**

None.



**Client Conferences 2023****Board Meeting: December 20, 2022**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
February 15 – 16, 2023 10:30 am – 1:30 pm	“Callan College” on Alternative Investments Virtual	Callan Associates
March 1 – 2, 2023	“Callan College” Introduction to Investments Chicago, IL	Callan Associates
April 2 – 4, 2023	Callan Institute’s 2023 National Conference Scottsdale, AZ	Callan Associates
May 2 – 4, 2023	DFA Annual Conference Austin, TX	Dimensional Fund Advisors

# Trustee Conferences 2023

**Board Meeting: December 20, 2022**

DATE(S)		
January 10, 2023 Noon – 1pm	Reviewing My 2022 Forecast and What the Outlook for 2023 Holds – John Stoltzfus, Chief Investment Strategist at Oppenheimer Virtual	CFA Society Madison
January 17 – 19, 2023	2023 Visions, Insights & Perspectives (VIP) Rancho Palos Verdes, CA	Institutional Real Estate, Inc.
January 18, 2023 Noon-1:00pm	Securities Fraud Twenty Years After Sarbanes-Oxley – James Park Virtual	CFA Society Milwaukee
January 22 – 24, 2023	2023 Legislative Conference Washington, DC	NCPERS
January 26, 2023 3:30pm – 6:00pm	Distinguished Speaker Series: Howard Marks, CFA Chicago, IL	CFA Society Chicago
February 2, 2023 5:00pm – 8:00pm	4 <sup>th</sup> Annual Outlook Dinner with Brent Schutte, CFA Milwaukee, WI	CFA Society Milwaukee
February 27 – 28, 2023	Investment Basics – Certificate Series Course Orlando, FL	International Foundation of Employee Benefit Plans
March 6 – 8, 2023	CII Spring 2023 Conference Washington, DC	Council of Institutional Investors
March 8, 2023 11:45am – 1:00pm	Effective Portfolio Management during Stages of the Credit Cycle – Brian Kennedy Milwaukee, WI	CFA Society Milwaukee
April 19, 2023	7 <sup>th</sup> 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) New Orleans, LA	NCPERS

## Trustee Conferences 2023

**Board Meeting: December 20, 2022**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
May 21 – 24, 2023	Annual Conference & Exhibition (ACE) New Orleans, LA	NCPERS
May 23, 2023	9 <sup>th</sup> Annual Midwest Institutional Forum Chicago, IL	Markets Group
May 23 - 24, 2023	9 <sup>th</sup> Annual Redefining Fixed Income Forum Chicago, IL	Institutional Investor
July 16 - 18, 2023	ALTSCHI Chicago, IL	Markets Group
July 24 - 25, 2023	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part I Chicago, IL	International Foundation of Employee Benefit Plans
July 26 - 27, 2023	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part II Chicago, IL	International Foundation of Employee Benefit Plans
August 20 – 22, 2023	Public Pension Funding Forum Chicago, IL	NCPERS
September 11 – 13, 2023	CII Fall 2023 Conference Long Beach, CA	Council of Institutional Investors
September 20 – 21, 2023	Investment Basics – Certificate Series Course Las Vegas, NV	International Foundation of Employee Benefit Plans
September 30 – October 1, 2023	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part I Boston, MA	International Foundation of Employee Benefit Plans
October 3 – 5, 2023	2023 Roundtable for Consultants & Institutional Investors Chicago, IL	Institutional Investor
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
February 1-3, 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 Networks, Inc.	8/25/2022 \$	24
Centrais Electricas Brasileiras S.A.	10/6/2022 \$	8,883
Citigroup, Inc.	11/15/2022 \$	48
Petroleo Brasileiro SA	11/21/2022 \$	75,134
Keurig Green Mountain	11/29/2022 \$	24
Citibank, Inc.	12/8/2022 \$	1,429
<b>Total Class Action Income Received in 2022 YTD</b>	<b>\$</b>	<b>198,315</b>

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

Minutes of the Investment Committee Meeting  
held November 10, 2022 via teleconference during COVID-19

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

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

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

Others Present: Brandon Melbye, Edoardo Rulli, Seth Toney, UBS; Jason Ellement, Sally Haskins, Munir Iman, John Jackson, Mike Joecken, Joe McGuane, Callan; Patrick McClain, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., Tim Heling, Milwaukee Fire Department; six members of the public called in.

**UBS Hedge Fund Solutions Presentation.** As a matter of information, Committee members received the UBS Closed Session presentation booklet. Mr. Klusman noted the first part of the UBS presentation would be in open session before going into closed session. Mr. Silber introduced Seth Toney, Edoardo Rulli, and Brandon Melbye from UBS and stated UBS is one of the Fund's hedge fund of fund managers. He said the UBS inception date with the ERS is January 1, 2015. He said the ERS' role is to work with UBS on guidelines, goals, and objectives in order to have that collaboration with them. Mr. Silber said UBS is up 5% to 6%, net of fees, year to date, and is a bright spot in the ERS portfolio. He noted that UBS' lead portfolio manager is retiring from his current position in March 2023 and Mr. Rulli, the current Deputy Chief Investment Officer (CIO) will become CIO and Head.

Mr. Melbye, the UBS client relationship manager based in Chicago, introduced Mr. Toney, senior investment specialist and Mr. Rulli. Mr. Rulli provided his background information to the Investment Committee and said he began with a Swiss hedge fund of funds in 2001. Later, he was a European Analyst for UBS. In 2019, he was the UBS Global Head of Research and then joined the portfolio management team. Mr. Rulli then gave an update on the transition of the portfolio manager, portfolio, and the market environment.

Mr. Klusman advised that the Investment Committee may vote to convene in closed session on the following items (I., II., III., IV. and V.) 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.

**UBS Hedge Fund Solutions Presentation.**

**UBS Hedge Fund Solutions Due Diligence Report.**

**Approval of Recommendation Regarding UBS Hedge Fund Solutions Allocation.**

**Callan Real Estate Manager Search Update.**

**Approval of Real Estate Manager Search Finalists.**

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

The Committee convened in closed session at 9:18 a.m.

The Committee reconvened in open session at 10:33 a.m.

**Approval of Recommendation Regarding UBS Hedge Fund Solutions Allocation.** It was moved by Ms. King to approve the Staff recommendation, seconded by Mr. Campbell, and unanimously carried, to approve the Approval of Recommendation Regarding UBS Hedge Fund Solutions Allocation.

**Chief Investment Officer Report.** As a matter of information, Committee members received from Mr. Silber the Chief Investment Officer Report dated November 4, 2022. Mr. Silber mentioned the main takeaways are that an Asset Liability Modeling (ALM) study is necessary, and that there are liquidity considerations that need to be addressed at the meeting. He discussed liquidity management under various scenarios, including potential sources of cash the Fund can draw on to meet its obligations in the event of a prolonged stock market downturn. Mr. Silber also said Callan, at the February 2023 Investment Committee meeting, would focus on the asset part of the asset liability study. He noted at the February 2023 meeting, Callan plans to come up with a handful of asset allocation mixes that will provide a representative range of return and risk outcomes using their final 2023 capital market assumptions.

**Approval of Statement of Investment Policy Update.** As a matter of information, Committee members received the redlined Statement of Investment Policy. Mr. Silber commented on the approval changes. He stated the Total Fixed Income minimum range is changing to 17.5% on an interim basis, and the footnote date for when the minimum range will revert back to 20% absent further action is changing from February 1st to March 1<sup>st</sup>, 2023. It was moved by Ms. Sawa, seconded by Mr. Konrad, and unanimously carried to approve the Approval of Statement of Investment Policy Update.

**CMERS 3<sup>rd</sup> Quarter 2022 Performance Update.** As a matter of information, Committee members received the CMERS 3<sup>rd</sup> Quarter 2022 Performance Update. Mr. Silber provided a Fund Overview and also discussed Public Equity, Fixed Income, Absolute Return, Private Equity, and the Recent Performance Update. He noted in the 3<sup>rd</sup> Quarter Market Environment, stocks were down over 6%, Private Equity, at a lag, was down 16%, Fixed Income was down over 4%, and as a result, there were no material diversification benefits in this quarter. He noted the CMERS Benchmark for Q3 2022 was -5.3%. Mr. Silber stated that the Fund's stock, bond, and hedge fund allocations exceeded his expectations given the difficult market environment, and the main driver of the Fund's 80 basis points of outperformance came from Private Equity. Discussion ensued. Mr. Silber concluded that as of November 9, 2022, the ERS Total Fund Market Value was \$5.40 billion. He said October was a strong month with value and small cap stocks outperforming growth stocks and large cap stocks. Mr. Silber added that November was down slightly through November 9, but there was still outperformance, and the Fund has an estimated year to date return of -8.7% versus the benchmark return of -12.8%. He noted the stock market was up a lot this morning and added that if the markets closed at that moment the Fund value would be approximately \$5.50 billion and the year-to-date return would then be approximately -7.2%.

### **Due Diligence Reports.**

**MFS Investment Management.** As a matter of information, Committee members received from Mr. Courtright a Memorandum regarding the MFS Investment Management Due Diligence meeting on May 11, 2022. Mr. Courtright said he and Mr. Silber met with MFS in an informative, routine meeting. He said MFS is a research-driven organization with the portfolio management team and research department working collaboratively to get the best names. Mr. Courtright noted the two co-portfolio managers have served on the strategy since 2018. He said another co-portfolio manager retired in April 2021. Mr. Courtright stated MFS' style of growth investing has held up better than many this year and has shown outperformance in the memo's time periods of one, three, and five years and since the Fund hired them in 2012. He concluded that the ERS Staff is confident in MFS' ability to implement the strategy.

**William Blair Investment Management.** As a matter of information, Committee members received from Mr. Courtright a Memorandum regarding the William Blair Investment Management Due Diligence Meeting on August 23, 2022. Mr. Courtright stated he, Mr. Sauer, and Mr. Walters met with William Blair and there were no concerns. He said the International All-Cap Growth Equity strategy continues to be co-managed since 2013. He said a third co-manager was added in January 2022. Mr. Courtright stated growth styles goes in and out of favor as the market goes through its cycles.

**Dimensional Fund Advisors.** As a matter of information, Committee members received from Mr. Walters a Memorandum regarding the Dimensional Fund Advisors Due Diligence Meeting on September 13, 2022. Mr. Walters and Mr. Silber met with DFA. Mr. Walters said DFA manages three Public Equity strategies for the Fund, and has been a manager for the Fund since 1996. He noted DFA has the largest allocation of all of the Fund's Public Equity managers with about 8.7% of the Fund, or \$459 million dollars. He said DFA has had outperformance across all three strategies. He said the firm is majority owned by two of the co-founders and that will be monitored. He added that two of the strategies are small cap stocks and the capacity is in the



comfort zone currently. Mr. Walters stated the firm rolled out a new initiative in ETFs, or Exchange Trade Funds, that cater to individual investors and that it would not affect the strategy.

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

There being no further business, Mr. Klusman adjourned the meeting at 11:32 a.m.

Bernard J. Allen  
Secretary and Executive Director

**NOTE:** All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)

Fiscal Year  
2022  
Department  
Employees' Retirement System

City of Milwaukee  
Departmental  
Appropriation Budget Balances

As of: 2022-12-31

	Budget	2022-8	2022-9	2022-10	2022-11	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	-	211,510.55	352,154.87	248,841.67	228,609.13	2,674,249.34	-	(2,674,249.34)
Overtime Premium	-	127.77	624.46	162.39	136.89	2,706.67	-	(2,706.67)
Other Worked Compensation	-	1,389.30	-	17,757.29	1,532.47	25,519.43	-	(25,519.43)
Non-Worked Compensation	-	-	-	-	-	(24.00)	-	24.00
Time Paid Not Worked	-	41,479.35	40,009.84	20,246.42	49,457.04	436,909.77	-	(436,909.77)
Employee Salaries & Wages	\$ 3,583,222.00	254,506.97	392,789.17	287,007.77	279,735.53	\$ 3,139,361.21	\$ -	\$ 443,860.79
Fringe Benefits Applied	1,648,282.00	-	-	-	-	-	-	1,648,282.00
Fringe Benefits Applied	-	109,118.29	181,676.69	128,377.41	117,939.47	1,379,645.30	-	(1,379,645.30)
Applied Employee Benefits	\$ 1,648,282.00	109,118.29	181,676.69	128,377.41	117,939.47	\$ 1,379,645.30	\$ -	\$ 268,636.70
Operating Expenditures	15,558,400.00	-	-	-	-	-	-	15,558,400.00
Office Supplies	-	1,062.79	883.81	808.29	2,105.69	7,925.37	-	(7,925.37)
Printed Forms	-	7,389.07	1,947.64	-	-	9,336.71	-	(9,336.71)
Magazines,Subscription	-	2,870.77	847.20	820.20	601.43	7,982.63	-	(7,982.63)
Postal and Mailing Services	-	14,141.15	18,226.41	11,254.57	21,058.72	141,327.90	-	(141,327.90)
Electricity	-	4,022.76	1,944.63	2,041.41	2,322.99	17,163.92	-	(17,163.92)
Films & Other Educational Item	-	-	(7,653.31)	-	-	-	-	-
Other Operating Supply	-	-	-	-	-	6,903.27	-	(6,903.27)
Building Rental	-	32,176.86	32,176.86	39,981.48	33,061.48	403,134.47	-	(403,134.47)
Printing & Dupl Machine Rental	-	7,911.42	2,054.18	3,549.95	1,432.76	32,456.82	-	(32,456.82)
Consulting	-	49,750.01	39,366.03	30,499.99	48,250.01	399,776.33	-	(399,776.33)
Medical,Surgical & Lab	-	11,432.38	4,483.39	10,063.37	31,707.38	125,856.41	-	(125,856.41)
Administrative Charges	-	26,248.55	58,046.15	19,236.20	50,750.00	501,203.53	-	(501,203.53)
Other Professional Services	-	995,736.94	75,000.00	872,699.13	829,596.56	5,997,835.57	-	(5,997,835.57)
Systems Support	-	131,367.50	33,932.70	74,570.26	25,518.50	539,572.46	-	(539,572.46)
IT Infrastructure	-	-	10,560.00	3,900.00	899.98	119,249.54	-	(119,249.54)
Infrastructure	-	-	-	-	-	49,203.13	-	(49,203.13)
Telephone, Communications	-	5,617.49	3,109.08	8,756.71	7,301.94	68,408.46	-	(68,408.46)
Bldgs-Machinery & Equip Repair	-	-	-	-	-	9,127.25	-	(9,127.25)
Travel & Subsistence	-	5,663.06	1,424.41	3,387.46	1,964.75	37,442.13	-	(37,442.13)
Equipment Repair (Parts & Labo	-	-	-	-	-	532.77	-	(532.77)
Printing Services	-	610.99	1,920.18	42.41	1,305.00	8,221.45	-	(8,221.45)
Insurance-Non Health	-	-	-	-	511,447.39	524,171.39	-	(524,171.39)
Other Misc Services	-	1,114.34	8,070.32	533.17	1,856.74	31,568.94	-	(31,568.94)
Operating Expenditures	\$ 15,558,400.00	1,297,116.08	286,339.68	1,082,144.60	1,571,181.32	\$ 9,038,400.45	\$ -	\$ 6,519,999.55
All Equipment	873,000.00	-	-	-	-	-	-	873,000.00
Computer Server & Components	-	-	-	-	86,992.71	86,992.71	-	(86,992.71)
Total Equipment	\$ 873,000.00	-	-	-	86,992.71	\$ 86,992.71	\$ -	\$ 786,007.29
Total Regular Class	\$ 21,662,904.00	1,660,741.34	860,805.54	1,497,529.78	2,055,849.03	\$ 13,644,399.67	\$ -	\$ 8,018,504.33
<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	1,995.45	1,994.40	30,298.15	-	24,701.85
Group Life Insurance Premium	4,560,000.00	372,374.99	372,777.42	376,183.53	-	3,757,025.15	-	802,974.85
Retiree's Benefit Adjustment	32,000.00	2,219.07	-	3,545.52	329.15	21,288.31	-	10,711.69
Other Classes	\$ 4,657,000.00	376,590.35	376,454.46	381,724.50	2,323.55	\$ 3,818,611.61	\$ -	\$ 838,388.39
Total Dept Appropriations	\$ 26,319,904.00	2,037,331.69	1,237,260.00	1,879,254.28	2,058,172.58	\$ 17,463,011.28	\$ -	\$ 8,856,892.72

# Monthly Board Report

30-Nov-22

Account number COMALL

CITY OF MILW ALL ACCTS

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-TOWNSEND CASH	0.00	1,588,978.05	0.00	0.00	0.00	0.00	1,588,978.05
2602846	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.03%
MILWAUKEE-CASH ACCOUNT	0.00	41,706,670.12	0.00	0.00	0.00	0.00	41,706,670.12
2605491	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.74%
MILWAUKEE-THE NORTHERN TRS	0.00	0.00	219,719,328.70	0.00	0.00	0.00	219,719,328.70
2605496	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.88%
MILWAUKEE-ERS EXPENSE FUND	0.00	741,572.41	0.00	0.00	0.00	0.00	741,572.41
2605504	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.01%
MILWAUKEE-PABF BENEFIT PAYMENT	0.00	2,506.99	0.00	0.00	0.00	0.00	2,506.99
2610128	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MILWAUKEE-DFA INTERNATIONAL	0.00	0.00	186,521,248.40	0.00	0.00	0.00	186,521,248.40
2619838	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.29%
MILWAUKEE-EARNEST -5L	0.00	1,655,405.61	109,326,510.70	0.00	0.00	0.00	110,981,916.30
2630942	0.00%	1.49%	98.51%	0.00%	0.00%	0.00%	1.96%
MILWAUKEE - UBS A&Q	0.00	0.00	0.00	0.00	443,297,828.80	0.00	443,297,828.80
2637239	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	7.82%
MILWAUKEE-DFA	0.00	0.00	203,640,791.50	0.00	0.00	0.00	203,640,791.50
2637848	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.59%
MILWAUKEE-BAIRD	0.00	26,782,615.86	0.00	56,596,055.16	0.00	-2,934,083.33	80,444,587.69
2674604	0.00%	33.29%	0.00%	70.35%	0.00%	-3.65%	1.42%
MILWAUKEE-CASTLEARK	0.00	951,456.75	86,843,746.18	0.00	0.00	-78,698.54	87,716,504.39
2697782	0.00%	1.08%	99.01%	0.00%	0.00%	-0.09%	1.55%
MILWAUKEE - BLACKROCK R1000V	0.00	0.00	215,990,976.30	0.00	0.00	0.00	215,990,976.30
4472746	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.81%
MILWAUKEE-LOOMIS SAYLE	5,021,056.87	0.00	4,667,293.61	326,007,809.10	0.00	-673,103.06	335,023,056.50
CME01	1.50%	0.00%	1.39%	97.31%	0.00%	-0.20%	5.91%
MILWAUKEE-BRANDES INT'L EQUITY	5,696,553.45	0.00	337,836,119.80	0.00	1,569,338.19	10,850.97	345,112,862.40
CME03	1.65%	0.00%	97.89%	0.00%	0.45%	0.00%	6.09%
MILWAUKEE-REAMS	26,230,194.15	0.00	0.00	601,505,553.70	8,713,503.44	-146,522,314.20	489,926,937.10
CME04	5.35%	0.00%	0.00%	122.77%	1.78%	-29.91%	8.65%

# Monthly Board Report

30-Nov-22

Account number COMALL

CITY OF MILW ALL ACCTS

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-BLAIR CME05	8,100,547.77 3.07%	0.00 0.00%	255,296,994.80 96.82%	0.00 0.00%	803,339.74 0.30%	-525,830.68 -0.20%	263,675,051.70 4.65%
MILWAUKEE-MFS CME12	2,008,166.33 1.08%	0.00 0.00%	183,524,789.90 98.81%	0.00 0.00%	388,930.74 0.21%	-193,304.24 -0.10%	185,728,582.80 3.28%
MILWAUKEE-POLIN 2644553	0.00 0.00%	8,791,530.68 6.62%	123,948,687.20 93.38%	0.00 0.00%	0.00 0.00%	0.00 0.00%	132,740,217.80 2.34%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	181,248,180.70 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	181,248,180.70 3.20%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	271,085,030.50 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	271,085,030.50 4.78%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	80,147,784.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	80,147,784.00 1.41%
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 0.19%
MILWAUKEE - ABBOTT 2022-SL 4479680	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	5,383,816.00 100.00%	0.00 0.00%	5,383,816.00 0.10%
MILWAUKEE-APTITUDE / 4479682 4479682	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	118,294,945.10 100.00%	0.00 0.00%	118,294,945.10 2.09%
MILWAUKEE - DFA US LCV CME15	585,245.54 0.37%	0.00 0.00%	158,821,938.00 99.70%	0.00 0.00%	0.00 0.00%	-103,634.68 -0.07%	159,303,548.90 2.81%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	219,750,293.40 100.00%	0.00 0.00%	0.00 0.00%	219,750,293.40 3.88%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	706,513,635.00 100.00%	0.00 0.00%	706,513,635.00 12.47%
MILWAUKEE-REAL ESTATE MULTIPLE	2.57 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	569,884,050.12 100.14%	-816,045.34 -0.14%	569,068,007.29 10.04%

# Monthly Board Report

30-Nov-22

Account number COMALL

CITY OF MILW ALL ACCTS

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
<b>Total for consolidation</b>	<b>47,641,766.68</b>	<b>82,220,736.47</b>	<b>2,618,619,420.29</b>	<b>1,203,859,711.36</b>	<b>1,865,611,022.13</b>	<b>-151,836,163.10</b>	<b>5,666,116,493.84</b>
<b>% for consolidation</b>	<b>0.84%</b>	<b>1.45%</b>	<b>46.22%</b>	<b>21.25%</b>	<b>32.93%</b>	<b>-2.68%</b>	<b>100.00%</b>

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 November 30, 2022**

<b>Date</b>	<b>Amounts Expended</b>			<b>Balance</b>
	<b>Income From Lending</b>	<b>Fees</b>	<b>Administrative Transfers</b>	
<b>Balance 12-31-21</b>				<b>\$552,798.88</b>
<b>Quarter 1 Totals</b>	\$205,746.26	\$41,117.46	\$553,000.00	164,427.68
<b>Quarter 2 Totals</b>	\$349,721.49	\$69,872.91	\$0.00	444,276.26
<b>Quarter 3 Totals</b>	\$238,860.48	\$47,358.27	\$0.00	635,778.47
10/05/21	\$1,107.66	\$0.00	\$0.00	\$636,886.13
10/17/21	\$68,905.38	\$13,773.95	\$0.00	\$692,017.56
11/03/21	\$1,499.13	\$0.00	\$0.00	\$693,516.69
11/15/21	\$57,565.99	\$11,506.18	\$0.00	\$739,576.50
<b>Current Totals</b>	<b>\$923,406.39</b>	<b>\$183,628.77</b>	<b>\$553,000.00</b>	<b>\$739,576.50</b>

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

**MERS PERFORMANCE ESTIMATES**  
November 30, 2022

Account	2021 Return	1st Quarter 2022	2nd Quarter 2022	3rd Quarter 2022	Oct 2022	Nov 2022	YTD Thru 11/30/22
<b>Northern Trust S&amp;P 500 Index</b>	28.69%	-4.58%	-16.09%	-4.88%	8.09%	5.58%	-13.09%
S&P 500	28.71%	-4.60%	-16.10%	-4.88%	8.10%	5.59%	-13.10%
Difference	-0.01%	0.02%	0.01%	0.00%	-0.01%	-0.01%	0.01%
<b>BlackRock Russell 1000 Value Index</b>	25.18%	-0.76%	-12.21%	-5.61%	10.26%	6.25%	-3.66%
Russell 1000 Value	25.16%	-0.74%	-12.21%	-5.62%	10.25%	6.25%	-3.65%
Difference	0.02%	-0.02%	0.00%	0.01%	0.01%	0.00%	-0.01%
<b>DFA US Large Cap Value</b>	27.52%	0.32%	-12.38%	-5.38%	12.90%	5.96%	-0.51%
Russell 1000 Value	25.16%	-0.74%	-12.21%	-5.62%	10.25%	6.25%	-3.65%
Difference	2.36%	1.06%	-0.17%	0.24%	2.65%	-0.29%	3.14%
<b>Polen</b>	24.84%	-13.76%	-24.05%	-5.13%	4.68%	2.67%	-33.22%
S&P 500	28.71%	-4.60%	-16.10%	-4.88%	8.10%	5.59%	-13.10%
Difference	-3.86%	-9.16%	-7.95%	-0.25%	-3.42%	-2.92%	-20.12%
<b>Earnest</b>	26.09%	-5.49%	-11.67%	-5.63%	7.77%	5.24%	-10.66%
Russell MidCap	22.58%	-5.68%	-16.85%	-3.44%	8.88%	6.01%	-12.59%
Difference	3.50%	0.19%	5.18%	-2.19%	-1.11%	-0.77%	1.93%
<b>CastleArk</b>	12.30%	-15.30%	-19.30%	1.62%	8.25%	2.30%	-23.07%
Russell 2000 Growth	2.83%	-12.63%	-19.25%	0.24%	9.49%	1.63%	-21.31%
Difference	9.46%	-2.67%	-0.05%	1.38%	-1.24%	0.67%	-1.76%
<b>DFA US Small Cap Value</b>	40.61%	1.02%	-12.13%	-3.24%	14.96%	5.19%	3.87%
Russell 2000 Value	28.27%	-2.40%	-15.28%	-4.61%	12.59%	3.06%	-8.48%
Difference	12.34%	3.42%	3.15%	1.37%	2.37%	2.13%	12.35%
<b>Brandes</b>	14.37%	-2.65%	-10.45%	-11.85%	7.35%	11.02%	-8.42%
MSCI EAFE	11.26%	-5.91%	-14.51%	-9.36%	5.38%	11.26%	-14.52%
Difference	3.10%	3.26%	4.06%	-2.49%	1.97%	-0.24%	6.10%
<b>William Blair</b>	12.75%	-14.84%	-18.81%	-7.91%	5.21%	8.80%	-27.11%
MSCI ACWI ex US	8.29%	-5.33%	-13.54%	-9.80%	3.00%	11.82%	-14.97%
Difference	4.46%	-9.51%	-5.27%	1.89%	2.21%	-3.02%	-12.14%
<b>DFA Int'l Small Cap Value</b>	15.90%	-2.58%	-13.68%	-10.09%	5.59%	12.14%	-10.48%
MSCI EAFE Small Cap	10.10%	-8.53%	-17.69%	-9.83%	4.23%	9.91%	-22.22%
Difference	5.80%	5.95%	4.01%	-0.26%	1.36%	2.23%	11.74%
<b>AQR</b>	0.24%	-3.66%	-13.84%	-12.78%	-2.89%	14.41%	-19.57%
MSCI EM	-2.54%	-6.97%	-11.45%	-11.57%	-3.10%	14.83%	-18.95%
Difference	2.78%	3.31%	-2.39%	-1.21%	0.21%	-0.42%	-0.62%
<b>BlackRock Global Alpha Tilts</b>	18.72%	-5.23%	-14.93%	-7.48%	7.14%	7.91%	-13.76%
MSCI ACWI	18.54%	-5.36%	-15.66%	-6.82%	6.03%	7.76%	-15.02%
Difference	0.18%	0.13%	0.73%	-0.66%	1.11%	0.15%	1.26%
<b>MFS</b>	19.56%	-7.40%	-13.56%	-7.66%	4.64%	9.46%	-15.34%
MSCI ACWI	18.54%	-5.36%	-15.66%	-6.82%	6.03%	7.76%	-15.02%
Difference	1.02%	-2.04%	2.10%	-0.84%	-1.39%	1.70%	-0.32%
<b>BlackRock Gov't Bond Index</b>		-5.42%	-3.70%	-4.28%	-1.35%	2.65%	-11.72%
Bloomberg Gov't Bond		-5.53%	-3.71%	-4.30%	-1.37%	2.64%	-11.87%
Difference		0.11%	0.01%	0.02%	0.02%	0.01%	0.15%
<b>Reams</b>	-1.22%	-5.52%	-4.98%	-4.59%	-0.71%	4.58%	-11.06%
Bloomberg US Aggregate	-1.54%	-5.93%	-4.69%	-4.75%	-1.30%	3.68%	-12.62%
Difference	0.32%	0.41%	-0.29%	0.16%	0.59%	0.90%	1.56%
<b>Loomis Sayles</b>	2.14%	-5.74%	-6.81%	-2.72%	-0.16%	3.26%	-11.91%
Bloomberg US Aggregate	-1.54%	-5.93%	-4.69%	-4.75%	-1.30%	3.68%	-12.62%
Difference	3.69%	0.19%	-2.12%	2.03%	1.14%	-0.42%	0.71%
<b>UBS</b>	8.12%	1.46%	3.06%	0.65%	1.07%	-0.30%	6.04%
SOFR + 4% *	4.27%	0.45%	1.12%	1.46%	0.56%	0.59%	4.24%
Difference	3.86%	1.01%	1.94%	-0.81%	0.51%	-0.89%	1.80%
<b>Aptitude **</b>					0.65%	0.49%	1.14%
SOFR + 4%					0.56%	0.59%	1.16%
Difference					0.09%	-0.10%	-0.02%
<b>Principal</b>	17.58%	5.82%	-9.98%	-8.19%	4.70%	5.88%	-3.04%
Blended Benchmark	15.87%	6.84%	-10.75%	-7.91%	4.25%	6.23%	-2.76%
Difference	1.72%	-1.02%	0.77%	-0.28%	0.45%	-0.35%	-0.28%
<b>Baird</b>	-0.20%	-1.70%	-0.58%	-0.64%	-0.11%	0.80%	-2.23%
Bloomberg Govt/Credit 1-3 Year	-0.47%	-2.49%	-0.63%	-1.48%	-0.13%	0.82%	-3.87%
Difference	0.27%	0.79%	0.05%	0.84%	0.02%	-0.02%	1.64%
<b>Total MERS</b>	<b>18.89%</b>	<b>-0.46%</b>	<b>-6.79%</b>	<b>-4.53%</b>	<b>3.18%</b>	<b>4.12%</b>	<b>-4.84%</b>

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 began 10/1/2022

# ACTUAL ALLOCATIONS

November 30, 2022

		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.89%	\$ 219,719,329	3.93%
	BlackRock (Russell 1000 Value)	3.89%	\$ 215,990,976	3.86%
	Sub-Total Passive Large Cap Equity	7.78%	\$ 435,710,305	7.79%
Active Large Cap Equity	Polen (S&P 500)	2.19%	\$ 132,740,218	2.37%
	DFA (Russell 1000 Value)	2.78%	\$ 159,303,549	2.85%
	Sub-Total Active Large Cap Equity	4.97%	\$ 292,043,767	5.22%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	2.00%	\$ 110,981,916	1.98%
	CastleArk (Russell 2000 Growth)	1.61%	\$ 87,716,504	1.57%
	DFA (Russell 2000 Value)	3.44%	\$ 203,640,792	3.64%
	Sub-Total Active Mid/Small Cap Equity	7.05%	\$ 402,339,212	7.19%
Total Domestic		19.80%	\$ 1,130,093,284	20.20%
International				
Active International Equity	Brandes (MSCI EAFE)	5.80%	\$ 345,112,862	6.17%
	William Blair (MSCI ACWI ex US)	4.41%	\$ 263,670,988	4.71%
	DFA (MSCI EAFE Small Cap)	3.20%	\$ 186,521,248	3.33%
	AQR (MSCI EM)	1.99%	\$ 91,699,608	1.64%
Total International		15.40%	\$ 887,004,707	15.86%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.84%	\$ 271,085,030	4.85%
	MFS (MSCI ACWI)	3.96%	\$ 185,728,583	3.32%
Total Global		8.80%	\$ 456,813,613	8.17%
<b>Total Public Equity</b>		<b>44.00%</b>	<b>\$ 2,473,911,604</b>	<b>44.23%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 328,938,070	5.88%
	Mesirov (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 279,248,240	4.99%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 36,537,280	0.65%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 77,935,496	1.39%
<b>Total Private Equity</b>		<b>10.00%</b>	<b>\$ 722,659,086</b>	<b>12.92%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>54.00%</b>	<b>\$ 3,196,570,690</b>	<b>57.15%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash		1.00%	\$ 44,039,728	0.79%
Passive Fixed Income	BlackRock (Bloomberg US Government)	5.50%	\$ 219,750,293	3.93%
	Reams (Bloomberg US Aggregate)	9.90%	\$ 489,926,926	8.76%
	Loomis Sayles (Bloomberg US Aggregate)	6.60%	\$ 335,023,057	5.99%
Sub-Total Active Fixed Income		16.50%	\$ 824,949,982	14.75%
<b>Total Fixed Income</b>		<b>23.00%</b>	<b>\$ 1,088,740,003</b>	<b>19.47%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 118,877,970	2.13%
	UBS (SOFR + 4%)	7.00%	\$ 441,988,575	7.90%
<b>Total Absolute Return</b>		<b>10.00%</b>	<b>\$ 560,866,545</b>	<b>10.03%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>33.00%</b>	<b>\$ 1,649,606,549</b>	<b>29.49%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	3.03%	\$ 144,691,334	2.59%
	Morgan Stanley (NFI-ODCE)	3.03%	\$ 175,546,220	3.14%
	LaSalle (NFI-ODCE)	1.52%	\$ 126,763,725	2.27%
	Prologis (NFI-ODCE)	1.52%	\$ 99,089,052	1.77%
	Sub-Total Private Real Estate - Core	9.10%	\$ 546,090,332	9.76%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 19,732,823	0.35%
Public Real Assets	Principal (Blended Benchmark)	3.90%	\$ 181,248,181	3.24%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 747,071,335</b>	<b>13.36%</b>
<b>TOTAL ERS</b>			<b>\$ 5,593,248,574</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>			<b>R. W. Baird</b>	<b>80,444,588</b>



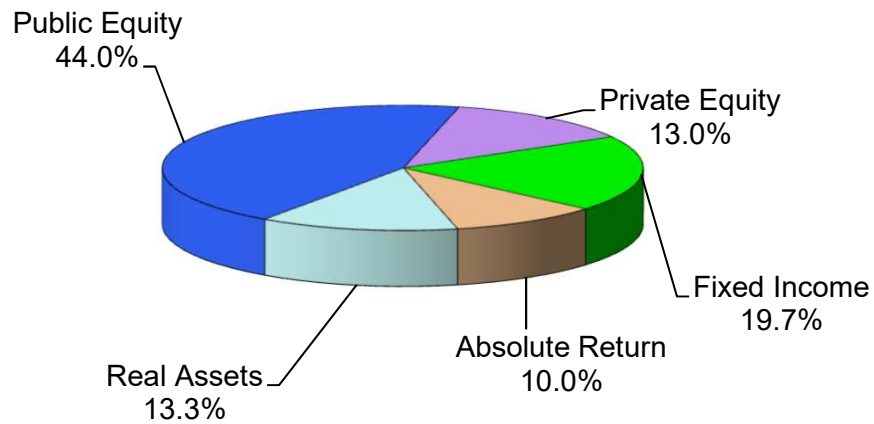
# PROJECTED TARGET ALLOCATIONS

Dec 13, 2022

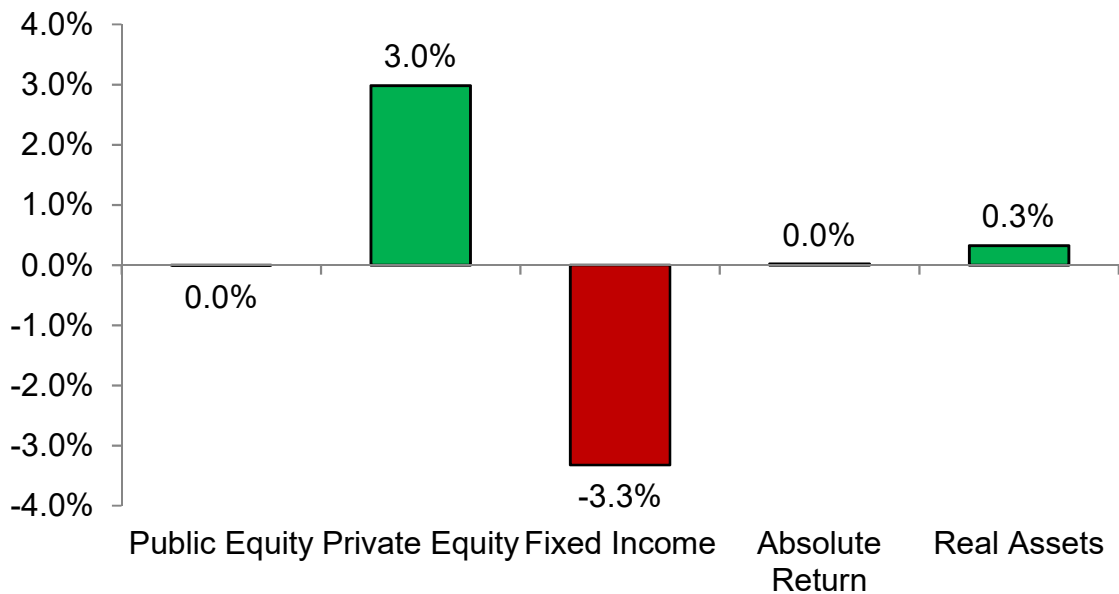
		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.89%	\$ 216,592,175	3.87%
	BlackRock (Russell 1000 Value)	3.89%	\$ 212,731,957	3.80%
	Sub-Total Passive Large Cap Equity	7.78%	\$ 429,324,132	7.67%
Active Large Cap Equity	Polen (S&P 500)	2.19%	\$ 130,724,928	2.33%
	DFA (Russell 1000 Value)	2.78%	\$ 155,751,412	2.78%
	Sub-Total Active Large Cap Equity	4.97%	\$ 286,476,341	5.12%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	2.00%	\$ 109,168,817	1.95%
	CastleArk (Russell 2000 Growth)	1.61%	\$ 85,363,198	1.52%
	DFA (Russell 2000 Value)	3.44%	\$ 196,891,747	3.52%
	Sub-Total Active Mid/Small Cap Equity	7.05%	\$ 391,423,762	6.99%
Total Domestic		19.80%	\$ 1,107,224,234	19.78%
International				
Active International Equity	Brandes (MSCI EAFE)	5.80%	\$ 352,836,912	6.30%
	William Blair (MSCI ACWI ex US)	4.41%	\$ 269,148,410	4.81%
	DFA (MSCI EAFE Small Cap)	3.20%	\$ 185,036,994	3.30%
	AQR (MSCI EM)	1.99%	\$ 91,076,412	1.63%
Total International		15.40%	\$ 898,098,727	16.04%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.84%	\$ 271,036,121	4.84%
	MFS (MSCI ACWI)	3.96%	\$ 186,921,037	3.34%
Total Global		8.80%	\$ 457,957,158	8.18%
<b>Total Public Equity</b>		<b>44.00%</b>	<b>\$ 2,463,280,119</b>	<b>44.00%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 326,480,570	5.83%
	Mesirow (Russell 3000 Quarter Lag + 2%)	3.50%	\$ 286,196,117	5.11%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 36,316,819	0.65%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.50%	\$ 77,935,496	1.39%
<b>Total Private Equity</b>		<b>10.00%</b>	<b>\$ 726,929,002</b>	<b>12.98%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>54.00%</b>	<b>\$ 3,190,209,121</b>	<b>56.98%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash		1.00%	\$ 40,313,737	0.72%
Passive Fixed Income	BlackRock (Bloomberg US Government)	5.50%	\$ 222,706,212	3.98%
Active Fixed Income	Reams (Bloomberg US Aggregate)	9.90%	\$ 497,676,041	8.89%
	Loomis Sayles (Bloomberg US Aggregate)	6.60%	\$ 340,953,110	6.09%
	Sub-Total Active Fixed Income	16.50%	\$ 838,629,150	14.98%
<b>Total Fixed Income</b>		<b>23.00%</b>	<b>\$ 1,101,649,099</b>	<b>19.68%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 118,877,970	2.12%
	UBS (SOFR + 4%)	7.00%	\$ 441,988,575	7.89%
<b>Total Absolute Return</b>		<b>10.00%</b>	<b>\$ 560,866,545</b>	<b>10.02%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>33.00%</b>	<b>\$ 1,662,515,645</b>	<b>29.69%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	3.23%	\$ 144,691,334	2.58%
	Morgan Stanley (NFI-ODCE)	3.23%	\$ 175,546,220	3.14%
	LaSalle (NFI-ODCE)	1.62%	\$ 126,763,725	2.26%
	Prologis (NFI-ODCE)	1.62%	\$ 99,089,052	1.77%
	Sub-Total Private Real Estate - Core	9.70%	\$ 546,090,332	9.75%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 19,606,916	0.35%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 180,321,419	3.22%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 746,018,666</b>	<b>13.32%</b>
<b>TOTAL ERS</b>			<b>\$ 5,598,743,432</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>	<b>R. W. Baird</b>		<b>80,719,727</b>	

# 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>December 13, 2022</u>		
Retiree Payroll Expense		\$ (410,649,485)	
PABF Payroll Expense		\$ (42,814)	
Expenses Paid		\$ (13,763,842)	
GPS Benefit Payments		\$ (8,534,086)	
Sub-Total Monthly Cash Outflows			\$ (432,990,228)
Monthly Cash Inflows thru	<u>December 13, 2022</u>		
Contributions		\$ 107,649,257	
PABF Contribution		\$ 47,392	
Sub-Total Monthly Contributions			\$ 107,696,649
City Reserve Fund Contribution			\$ 40,000,000
Capital Market Gain/(Loss)			<u>\$ (295,378,011)</u>
Value including City Reserve & PABF Accounts as of	<u>December 13, 2022</u>		<u>\$ 5,679,463,159</u>
Less City Reserve Account <sup>1</sup>			\$ 80,719,727
Less PABF Fund <sup>2</sup>			\$ 2,510
Net Projected ERS Fund Value as of	<u>December 13, 2022</u>		<u><u>\$ 5,598,740,922</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.