EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
MINUTES OF THE NOVEMBER 29, 2017 PENSION BOARD MEETING

1. Call to Order

   Vice Chair Laurie Braun, serving as Acting Chair, called the meeting to order at 8:35 a.m. at the Marcus Center for the Performing Arts, 929 North Water Street, Milwaukee, WI 53202.

2. Roll Call

Members Present	Members Excused
Linda Bedford	Daniel Byrne
Laurie Braun (Acting Chair)	Norb Gedemer (Chairman)
Aimee Funck	
Michael Harper	
William Holton	
Patricia Van Kampen	
David Zepecki	

Others Present

Margaret Daun, Chief Corporation Counsel
Jerry Heer, Director, Department of Audit
Amy Pechacek, Interim Director-Retirement Plan Services/Director of Risk Management
Erika Bronikowski, Retirement Plan Services Manager
Tina Lausier, Fiscal Officer
Matthew Strom, Segal Consulting
Geoff Bridges, Segal Consulting
Brett Christenson, Marquette Associates, Inc.
Christopher Caparelli, Marquette Associates, Inc.
Floyd Dukes, Artisan Partners
Matthew Kamm, Artisan Partners
Steven Huff, Reinhart Boerner Van Deuren s.c.
Edward Pero (and Spouse), Former Milwaukee County Employee
Blanca Cervantes, Former Milwaukee County Employee
Linda Skira, Retiree

3. Acting Chair's Report

Ms. Braun reported that Mr. Gedemer was out of town on a business-related matter and was unable to attend the meeting. Ms. Braun acted as Chair.

4. Minutes—October 25, 2017 Pension Board Meeting

The Pension Board unanimously approved the minutes of the October 25, 2017 Pension Board meeting. Motion by Mr. Holton, seconded by Ms. Bedford.

5. Experience Study Results

Matt Strom and Geoff Bridges from Segal Consulting ("Segal") presented the results of ERS's five-year experience study. The experience study was performed by ERS's former actuary, Conduent (f/k/a Buck Consultants).

Mr. Strom began by summarizing the objectives of the experience study. The annual actuarial valuation relies on various inputs, the most critical of which are actuarial assumptions regarding future events. The objective of the experience study is to develop the assumptions that are utilized by the actuary in the annual valuation to determine contributions. The actuarial assumptions are best estimates and are never exactly correct. Therefore, the assumptions must be periodically reviewed, evaluated and adjusted to ensure they are tracking the Fund's experience appropriately. Mr. Strom explained experience studies are typically performed every five years and that is the schedule the Pension Board has historically adhered to. Conduent recently completed ERS's experience study for the five-year period ending December 31, 2016. Mr. Strom explained that Segal was asked to review and provide comments on Conduent's experience study and its recommended assumptions. Mr. Strom noted that Segal asked for and received certain information from Conduent to assist with its review. Mr. Strom explained if at any point Segal determined it would have taken a different approach than Conduent, Segal made note of that in its presentation and outlined what it would have done differently.

Mr. Strom continued by explaining that the Actuarial Standards Board ("ASB") periodically issues guidance on assumption-setting analysis through its actuarial standards of practice ("ASOP"). The ASB recently issued a change in its guidance in ASOP No. 27. ASOP No. 27 states that the actuary should provide its best estimate of each economic assumption. Previously, it was considered acceptable practice for the actuary to recommend a range of estimates from which its clients could choose.

Mr. Strom stated it is the Pension Board's role to either accept the actuary's recommendations or adopt an alternative it believes would be more prudent or appropriate. Mr. Strom noted that Segal has made recommendations to other boards on assumptions such as the discount rate but the boards choose to adopt an alternative rate based on specific needs.

Mr. Strom next discussed Segal's basis for setting economic assumptions. Segal utilizes what it calls a "building block approach" to analyze the various components of economic assumptions. Segal uses inflation as a base component to provide consistency in its evaluation of the investment rate of return, salary increases and payroll growth. Mr. Strom explained that in its report, Conduent pointed to an inflation assumption range of 2.5% to 3% as being reasonable but it did not provide its best estimate assumption. Mr. Strom explained that Segal would have provided ERS with its best estimate for the inflation assumption. ERS's current underlying long-term assumption for inflation is 3% and the recommendation remains at 3% in Conduent's 2016 experience study. Mr. Strom explained that Segal would review national inflation averages as part of its experience study analysis. The trailing national historical average inflation rate is 2.5% for the 30-year period and 4.06% for the 50-year period. Mr. Strom also explained as part of its experience study analysis, Segal would review inflation rates utilized by other public sector pension funds in ERS's peer group. Mr. Strom noted the average inflation rate utilized by ERS's peers declined from an average of 3.54% in 2006 to 2.95% in 2016. Mr. Strom explained there is some lag in the peer group data because most other funds are also performing quinquennial experience studies. Factoring in such delay, Mr. Strom stated he would expect the average peer group inflation rate to fall below 2.95%. Segal would also analyze indicators for expectations of future inflation. The actuarial firm Horizon published the 2017 edition of its Survey of Capital Market Assumptions ("Horizon Study") that lists investment consultants' median inflation assumption rate at 2.44% for a 20-year horizon. Mr. Strom noted that Horizon's survey focuses primarily on the multi-employer sector but also includes capital market expectations from approximately 35 investment consulting firms. The Federal Reserve Bank of Philadelphia also published a survey complied by professional forecasters that lists an inflation assumption rate of 2.2% for a 10-year horizon. This provides insight to the market's long-term expectations for inflation. Mr. Strom also reported the 2017 Social Security Old-Age, Survivors, and Disability Insurance reports moderate expectations of inflation at 2.6% and views this as a long-term rate. Another source Segal utilizes for developing an inflation assumption is the Federal Reserve Bank of Cleveland ("FRBC"). The FRBC projects 30-year inflation at 2.21% based on market data. These analyses combined point Segal to providing its best estimate of 2.5% for

ERS's inflation assumption. Mr. Strom noted that Segal will utilize 2.5% as its inflationary building block going forward.

Mr. Strom then discussed the investment return assumption. Mr. Strom stated that Segal understands that ERS's assumed rate of return will decrease to 7.75% effective January 1, 2018 and to 7.5% effective January 1, 2020. Mr. Strom explained that Segal effectively views ERS's long-term 7.5% assumed rate of return as consisting of 3% inflation and 4.5% actual rate of return, net of investment expenses. Mr. Strom also explained that in its experience review analysis, Segal would analyze the expected real rate of return while simultaneously considering the most recent asset allocation policy established by the Pension Board. Segal would also consider in its analysis 20-year assumptions reported by investment consultants in the Horizon Survey. When analyzing the assumed rate of return with the asset allocation, Segal arrives at a total weighted arithmetic return of 6.04% for a one-year period. However, Mr. Strom explained that Segal is more interested in analyzing 20-year geometric returns and arrives at a 20-year adjusted geometric real rate of return of 5.36%. Mr. Strom noted that Conduent's report included geometric return data which he will discuss later in his presentation. Mr. Strom explained that Conduent pointed to the longer-term horizon as the basis for a higher assumption rate in its experience study. Mr. Strom reported that Segal asked for and received the underlying assumptions Conduent used to arrive at its data for the 20- and 30-year horizons. Conduent's data produces a total 30-year weighted average return of 7.19% and a 20-year total weighted average return of 6.99%. The Horizon Survey reports a 20-year weighted average real rate of return of 6.04% or, 95 basis points lower than Conduent's 20-year weighted average. Conduent's 30-year weighted average is 20 basis points more than the 20-year average.

Mr. Strom continued by explaining that Segal would further adjust its 5.36% geometric real rate of return to account for investment manager fees. Conduent estimated manager fees at 40 basis points. This would result in an expected real rate of return of 4.96% net of investment expenses. Segal reports there is a 50% likelihood of the Fund earning an annual real rate of return of at least 4.96%, net of investment expenses, over a 20-year period. The 4.96% real rate of return, combined with Segal recommended 2.5% inflation assumption would result in a total expected rate of return of 7.46%. However, Mr. Strom noted ERS is a mature fund and has a relatively significant amount of negative cash flow, averaging approximately -7% over the last seven years, due to the need to fund monthly benefits. To account for the negative cash flow, Segal backs out 38 basis points, resulting in a total expected rate of return of 7.08%. Mr. Strom explained that Segal typically recommends assumptions at 25 basis point increments. Therefore, Segal recommends that ERS lower its return assumption to 7%. According to Segal's model, there would be a 51% probability of ERS meeting or exceeding a 7% assumption, a 48% probability of ERS meeting or exceeding a 7.25% assumption, a 44% probability of ERS meeting or exceeding a 7.5% assumption and a 40% probability of ERS meeting or exceeding a 7.75% assumption. Mr. Strom explained that Conduent provided some probability analysis in its experience study and projected that over a 30-year period, an investment return of 7.5% would be achieved in approximately 73% of its simulations. However, Mr. Strom noted that Conduent was using a different model than Segal. Mr. Strom acknowledged there are other factors for the Pension Board and other ERS stakeholders to consider. However, Segal recommends that ERS reduce its investment return assumption to 7%.

Ms. Van Kampen remarked that she was not familiar with adjusting investment return assumptions for negative cash flow. Ms. Van Kampen questioned whether such practice was unique to Segal or common among its competitors.

Mr. Strom stated that he believes such practice has become more common over the last ten years. If there is no allocation to inflation or cash in the investment policy, which ERS does not currently have, this is an adjustment that should be made.

In response to a question from Ms. Funck, Mr. Strom acknowledged the negative cash flow in ERS could decrease as the amount of future backDROP payments decline. However, with upcoming reductions scheduled to the discount rate, larger required contributions by the County will likely offset the effect from any declines in backDROP payments.

Mr. Strom next discussed payroll growth assumption. Mr. Strom explained that Segal typically comments on payroll growth assumptions in its experience reviews but noted Conduent did not discuss payroll growth in its report. In ERS, contributions are determined as a level percentage of payroll. Therefore, payroll growth factors into the amortization payment. Increased contributions are needed if the payroll growth assumption is not met. ERS's current payroll growth assumption is 3.5%. Mr. Strom noted that because Conduent did not address the payroll growth assumption in its report, Segal assumes it will remain unchanged at 3.5%. Mr. Strom explained that he reviewed the payroll data in ERS's valuation reports from 2013 to 2017 and even after adjusting for the declining population, it does not appear to meet the 3.5% assumption. Mr. Strom noted this is typical to what Segal has observed in other systems and explained that Segal would have likely recommended a 3% payroll growth assumption with a 2.5% inflation assumption. Mr. Strom noted that in another similar scenario, Segal recommended a 2.75% payroll growth assumption. Mr. Strom reiterated that the payroll growth assumption affects the contribution amount but does not affect liability. The payroll growth assumption would only affect how the amortization payment is calculated.

Mr. Bridges continued by discussing the assumed rate of individual salary increases. Assumption rates for individual salary increases tend to be higher than payroll growth assumptions. Mr. Bridges explained that Segal also utilizes inflation as a fundamental building block for developing its individual salary increase assumption. Mr. Bridges noted that at 3%, Conduent's inflation assumption is higher than the 2.5% Segal would use as a building block. Mr. Bridges also explained that inflation has been very low over the last five years at approximately 1.5% to 2%. In its study of specific groups, Segal analyzed rates for merit and seniority increases by removing 1.5% for inflation and adding its long-term inflation assumption of 2.5%. Segal performed its analysis on three distinct groups that included elected officials, Sheriffs and general employees. Segal agreed with Conduent's observation for Sheriffs. Conduent reported that Sheriffs had higher than expected salary increases up to age 38 and generally lower than expected salary increases at age 39 and beyond. Segal disagrees with Conduent's observation for general employees and would have developed rates higher than Conduent. Mr. Bridges noted that Segal was not uncomfortable with the rates Conduent recommended but explained that Segal would have developed slightly higher rates for general employees and Sheriffs.

Mr. Bridges then discussed mortality assumptions. Mr. Bridges explained that Segal will review standard tables developed by the Society of Actuaries when analyzing mortality. Segal will use ERS's own mortality experience to the extent it can. However, it takes a great deal of experience to develop fully creditable data. Segal notes that generally, a minimum of 1,500 deaths is needed in a particular subgroup to be considered fully credible. Therefore, Segal reviews ERS's actual mortality experience and blends in data from the tables developed by the Society of Actuaries. Mr. Bridges explained that in smaller systems, Segal generally uses data closer to that in the tables developed by the Society of Actuaries.

Mr. Strom added that none of the groups in ERS had experience large enough to be considered reliable and the data was highly blended with a standardized table.

Mr. Bridges continued by explaining that Conduent recommends ERS move mortality assumptions for male pensioners from the UP-1994 Male, projected to 2012 table to 102% of the RP-2014 Male table. For female pensioners, Conduent recommends ERS move from the UP-1994 Female, projected to 2012 mortality table to 107% of the RP-2014 Female mortality table. The RP-2014 Table was issued by the Society of Actuaries in 2014. Mr. Bridges explained that while the RP-2014 Table is generally considered by many to be the "gold standard" table, the study did not include statistics for public fund employees.

Mr. Strom noted the Society of Actuaries is currently performing a public sector study but that study is not targeted for completion until 2018 or 2019. The public sector study will be divided by groups for general employees, public safety employees and teachers.

Mr. Bridges explained that the RP-2014 Table assumes higher mortality, meaning shorter life expectancies. The RP-2014 Table essentially assumes that life expectancies will be slightly lower than the national table for general pensioners and somewhat longer than the national table for disabled pensioners.

Mr. Strom noted that it appears Conduent based its recommendation on ERS's own experience, assuming the data was 100% credible, whereas, Segal would have blended ERS's experience with the data in the standard table. Segal would have likely recommended moving to 100% of the RP-2014 for males and 101% to 102% of the RP-2014 for females.

In response to a question from Ms. Braun regarding the net effect of making the minor adjustments to the RP-2014 Tables, Mr. Strom explained the net effect would be relatively small compared to larger levers such as investment return, but not immaterial.

Mr. Bridges next discussed other demographic assumptions. Mr. Bridges explained that Segal had no significant concerns or objections to Conduent's recommendations regarding retirement from active status, backDROP utilization, termination from active status and disability incidence and type.

Mr. Bridges concluded with a summary of recommendations. Mr. Bridges noted the summary describes what Segal would have done differently had it performed ERS's experience study. Conduent recommends an inflation assumption range of 2.5% to 3% but Segal would recommend a best estimate of 2.5%. Conduent recommends maintaining the Fund's current plan established for the investment return assumption. Segal recommends ERS reduce its investment return assumption to 7% for the 2018 valuation.

For salary assumptions, Conduent recommends overall higher rates for elected officials, higher rates for Sheriffs (lower for ages 39 and above) and higher rates for general employees. Segal agrees with Conduent's recommendation for elected officials but would recommend increasing rates for general employees and Sheriffs. Segal would have made slightly different recommendations for mortality, but agrees that Conduent's mortality assumptions are reasonable. Segal agrees that Conduent's recommendations for other demographic assumptions are reasonable.

Ms. Braun called for questions.

Mr. Harper questioned what the net effect of lowering the inflation rate and assumed rate of return would be.

Mr. Bridges first explained that Segal utilizes the inflation assumption as a building block for investment returns and salary scales. However, the inflation assumption does not affect the valuation itself. Changing the Fund's investment return assumption is what will drive the numbers in terms of changing liability.

In response to a follow-up question from Mr. Harper, Mr. Strom confirmed that discounting liabilities will affect the accrued liability, contribution amounts and funded status. In the last valuation report, Conduent calculated ERS's budget contribution based on a 7.75% assumption rate. Conduent separately identified a $4.5 million increase in ERS's budget contribution amount resulting from the 25 basis point decrease to the Fund's assumed rate of return. Mr. Strom explained that if the $4.5 million were viewed as a proxy for what a 25 basis points reduction is worth, another $4.5 million increase in contributions could be expected when the Fund's assumed rate of return is lowered to 7.5%. However, Mr. Strom noted that while this may be a satisfactory proxy for gauging an increase in contributions, the amount will likely be different because it does not work on a symmetrical basis and there are offsetting factors involved. Mr. Strom noted that relative to liabilities, all liabilities in the valuation report, except for one number, were calculated with the Fund's current 8% return assumption. Based on the information in Conduent's report as of January 1, 2017, and for financial statement reporting purposes, the impact of a 1% decrease in the Fund's current discount rate would increase ERS's net pension liability from $2.25 billion to $2.48 billion or by $223 million. With a discount rate of 7.5%, Segal would estimate the increase to ERS's net pension liability at approximately $111/$112 million. With the 8% investment return, ERS's funded ratio is 77.1%. Mr. Strom noted that if the 7% investment return were in place for the 2017 valuation, ERS's funded ratio would be approximately 70%.

Ms. Van Kampen questioned whether Segal has other clients that were unable to reduce investment return assumptions to its recommended levels and how that may affect Segal's reports going forward.

Mr. Strom explained that if Segal were completely uncomfortable with an established investment return assumption, it would add a qualifying note to its report stating the investment return was not Segal's best estimate assumption. However, Segal would still complete its work based on the established investment rate. Mr. Strom noted that he will discuss with Ms. Nicholl whether ERS's 7.75% rate scheduled to be in effect for 2018 and 2019 should be considered too far outside the bounds of Segal's best estimate.

Ms. Braun asked whether Segal would recommend the Pension Board accelerate the pace of the phased-in reduction to the Fund's assumed rate of return. Mr. Strom stated that based on the ASOP best estimate guidance, Segal would recommend ERS's investment return be reduced to 7%. If the plan sponsor is unable to make the full recommended contribution, the plan sponsor pays what it can. However, Mr. Strom noted that is easier to do in a plan where contribution amounts are fixed by statute. With ERS, there is a somewhat different dynamic involved as the plan sponsor is cutting a check for 100% of the contribution amounts recommended in the valuation.

Ms. Braun explained there are many practical concerns the Pension Board must consider. The Pension Board is working diligently to collaborate with other ERS stakeholders, including the County Board, the Comptroller's Office and County Administration. Ms. Braun also noted there are unusual circumstances involved this year due to the timing of changing actuaries so close to operational year end. This has presented the Pension Board with a very limited timeframe to implement any changes. Ms. Braun then asked whether Segal could provide additional information to the Pension Board in the next month or two regarding the net effect of accelerating a change to the Fund's investment return.

Mr. Strom stated that Ms. Braun's request was very reasonable and Segal would do whatever the Board asked.

Ms. Braun then asked Ms. Pechacek to address any operational concerns RPS may have.

Ms. Pechacek explained that operationally, RPS must know what factors will be in place January 1, 2018 to prepare for its retirement processes and to program factors in the Vitech V3 system. Ms. Pechacek explained she would need to know this information prior to the December Pension Board meeting. Ms. Pechacek then asked the Pension Board to provide RPS with some direction to move forward with the factors provided in Conduent's experience study.

In response to questions from Mr. Huff and Ms. Braun, Ms. Pechacek confirmed that RPS would need direction regarding mortality factors prior to the next Pension Board meeting. Ms. Pechacek noted RPS did not need a five-year plan but would need an absolute one-year plan in place to move forward for January 1, 2018.

Ms. Braun then asked to read the following statement prepared by the Chairman in advance of the meeting after reviewing Segal's report:

> "Segal has presented information on our assumed rate of return and our inflationary rate. I fully support implementing Segal's recommendations. However, I do not wish to jeopardize the County budget and their ability to make full contributions this coming year. I favor accelerating the process begun this January by stepping down the rate of return January 1, 2019 to 7.5% [or possibly even to (7.25%)] and January 1, 2020, to 7%. This will allow the time and resources required by all sponsors to properly meet their contribution obligations. This will also provide insight for the plan sponsor and Pension Sustainability Taskforce when developing recommendations as to plan sustainability this coming July. Thank you, Norb."

Ms. Van Kampen suggested this was a reasonable approach and asked what would need to happen to put such plan in place.

In response to a question from Ms. Pechacek, Mr. Strom stated that Segal recommends using the mortality tables proposed by Conduent.

Mr. Heer then addressed the Pension Board. Mr. Heer first stated the Pension Board must obtain good advice from the actuary and use the information to make its decisions. Mr. Heer noted that last time the Pension Board addressed changes to the Fund's investment return, it reconsidered a decision that was prudent for both ERS and the plan sponsor. Mr. Heer then asked on behalf of the Comptroller's office that the Pension Board first obtain the appropriate fiscal analysis necessary before making any long-term decisions. Mr. Heer noted the Chairman has suggested a strategy that other Board members may or may not agree with. However, everyone should agree that no decisions should be made without first obtaining a thorough fiscal analysis. Mr. Heer suggested the Pension Board should provide direction to Segal on what it conceptually would like to do so Segal does not spend multiple hours developing a number of different scenarios.

In response to a question from Ms. Braun regarding a phased-in approach, Mr. Heer noted that last time he discussed changes to the investment return with the Pension Board, he wanted the Board members to know of the effect the changes would have on the County as plan sponsor. However, Mr. Heer stated the Pension Board must make its decision appropriately as fiduciaries to the Fund. Speaking as an employee and auditor on the Comptroller's staff, Mr. Heer suggested that a longer-term phased-in approach is reasonable. A phased-in approach will always provide the plan sponsor the opportunity to budget. Mr. Heer noted the Pension Board should consider its decision separate from the issue of whether ERS should continue to exist in its current form. Mr. Heer stated that recent presentations by County Administration have forecast a time where employee benefits will total approximately 90% of the value of the annual property tax levy. Mr. Heer noted while this is a shocking figure, the Pension Board must set that information aside and make its decision based on what is best for the Fund. It is prudent for the Pension Board to first obtain a thorough and detailed fiscal analysis regarding what it believes to be in the best interest of the Fund and then move forward with that information.

Ms. Braun thanked Mr. Heer for his input.

Mr. Harper then asked Segal to stress-test the Fund and provide a complete forecast of optimal contribution levels that would consider the negative cash flow effect and debt service from the pension obligation bonds.

Mr. Strom acknowledged Mr. Harper's request. Mr. Strom then noted that ERS's 20-year amortization policy is considerably better than other plan sponsors who have adopted 30-year rolling amortization policies to pay off unfunded liability. Mr. Strom explained that Segal could provide data to the Board that would show the impact of a 15-year amortization period or what effect lowering the payroll growth to a more reasonable assumption would have. Mr. Strom noted that changes on the contribution side will mitigate negative cash flow and Segal will include that as part of its analysis.

Ms. Braun then asked Ms. Daun to comment.

Ms. Daun observed there are three sources for increased contributions to the Fund: increased employee contributions, pension obligation bonds or increased plan sponsor contributions. There are many moving parts the Pension Board must consider and what effect any changes to the assumptions and/or investment return will ultimately have on the arc analysis. Changing one component may change how other variables flow. Ms. Daun suggested it would be advantageous for Segal to provide the Pension Board with data on what a phased-in approach to a 7% investment return would look like and how the different approaches to changing the investment return would affect the three contribution sources. Ms. Daun advised the Pension Board that the Office of Corporation Counsel could provide an opinion regarding the Pension Board's decision in the context of exercising its fiduciary responsibilities. Ms. Daun concluded her remarks by stating the Pension Board should rely on Segal, the Comptroller's Office, the Budget Office and the Office of the Comptroller to provide it with the information it needs to fully understand all available options.

In response to a question from Ms. Braun, Ms. Daun confirmed the Office of Corporation Counsel would provide an opinion letter on the Pension Board's decision in the context of exercising its fiduciary responsibilities.

In response to a question from Mr. Harper regarding future potential changes to the V3 system, Mr. Strom confirmed that Segal should be able to provide RPS with the information in the format it would need to test the factors in the system.

In response to a question from Ms. Braun, Mr. Strom confirmed that Segal could work with the Comptroller's Office to provide an analysis of projected contributions if the Pension Board accepted Segal's overall recommendation. Mr. Strom recommended reviewing several scenarios.

In response to a follow-up question from Ms. Braun, Mr. Strom stated that Segal could have its report ready for presentation at the January 2018 Pension Board meeting.

Ms. Pechacek asked the Board to clarify whether it is adopting today the factors provided in Conduent's study only for use in 2018. This would provide the Board with additional time to review additional analyses from Segal and make decisions regarding subsequent years at a future Board meeting.

Ms. Daun suggested that because of RPS's operational time exigency for the mortality factor tables, it would be appropriate to adopt Conduent's study for the limited purpose of mortality tables.

Ms. Braun suggested such action would be prudent based on the need to wait for a fiscal analysis.

In response to a question from Mr. Huff, Ms. Braun confirmed the Fund's actuarial rate of return will be lowered to 7.75% effective January 1, 2018 as previously approved by the Pension Board.

The Pension Board voted unanimously to approve the use of the mortality table factors recommended by Conduent in its experience study for one year and, to instruct Segal to provide options related to the annual rate of return and the development of fiscal analyses, to allow the Pension Board time to develop a medium term plan to address the annual rate of return in light of Segal's study. Motion by Ms. Van Kampen, seconded by Ms. Bedford.

Ms. Braun called for questions and there were none.

6. Investments

(a) Artisan Partners

Floyd Dukes and Matt Kamm of Artisan Partners ("Artisan") distributed a booklet containing information on the U.S. mid cap growth investment management services provided by Artisan for ERS. Mr. Dukes introduced himself as a partner in Artisan's institutional group and introduced Mr. Kamm the lead portfolio manager for ERS's mid cap growth strategy.

Mr. Dukes began by providing a brief overview of the firm. There have been no organizational changes at the firm to report and all of Artisan's key employees remain in place. There were also no changes to report for the mid cap growth investment team or strategy. As of September 30, 2017 the firm's total assets under management ("AUM") were slightly over $113 billion.

Mr. Kamm next discussed performance. Mr. Kamm noted the compounded value of ERS's investment in Artisan has increased at attractive rates during its long relationship with Artisan. The portfolio's one-year return is strong at approximately 20% year-to-date, net-of-fees. However, the portfolio's relative returns have lagged the Russell Midcap Growth Index over the last year which is affecting the three- and five-year relative performance.

Mr. Kamm continued with a discussion of the market environment. The strong bull market that began in 2009 continues, reflecting a multi-year recovery in economic activity and stock prices. Economic growth is gradually broadening within the economy, allowing many businesses to generate higher profits. Investor enthusiasm is high, driving up stock valuations. Mr. Kamm noted the unique businesses Artisan seeks to invest in can generate profit growth in any economic environment. Artisan's unique investment strategy becomes less special in market periods where average businesses perform well. The market is currently experiencing a "risk-on" period in which Artisan strives to participate on the upside, while maintaining a watchful eye to protect capital should the markets turn suddenly downward. Mr. Kamm stated that Artisan will participate in strong earnings as the economic expansion continues. Artisan will adhere to its investment discipline of focusing on unique franchises. However, this may create challenges relative to outperforming the index to the extent the bull market continues. Mr. Kamm noted this is an unusual period where the Russell Midcap Growth Index has not had a down quarter in over two years. Mr. Kamm also noted that Artisan has not been entirely flawless with its stock picks and some mistakes have been made over the last year. The team remains committed to the investment philosophy that has carried Artisan through similar historical periods. The team has strong resources and is highly motivated to outperform the index and deliver strong absolute returns over the long-term.

Ms. Van Kampen questioned how the impact of increased passive investing in the mid cap growth sector may have driven outperformance of certain stocks Artisan is underweight to in its portfolio.

Mr. Kamm explained such effect would be difficult to prove but noted it could be a factor. However, Mr. Kamm suggested while there is passive momentum in the short term, the effect will ultimately reverse in time.

Mr. Kamm then discussed the portfolio's attribution and sector holdings. Mr. Kamm noted that a style dynamic in the market has created headwinds for Artisan relative to its consumer discretionary stocks. Artisan exited its position in Ulta Beauty because its growth is now being affected by E-commerce. The health care sector has been the largest detractor in the portfolio over the last year and as a result of poor performance, Artisan has reduced its position in DexCom, Inc. and exited its position in Envision Health Care. Mr. Kamm noted that Artisan has some exposure to the strongest areas of the bull market in financials and information technology. One of the biggest changes Artisan has identified over the last year is increased opportunities in the financial sector and it has invested in strong franchises with profit growth. The portfolio's exposure to energy sector is modest relative to the index but has grown in the last few years as energy begins to recover.

Mr. Kamm next discussed portfolio statistics. The portfolio tends to skew larger relative to company size which is a result of Artisan's philosophy to invest in higher-quality businesses. Relative to the index, the portfolio has faster earnings growth and its companies have higher quality balance sheets with less debt. As the market has appreciated, the portfolio's P/E ratios are in the upper half of the reasonable range. Artisan has been reducing in strength several stocks in the portfolio it considers to be near fully valued levels. Mr. Kamm noted that relative to the market, the multiple points of premium Artisan is paying is reasonable, given the quality and growth of its business

In response to a question from Mr. Harper, Mr. Kamm stated that Artisan's stocks traded at 22.1x earnings relative to the Russell Midcap Growth Index at 19.6x. Mr. Kamm noted Artisan's stocks have always traded at a slight premium and it is comfortable with the 2 points.

In response to a follow-up question from Mr. Harper regarding the basis of the portfolio's relative performance, Mr. Kamm stated that over the longer-term, the portfolio's top 20 securities have played a larger role in performance. Sector weightings have played a larger role in the last year but this has been an unusual period. Mr. Kamm explained that as economic growth continues to broaden, average businesses with low valuations are benefitting from the economic tailwind. These stocks will perform quite well for some time but will ultimately fall once the economic tail winds fade. Through a full market cycle, Artisan will tend to struggle on a relative basis during this period and will not necessarily distinguish itself relative to the market.

Mr. Kamm continued by noting the mid cap universe would likely benefit the most from corporate tax reform. If the corporate tax cut eventually passes, a number of businesses in the portfolio would likely immediately see profits increase by 10% to 15 %.

In response to a question from Ms. Van Kampen, Mt. Kamm explained it would be difficult to state whether Artisan would perform better than the overall mid cap universe if corporate tax reform passes. Corporate tax reform would provide companies in the portfolio with more funds to invest in research and development and acquisitions. Over time, the compounding effect would be advantageous to Artisan.

Mr. Kamm concluded by discussing a list of holdings in the portfolio.

Ms. Braun called for questions and there were none.

Messrs. Kamm and Dukes thanked ERS for its partnership and confidence in Artisan.

(b) Marquette Associates Report

Brett Christenson and Chris Caparelli of Marquette Associates distributed the October 2017 monthly report.

Mr. Caparelli began with a discussion of the market environment. Mr. Caparelli explained the unusual market environment of strong equity returns and very low volatility continues. October was another strong month for returns in the U.S. and international equity markets. The bond markets remained relatively stable. All indications suggest the strong equity returns will continue in November, which would result in an unprecedented 13 consecutive months of gains for the S&P 500.

Mr. Caparelli next discussed the October 2017 flash report. Artisan Partners, Mesirow, OFI Institutional Asset Management and ABS remain on various stages of alert. Mr. Caparelli stated that Marquette currently had no recommendations for changes to manager alert status. The Fund's total market value as of October 31, 2017 was $1.747 billion. At 15.4%, the Fund's fixed income composite remains slightly under allocated to the 18% investment policy target. However, combined with total cash equivalents in the Fund, fixed income is close to the 18% target. The U.S. equity composite is on target at approximately 25% and the international equity composite is slightly overweight to its target. Mr. Caparelli noted Marquette has primarily recommended taking withdrawals from international equity to fund benefit payments and cash flow needs. Real estate, hedged equity and infrastructure all remain closely aligned to the investment policy target. At 8.2%, the Fund's private equity composite continues to climb towards the 10% investment policy target allocation.

Mr. Caparelli then discussed net-of-fees performance as of October 31, 2017. Overall performance has been strong on a relative and absolute basis. The Fund's active managers and overall asset allocation are performing well. The total Fund composite is up at 12.3% year-to-date. Over the longer-term three- to seven-year periods, the Fund total return has been holding at approximately 8%. The fixed income composite return is slightly underperforming year-to-date. Mr. Caparelli explained the underperformance is primarily due to costs related to transitioning from J.P. Morgan to Galliard. Galliard is currently outperforming its benchmark by 40 basis points in its first three-month period.

In response to a question from Ms. Braun regarding Galliard's outperformance, Mr. Caparelli stated that a three-month period is a relatively short evaluation window. Forty basis points of outperformance is somewhat of an anomaly for fixed income in such a relatively short period.

Mr. Caparelli noted that more realistic expectations for fixed income returns would be 20 to 30 basis points annually.

Mr. Caparelli concluded his discussion of performance. The Fund's U.S. equity composite is slightly underperforming the Wilshire 5000 benchmark at 14.3% year-to-date. Mr. Caparelli explained the underperformance in U.S. equity primarily relates to decisions to maintain overweights to small cap and value stocks. The best-performing sector has been large growth stocks. Certain large technology companies such as Amazon, Google, and Facebook are largely responsible for the large cap outperformance. Boston Partners' year-to-date performance is very favorable. Mesirow and Silvercrest are also outperforming year-to-date. The Fund's international equity composite is currently outperforming year-to-date at 25.9%. The portfolio's overweights to emerging markets and small cap have helped to enhance international equity returns. OFI and Segal have each slightly underperformed their benchmarks year-to-date. The Fund's hedged equity composite is outperforming year-to-date. After underperforming in 2016, ABS has rebounded nicely in 2017, up 11.9% year-to-date,. Parametric continues to perform as expected and is up 9.5% year-to-date. Real estate is quarterly-valued and has not yet reported for the 2017 fourth quarter. Mr. Caparelli reported that for the first three quarters of 2017, real estate is performing in line with expectations and is up 5.4%. Infrastructure has performed unexpectedly well in 2017. IFM's very favorable year-to-date return is in part due to a change in currency movements in 2017.

In response to a question from Mr. Harper regarding IFM, Mr. Christenson explained that IFM recently launched a hedged share class product that ERS will eventually move to. However, Marquette is waiting until ERS regains the carried interest portion of IFM's fees in the current share class before it changes over to the hedged share class.

In response to a question from Ms. Bedford, Mr. Caparelli reported that Marquette is scheduling Galliard to present at an upcoming Pension Board meeting.

In response to a question from Ms. Lausier regarding adding Galliard to the Fund's cash overlay account, Mr. Christenson stated that Marquette intentionally does not add fixed income managers to cash overlay. Mr. Christenson explained this is primarily because cash is utilized by fixed income managers to balance duration.

Ms. Braun called for questions and there were none.

Mr. Harper then moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(e) with regard to agenda item 7 for the purpose of deliberating or negotiating the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session.

The Pension Board unanimously agreed by a roll call vote of 7-0 to enter into closed session to discuss agenda item 7. Motion by Mr. Harper, seconded by Ms. Bedford.

7. Investment Committee Meeting Meeting—November 13, 2017

(a) Search Results for Emerging Market Small Cap RFP

The Pension Board discussed the matter in closed session.

(b) Private Equity

The Pension Board discussed the matter in closed session.

The Pension Board agreed by roll call vote 7-0 to return to open session. Motion by Ms. Bedford, seconded by Ms. Funck.

After returning to open session, the Pension Board voted 6-0-1, with Mr. Harper abstaining, to approve a commitment by ERS of $40 million to the Mesirow VII Private Equity Fund. Motion by Ms. Van Kampen, seconded by Ms. Bedford.

The Vice Chair then took the agenda out of order to discuss appeals in open session.

8. Appeals

(a) Edward Pero

In open session, Mr. Pero introduced himself as a former Milwaukee County employee and introduced his spouse, Cynthia Pero.

In response to a question from Ms. Pero, regarding documentation of the appeal, Ms. Braun confirmed the Pension Board was provided with copies of all the documents submitted to Retirement Plan Services ("RPS") regarding Mr. Pero's appeal.

Ms. Pero began by stating that she did not appear today to "point fingers at anybody or say that people did not send a letter out." Ms. Pero further stated that "anybody that knows my husband, knows if he had gotten a letter that told him you have x amount of time to get this money returned…my husband would have taken that letter and came right down there, filled it out and given it to them." Ms. Pero explained that in a letter submitted as part of Mr. Pero's appeal record, she questioned why the letter with the information regarding membership accounts is not handed to employees "at a checkout time." Ms. Pero also questioned why the letter regarding Mr. Pero's membership account balance was not issued via registered or certified mail "like the letter denying the request for the money was." Ms. Pero then claimed that her mail is not always delivered correctly and "at least once or twice a week, I get someone else's mail in my mailbox." Ms. Pero explained that if she can determine that the incorrectly-delivered mail is "actually junk mail," she will throw it away. Otherwise, Ms. Pero explained she will return the incorrectly-delivered mail to the postal carrier. Ms. Pero alleged that "not everyone will do this, I can guarantee you that."

Ms. Pero continued by stating that Mr. Pero received a "pension statement for the end of 2016…in the first week of August…seven months later." Ms. Pero questioned why RPS would even issue such a statement to individuals not entitled to receive a pension from ERS. Ms. Pero stated that Mr. Pero then began telephoning RPS and made note of the RPS staff members he spoke to. Ms. Pero then alleged that Mr. Pero "got led around in circles and nobody calls you back. He asked to talk to the main person there and never got a phone call back." Ms. Pero explained that after attempting to contact RPS via telephone, Mr. Pero went to the RPS office to ask what he must do to resolve the issue. Ms. Pero then claimed that RPS staff advised Mr. Pero to "send us a letter that you want your refund back…what you paid in…$3,300." Ms. Pero suggested similar situations have likely occurred with other former County employees. Ms. Pero then asked that ERS return the $3,300 to Mr. Pero. Ms. Pero reiterated her claim that mistakes are made by postal carriers. Ms. Pero also noted that she has worked in "many clerical offices" and claimed that mail often does not get sent out and "is still sitting in the file." Ms. Pero then stated she was not suggesting this happened to Mr. Pero but questioned again why the letter was not sent via certified mail so RPS would know the individual received it.

Ms. Braun called for questions.

In response to a question from Mr. Huff, Ms. Pero confirmed the address on the letter is Mr. Pero's correct address. Ms. Pero added that their long-time postal carrier retired around the same time the letter was mailed and noted they had many different postal carriers before a permanent replacement was made.

In response to a question from Ms. Braun, Mr. Pero and Ms. Pero stated that other than returning mail that did not belong to them, they filed no formal report with the U.S. post office regarding the delivery problems they were experiencing. Ms. Pero acknowledged that because of the many mail delivery issues they were experiencing, there may have been other mail they did not receive. However, Ms. Pero stated that nothing would have been as important as the letter from RPS explaining that Mr. Pero could request a refund of his membership contributions. Ms. Pero stated that neither she nor her husband had any idea the letter was even coming. Ms. Pero again questioned why the letter was not provided to Mr. Pero when he left County employment and "handed in his badge." Ms. Pero acknowledged she understood the letter is sent out according to the Ordinances. However, Ms. Pero suggested that employees do not read the Ordinances and would have no idea the letter is supposed to be sent out. Ms. Pero concluded her remarks by stating there must be some transparency for members and "the information has to be provided."

Ms. Braun explained that a letter is sent to every individual with an ERS membership account at the time they terminate employment. The letter explains the options available to individuals regarding their membership accounts.

In response to a question from Ms. Braun, Mr. Pero and Ms. Pero confirmed that Mr. Pero never received such letter.

Ms. Braun thanked Mr. Pero and Ms. Pero for appearing before the Board and presenting their information. Ms. Braun explained the Board will discuss Mr. Pero's appeal in closed session with counsel. Ms. Braun advised Mr. Pero and Ms. Pero they would be notified in a timely manner of the Board's determination in writing if they did not wish to wait for the Board to return from closed session.

In response to a question from Mr. Pero, Mr. Huff stated the letter advising Mr. Pero of the Board's determination is not sent via certified mail.

Mr. Pero and Ms. Pero thanked the Pension Board and left the meeting.

The Pension Board discussed the matter later in closed session.

A motion was made on this matter later in the meeting.

(b) Blanca Cervantes

In open session, Ms. Cervantes addressed the Pension Board. Ms. Cervantes explained she appeared before the Pension Board at its September 2017 meeting to appeal her right to request a withdrawal of the funds from her ERS membership account. At that meeting, the Pension Board voted unanimously to hold over its decision on Ms. Cervantes' appeal for 60 days to allow Ms. Cervantes additional time to discuss reciprocity with a representative from the City of Milwaukee Employes' Retirement System ("CMERS") and how the resulting information may affect her decision to proceed with the appeal. Ms. Cervantes then stated "honestly, with the job I did with the City of Milwaukee, I do not think I am going to make a career out of it so I would like to get the opportunity to get a refund of my account." Ms. Cervantes continued by claiming that following her termination of employment with the County, she did not receive a letter explaining that she could request a refund from her ERS membership account. Ms. Cervantes stated "my only explanation was that it was delivered to the wrong address." Ms. Cervantes further claimed she first learned she could have requested a refund of her ERS membership contributions after she began working for the City of Milwaukee.

Ms. Braun noted the Pension Board had a thorough discussion of Ms. Cervantes' appeal at its September 2017 and called for questions.

Ms. Daun asked Ms. Cervantes if a representative from the City of Milwaukee discussed the reciprocity opportunity she may have available at the city. Ms. Daun explained that depending on how long Ms. Cervantes plans to work for the City of Milwaukee, she could vest in CMERS over a shorter period, if she did not withdraw the funds from her ERS membership account.

Ms. Cervantes answered "yes."

In response to a follow-up question from Ms. Daun, Ms. Cervantes acknowledged that she understood that should the Pension Board grant her appeal and she requests a refund from her ERS membership account, she will not be eligible for any reciprocity vesting period with the City of Milwaukee.

In response to a question from Ms. Daun, Ms. Cervantes stated that she was employed by the County for three years.

Ms. Daun then stated that she wanted Ms. Cervantes to be fully aware that she is close to vesting at the City of Milwaukee.

Ms. Cervantes stated that "somebody spoke to me with the City of Milwaukee, but no, I'd rather get a refund."

Ms. Braun called for questions.

In response to a request from Ms. Daun, Ms. Cervantes recited her full name and mailing address, with zip code.

Ms. Braun thanked Ms. Cervantes for reappearing before the Board and explained she would be notified in a timely manner of the Board's determination in writing if she did not wish to wait for the Board to return from closed session.

Ms. Cervantes thanked the Pension Board, stated she would wait to receive the letter and left the meeting.

The Pension Board discussed the matter later in closed session.

A motion was made on this matter later in the meeting.

(c) Linda Skira

In open session, Ms. Skira introduced herself and summarized the circumstances regarding her appeal. Ms. Skira noted that she brought with her, pay stubs from 2011 and 2012 and "statements" from 2009 and 2010. Ms. Skira stated "the information is regarding furlough time." Ms. Skira further stated that she "reviewed the information a couple of times and I do not see consistencies in the numbers. I am requesting that they be reviewed again by Milwaukee County." Ms. Skira explained that she worked for, and retired from, the Milwaukee County jail and criminal justice facility. Ms. Skira stated she did not believe she was subject to furlough time because she was classified as an essential County employee.

In response to a question from Ms. Braun regarding what assistance Ms. Skira received from RPS in response to her questions, Ms. Skira stated that she first received a letter from the former Director of RPS in January 2017.

In response to a question from Ms. Daun regarding the basis of Ms. Skira's appeal, Ms. Skira stated "that would be the figure is incorrect." Ms. Skira explained she has several examples "in those years" where she sees a furlough balance in the "special information" column but did not see "that I took furlough in the other columns." Ms. Skira further stated "the numbers are different from one month to two months later, it goes down to 104 hours."

Ms. Daun then explained that because Ms. Skira was paid for hours worked, there can be some variation in what her paycheck stub might reflect month-to-month . Ms. Daun asked Ms. Skira if she discussed her detailed questions with an RPS staff member or asked for a detailed explanation of the calculations she believes are incorrect.

Ms. Skira answered "I have done neither." Ms. Skira further stated "I tried and I received a letter from Marian Ninneman in January 2017. I sent a certified appeal letter. I did not receive a response from Ms. Ninneman." Ms. Skira then reported that she went to the "Human Resource office on January 17, 2017 and asked to speak to her." Ms. Skira stated that when she arrived, she was asked if she had an appointment to which she replied no. Ms. Skira noted that she felt RPS staff were rude and she felt she was treated poorly and "cut off."

In response to a follow-up question from Ms. Daun, Ms. Skira acknowledged that she met with Ms. Ninneman on January 17, 2017. Ms. Skira stated she received a letter electronically signed by Ms. Ninneman in response to their January 17 meeting. Ms. Skira added that she only received Ms. Ninneman's January 17 response letter after she discussed her situation with Supervisor Weishan.

Asking to speak on behalf of the Pension Board, the Interim Director of RPS and RPS staff, Ms. Daun expressed her apologies to Ms. Skira and stated that Ms. Skira deserves to be treated with respect and dignity at all times and to have her questions addressed timely.

Ms. Skira thanked Ms. Daun. Ms. Skira continued by stating that she still felt her questions have not been adequately explained by RPS staff and she does not fully understand the information RPS provided to her. Ms. Skira reiterated that when she reviews her paystubs and statements from 2009 to 2013, she sees a furlough balance in the special information column. Ms. Skira then stated "but I don’t see it in the other columns where, for instance, regular time, there is a line for sick time. I do not see the furlough in those columns."

In response to questions from Ms. Daun regarding furlough time, Ms. Skira stated she did not believe she was away from work due to furlough, because she was classified as an essential employee at the Milwaukee County jail and criminal justice facility from 1993 to 2012.

Ms. Van Kampen observed that the appeal documentation the Pension Board received lists a furlough balance of zero. Ms. Van Kampen questioned what different documentation Ms. Skira may have that reflects a furlough balance.

Ms. Skira stated she had a "statement check dated January 1, 2010 that lists a furlough balance of 96…and the statement check dated March 18, 2010 special information column furlough balance zero. So I am looking from January 1, 2010 at 96 hours to March 18, 2010, zero."

Ms. Braun noted that it appears a correction could have been made in 2012 that involved 96 hours of suspension time, not furlough.

Ms. Skira responded that her "January letter stated furlough."

Ms. Braun suggested this may be where some of Ms. Skira's confusion stems from. Ms. Braun suggested the suspension hours were originally incorrectly classified on Ms. Skira's paystubs as furlough hours and later corrected to properly reflect suspension hours. Ms. Braun further suggested the correction to accurately reflect the hours as suspension resulted in the change to Ms. Skira's monthly pension amount. Ms. Braun noted that RPS staff members present were nodding in agreement.

Ms. Skira stated she was still very confused and indicated she believed the furlough issue was separate from the 96 hours. Ms. Skira stated she did not understand why the furlough hours reflected on her statements dropped from 96 hours in January 2010 to zero in March 2010.

In response to a request from Ms. Braun, Ms. Pechacek confirmed that as she understands the situation, the error resulted from suspension hours in 2012, which was discovered during an audit of furlough time.
Ms. Pechacek explained that RPS provided a written explanation to Ms. Skira, with corrected paystubs, explaining the 96 hours were suspension and not furlough. Therefore, the 96 hours were not pensionable. Ms. Pechacek explained the information was provided by the payroll department and is the official record.

Ms. Daun added that as she understands the issue, Ms. Skira may have received paychecks, that for some time, incorrectly reflected furlough hours. The paychecks were subsequently corrected and Ms. Skira's paycheck summary for the year in question reflected that the hours previously incorrectly categorized as furlough hours were suspension hours.

Ms. Lausier explained that because the 96 suspension hours were erroneously factored into Ms. Skira's initial benefit calculation, once the error was discovered, it resulted in the minor reduction to Ms. Skira's monthly benefit payment amount.

In response to a question from Mr. Zepecki, Ms. Skira stated she retired from County service in 2012.

In response to a follow-up question from Mr. Zepecki regarding years of service, Ms. Skira stated she worked for the County for less than 23 years. Ms. Lausier reported that RPS records reflect a balance of 22.68611 service credits for Ms. Skira.

Ms. Braun then asked Ms. Skira if she received the letter from RPS dated November 21, 2017, explaining that the suspension hours resulted in the minor adjustment to Ms. Skira's monthly benefit payment amount.

Ms. Skira acknowledged she had a copy of the November 21, 2017 letter.

Messes. Daun and Braun explained to Ms. Skira that the Board will discuss her appeal in closed session and will make a determination regarding her monthly pension amount. Ms. Daun further explained to Ms. Skira that she would be notified in a timely manner of the Board's determination in writing if she did not wish to wait for the Board to return from closed session. Ms. Daun explained the letter will address all of the questions Ms. Skira asked regarding furlough and will also explain further appeal rights.

Ms. Skira then stated she was not away from work regarding suspension for 96 hours or, "three months."

Messes. Braun and Daun explained to Ms. Skira that 96 hours is 2.5 weeks of full time work, not three months. Ms. Daun noted that RPS agrees Ms. Skira was not absent from work for three months of suspension time.

Ms. Braun thanked Ms. Skira for appearing before the Board to explain her appeal.

Ms. Skira concluded by stating she appreciated being communicated to in a manner that allows her to understand all of the information and the way it is defined. Ms. Skira acknowledged to the Board that she better understood the information.

The Pension Board discussed the matter later in closed session.

A motion was made on this matter later in the meeting.

9. Audit Committee Meeting—November 9, 2017

Remaining in open session, Mr. Harper reported on the November 9, 2017 Audit Committee meeting.

(a) Interest Applied to Membership Accounts

Mr. Harper reported the Audit Committee decided to continue with the past practice applied by RPS regarding interest applied to membership accounts.

(b) 10 Year Certain and Life Annuity

Mr. Harper reported that the Audit Committee took no action on the 10 year certain and life annuity matter because it is waiting for a fiscal analysis to be completed regarding a draft amended Rule. Mr. Harper noted the Audit Committee will discuss the matter at its next meeting and may have information to present on the topic to the full Board at its December 2017 meeting.

(c) Review of Active Death Benefits

Mr. Harper reported the Audit Committee discussed the matter and is waiting for additional clarification from counsel. Mr. Harper explained the issue relates to the administration of death benefits for survivors of deceased active members.

(d) Membership Definition

Mr. Harper reported that Mr. Carroll continues to review the membership definition with the Committee. Discussion of the matter will continue at future Audit Committee and Pension Board meetings.

(e) Experience Study Update

Mr. Harper noted he would not discuss the experience study because Segal provided a comprehensive update earlier in the meeting.

(f) Review of Legal Fees

Mr. Harper reported that the Audit Committee expressed no concerns regarding legal fees and concluded that no further action was necessary. The Audit Committee also concluded that it would no longer be including the item on future agendas unless concerns were raised by other Board members or other individuals.

Mr. Harper called for comments/questions and there were none.

(g) 2018 Budget

Mr. Harper reported that Ms. Pechacek presented a revised 2018 budget to the Audit Committee. The Committee noted that facilities will be charging RPS a substantial increase in 2018 for its office rental space. Mr. Harper also reported there were substantial reductions to the 2018 budget attributed to software.

A motion was made on the 2018 budget later in the meeting.

(h) Any Job Standard

In response to a question from Ms. Braun, Messes. Daun and Pechacek suggested the Pension Board could discuss the any job standard in open session. Ms. Daun explained the Board could move into closed session at any time if the discussion might implicate ongoing appeals and/or litigation.

Remaining in open session, Mr. Harper explained that Mr. Carroll discussed with the Audit Committee past practice regarding the "any job" standard for duties otherwise assigned to employees in cases of disability.

In response to a question from Mr. Harper, Mr. Huff confirmed he was not present for the discussion at the November 9 Audit Committee meeting.

Ms. Daun then summarized the issues regarding the any job standard. Ms. Daun explained there has been confusion in terms of past practice and identifying when the "any job" or "own job" standard prevails for accidental disability retirements. Ms. Daun noted the distinction is critical because individuals employed in physically demanding jobs could remain on permanent duty disability retirement under the own job standard, with 75% of their salary maintained, while still able to perform other less physically demanding jobs at the County. This can result in great costs to the Fund. Therefore, it is important to understand all aspects of the issue, including the historical origins and legal arguments on both sides.

Ms. Daun noted that Mr. Carroll is assisting her on an interrelated matter concerning how RPS and/or the Pension Board should be managing the disability recertification process. The Office of Corporation Counsel is reviewing past practices, justifications and rationales, and whether such practices are applicable and appropriate today. Once its analysis is complete, the Office of Corporation Counsel will advise the Pension Board on the disability recertification process. Ms. Daun noted that Mr. Carroll is managing the majority of the work on the matter.

Ms. Daun called for questions.

In response to a question from Mr. Harper, Ms. Daun acknowledged there are currently some concerns regarding the Ordinances and classifications of employees. Ms. Daun explained that certain status quo Ordinances are reviving former collective bargaining agreements and there has been a different historical practice for deputy sheriffs. The Office of Corporation Counsel wants to formalize, in writing, detailed information for each different classification of employee and where distinct treatments may have originated.

Mr. Harper noted that Mr. Carroll suggested certain past practice may have been incorporated under labor law and that there is a state standard. Mr. Harper asked Ms. Daun to provide insight on the state standard.

Ms. Daun stated she was not certain what the state standard is on labor law writ large but noted it can come from several sources, including various departments at the state level that hear disputes among employer/employee groups. Ms. Daun suggested this may be what Mr. Carroll was referring to. Ms. Daun also suggested there could be certain legal hurdles involved with represented employee groups where past practices are involved, even if those past practices are not enshrined in collective bargaining agreements. Ms. Daun noted that many intricacies are involved in the issue and there are no quick and easy answers.

In response to a follow-up question from Mr. Harper, Ms. Daun stated she did not believe the reclassification issue currently being discussed at the County-Board level would have any specific impact on the any job standard issue. However, Ms. Daun cautioned she could not state with any certainty that there would not be some eventual impact following the final resolution of ongoing litigation regarding compensation and classification of employees.

Ms. Braun noted for the record that the Audit Committee has been discussing the any job standard issue with Mr. Carroll for over one year. Ms. Braun also noted that Mr. Carroll has been tirelessly working on the issue. Ms. Braun reiterated that the issue is very complex and the Audit Committee is taking time to carefully perform its due diligence and receive thorough advice from counsel.

Ms. Daun noted the Office of Corporation Counsel continues to hear questions and concerns from the County Board committees and RPS regarding the any job standard. In addition, the Pension Board continues to hear appeals on the issue. Ms. Daun also noted the any job standard is emblematic of the types of complex issues the Office of Corporation Counsel hopes to work together with the Pension Board to solve. Ms. Daun then explained she had to leave the meeting to attend another meeting and advised the Board she would be available via telephone if needed.

Ms. Braun thanked Ms. Daun for her assistance.

Ms. Braun then moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(g) with regard to agenda items 8, and 9(i) through 9(j) for the purpose of the Board receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning these matters.

The Pension Board agreed by roll call vote 7-0 to enter into closed session to discuss agenda items 8, and 9(i) through 9(j). Motion by Ms. Braun, seconded by Ms. Bedford.

(i) <u>Part Time Final Average Salary</u>

The Pension Board discussed the matter in closed session.

(j) <u>Benefit Calculation Errors and Corrections</u>

The Pension Board discussed the matter in closed session.

The Pension Board agreed by roll call vote 7-0 to return to open session. Motion by Ms. Bedford, seconded by Ms. Braun.

After returning to open session, the Pension Board made the following motions:

(a) <u>2018 Budget</u>

The Pension Board voted unanimously to approve the 2018 budget. Motion by Mr. Zepecki, seconded by Mr. Harper.

(b) <u>Appeals—Edward Pero</u>

The Pension Board voted 3-4, with Messes. Funck, Bedford and Mr. Zepecki approving, and Messrs. Harper, Holton, Messes. Braun and Van Kampen disapproving, to accept the appeal by Edward Pero. Motion by Mr. Zepecki, seconded by Ms. Funck. The motion failed to pass because it lacked the necessary five votes as required by Ordinance section 201.24 (8.5).

In response to a question from Ms. Braun regarding the failed motion, Mr. Huff explained the Pension Board must take action on the appeal.

Ms. Braun then called for a motion to deny the appeal.

The Pension Board denies the appeal by Edward Pero consistent with the discretion assigned to it by Ordinance section 201.24(8.17)(a) to interpret the Ordinances and Rules of the Employees' Retirement System of the County of Milwaukee ("ERS"), based on the following rationale:

Factual Background.

1. Mr. Pero was an ERS member who terminated County employment on June 27, 2016.

2. On July 15, 2016, Retirement Plan Services ("RPS") sent a letter to Mr. Pero at his last known address informing him that he had a balance of $3,338.98 in his membership account. The letter also informed Mr. Pero that he had 180 days from his termination date to request a refund of his membership account. The letter was not returned to RPS as undeliverable, and Mr. Pero did not request a refund of his membership account.

3. Subsequently, RPS sent Mr. Pero an Annual Pension Statement of his account as of December 31, 2016 to the same address as the notice sent on July 15, 2016.

4. Mr. Pero requested a refund of his membership account in a letter dated September 25, 2017. In this letter, Mr. Pero stated that he made several calls and visited the courthouse regarding his refund but did not receive a response.

5. RPS sent a letter on September 28, 2017 to Mr. Pero at the same address as the notice was sent in 2016 explaining that he was not eligible for a refund because it was past the 180-day deadline in the Ordinance to request a refund.

6. Mr. Pero appealed RPS's decision in a letter dated October 24, 2017. Mr. Pero stated that he never received the July 15, 2016 letter RPS sent. Mr. Pero contended that he frequently receives mail that does not belong to him when his usual mail carrier is on vacation or ill. Mr. Pero also inquired why the 2017 denial letter was sent by certified mail but the 2016 letter was not. Mr. Pero contended that he would have requested a refund of his money had he known about

his ability to do so. In this letter, Mr. Pero also stated his intention to appeal RPS's decision in person at the Pension Board meeting.

7. The Pension Board reviewed Mr. Pero's appeal at its November 29, 2017 meeting. Mr. Pero and his spouse appeared at the meeting and argued that Mr. Pero did not receive the 2016 letter RPS sent. The Peros stated that they receive mail that does not belong to them at least once or twice a week. The Peros contended that they return incorrectly delivered mail to the mail carrier but that not all individuals do the same. The Peros also stated that their long-established mail carrier retired around the time that RPS sent the notice. The Peros inquired why employees are not notified of their refund option in-person when they terminate employment.

8. Ms. Pero also stated that she previously worked in offices where employees failed to send letters that they thought they had sent. Ms. Pero subsequently clarified that she is not accusing RPS of failing to send the 2016 letter to Mr. Pero.

9. At the Pension Board meeting, Mr. Pero was asked if the address on the July 15, 2016 letter RPS sent was his current address. The Peros confirmed that the address on the letter RPS sent was their correct current address.

10. At the meeting, Mr. Pero was also asked if he noticed that he was not receiving other mail, such as bills, and if he reported any of these problems to the post office. Mr. Pero indicated that other than returning mail that did not belong to him, he did not report any issues to the post office. The Peros explained that most of their bills are paid electronically and that there may have been other pieces of mail that they did not receive. However, the Peros did not provide any specific examples of other undelivered mail.

11. RPS later advised the Pension Board that other members, who terminated County employment around the time that Mr. Pero terminated employment, received the letter RPS sent notifying them of their refund options. Some of these members subsequently requested and received refunds of their membership accounts.

<u>Pension Board Conclusions</u>.

1. Subject to certain exceptions not relevant here, Ordinance section 201.24(3.5) provides that a member may request a refund of his or her employee contributions upon termination of employment.

2. A member must request a refund of his or her membership account within 180 days of terminating County employment. *See* Ordinance section 201.24(3.11)(6).

    a. Mr. Pero terminated County employment in June 2016. Mr. Pero had until December 2016 to request a refund. RPS did not receive a refund request from Mr. Pero until September 2017.

    b. Accordingly, RPS did not receive a request for a refund of Mr. Pero's contributions within the 180-day period prescribed in the Ordinances.

3. Ordinance section 201.24(3.11)(6) includes a notice requirement under which RPS must send a terminated member written notice of the member's refund option.

4. The Ordinance also includes an exception to the 180-day requirement if RPS fails to provide the terminated member with written notice of the refund option or if the member does not receive the notice. *See* Ordinance section 201.24(3.11)(6). The member has the burden of proving the notice was not received.

    a. RPS sent Mr. Pero a letter at his last known address notifying him of the option to receive a refund on July 15, 2016. The letter informed Mr. Pero that he had 180 days from his termination date to request a refund of his membership account. The letter was not returned to RPS as undeliverable, and Mr. Pero did not request a refund.

    b. Mr. Pero argued that he did not receive the July 15, 2016 letter notifying him of the refund option. However, at the Pension Board meeting, Mr. Pero confirmed that the address on the 2016 letter that RPS sent was his correct current address.

5. The Pension Board must administer benefits based on the Ordinances and Rules. Ordinance section 201.24(3.11)(6) prohibits refunds past the 180-day deadline unless the member can show they did not receive the notice. It is the member's burden to show that the notice was not received.

6. At the Pension Board meeting, Mr. Pero contended that he often receives mail that does not belong to him. Mr. Pero also stated that

his mail carrier retired around the time that the letter was delivered. However, Mr. Pero did not report any issues to the post office. Additionally, Mr. Pero did not identify any other pieces of mail that he did not receive.

7. The Pension Board finds that Mr. Pero did not request a refund of his membership contributions by the 180-day deadline prescribed in the Ordinances. The Pension Board further finds that Mr. Pero did not satisfy his burden to show that he did not receive the July 15, 2016 notice RPS sent him regarding his refund option. Accordingly, the Pension Board finds Mr. Pero is not eligible for a refund of his contributions.

The vote to deny the appeal by Edward Pero was 5-2, with Messrs. Holton, Harper, Messes. Bedford, Braun and Van Kampen approving and Ms. Funck and Mr. Zepecki disapproving. Motion by Mr. Harper, seconded by Mr. Holton.

(c) Appeals—Blanca Cervantes

The Pension Board denies the appeal by Blanca Cervantes consistent with the discretion assigned to it by Ordinance section 201.24(8.17)(a) to interpret the Ordinances and Rules of the Employees' Retirement System of the County of Milwaukee ("ERS"), based on the following rationale:

Factual Background.

1. Ms. Cervantes was an ERS member who terminated County employment in July 2016.

2. On August 12, 2016, Retirement Plan Services ("RPS") sent Ms. Cervantes a letter at her last known address informing her that she had a balance of $5,455.80 in her membership account and that she had a right to request a refund of her membership account within 180 days of terminating her employment. The letter was not returned to RPS as undeliverable, and Ms. Cervantes did not request a refund of her membership account.

3. Ms. Cervantes contacted RPS to inquire about a refund of the amounts in her membership account in June 2017. She contended that she did not know about the refund option until she heard about it after beginning employment with the City of Milwaukee when "a representative from their pension services came to give a

presentation." During this presentation she "found out that the money [she] was being deducted for the time [she] was employed for the County [should have been] given back to [her]." Ms. Cervantes further contended that a co-worker told her that she should have received a letter with the information.

4. On July 6, 2017, RPS sent a letter to Ms. Cervantes at the same address as the notice sent in 2016 informing her that she was not eligible for a refund because it was past the 180-day deadline to request a refund.

5. Ms. Cervantes appealed RPS's decision in a letter dated August 15, 2017. In this letter, Ms. Cervantes stated that she never received the August 12, 2016 letter RPS sent. Ms. Cervantes contended that had she known about the refund option, she would have requested a refund of her money.

6. Ms. Cervantes appeared at the Pension Board meeting on September 27, 2017. After a discussion, the Pension Board decided to hold over Ms. Cervantes's appeal for 60 days to allow her to determine if she is or may be eligible for reciprocity benefits with the City of Milwaukee based on her service with Milwaukee County. The Pension Board determined that if Ms. Cervantes still wanted to appeal RPS's decision, she could request that her appeal be heard at the Pension Board meeting on November 29, 2017.

7. The Pension Board Chair sent a letter to Ms. Cervantes on October 9, 2017 confirming the Pension Board's decision to hold over Ms. Cervantes' appeal and requesting that Ms. Cervantes advise whether or not she would like to proceed with her appeal by Friday, November 24, 2017.

8. Ms. Cervantes confirmed that she would like to continue with her appeal before the Pension Board in a letter sent to RPS in early November. She further confirmed that she would be attending the Pension Board meeting on November 29.

9. Ms. Cervantes appeared at the Pension Board meeting held on November 29, 2017. At the meeting, Ms. Cervantes reiterated her argument that she did not receive the letter RPS sent on August 12, 2016. Ms. Cervantes contended that the only explanation for her not receiving the letter is that the letter was sent to the wrong address.

10. At the Pension Board meeting, Ms. Cervantes was asked to state her current correct mailing address. The address Ms. Cervantes stated was the same address to which RPS sent Ms. Cervantes the letter regarding her refund option in 2016. Additionally according to RPS staff, other members, who terminated County employment around the same time as Ms. Cervantes, received the notice RPS sent them and requested and obtained refunds of their membership accounts.

11. Ms. Cervantes explained that she is requesting a refund of her account because she does not plan to make a career out of her job with the City of Milwaukee. At the meeting Ms. Cervantes was also asked if the City of Milwaukee explained the reciprocity benefits to her. Ms. Cervantes confirmed that she understood the reciprocity opportunity. Ms. Cervantes also acknowledged that she was close to vesting and confirmed that she understood that receiving a refund from the County would make her ineligible for reciprocity benefits. Ms. Cervantes stated she preferred to receive a refund of her membership account nonetheless.

<u>Pension Board Conclusions</u>.

1. Subject to certain exceptions not relevant here, Ordinance section 201.24(3.5) provides that a member may request a refund of his or her employee contributions upon termination of employment.

2. Ordinance section 201.24(3.11)(6) requires members to request a refund of their employee contributions within 180 days of termination of County employment.

    a. Ms. Cervantes terminated County employment in July 2016. Accordingly, Ms. Cervantes had until January 2017, 180 days after she terminated her employment, to request a refund of her contributions.

    b. Ms. Cervantes did not contact RPS to inquire about a refund of the amounts in her membership account until June 2017.

3. Ordinance section 201.24(3.11)(6) includes a notice requirement under which RPS must send a terminated member written notice of the member's refund option.

4. The Ordinance also includes an exception to the 180-day requirement if RPS fails to provide the terminated member with written notice of the refund option or if the member does not receive

the notice. *See* Ordinance section 201.24(3.11)(6). The member has the burden of proving the notice was not received.

a. RPS sent Ms. Cervantes notice of her option to receive a refund at her last known address on August 12, 2016. The letter was not returned to RPS as undeliverable, and Ms. Cervantes did not request a refund of her contributions.

5. The Pension Board must administer benefits based on the Ordinances and Rules. Ordinance section 201.24(3.11)(6) prohibits refunds past the 180-day deadline unless the member can show they did not receive the notice. It is the member's burden to show that the notice was not received.

6. At the Pension Board meeting, Ms. Cervantes contended that she did not receive the August 12, 2016 letter because RPS sent it to the incorrect address. However, Ms. Cervantes stated her current correct address at the November Pension Board meeting, and the address she provided was the same address to which RPS sent the 2016 notice letter.

7. The Pension Board finds that Ms. Cervantes did not request a refund of her membership contributions by the 180-day deadline prescribed in the Ordinances. The Pension Board further finds that Ms. Cervantes did not satisfy her burden to show that she did not receive the notice RPS sent regarding her refund option. Accordingly, the Pension Board finds Ms. Cervantes is not eligible for a refund of her contributions.

The vote to deny the appeal by Blanca Cervantes was 5-2, with Messrs. Holton, Harper, Messes. Bedford, Braun and Van Kampen approving and Ms. Funck and Mr. Zepecki disapproving. Motion by Mr. Harper, seconded by Mr. Holton.

(d) <u>Appeals—Linda Skira</u>

The Pension Board denies the appeal by Linda I. Skira consistent with the discretion assigned to it by Ordinance section 201.24(8.17)(a) to interpret the Ordinances and Rules of the Employees' Retirement System of the County of Milwaukee ("ERS"), based on the following rationale:

Factual Background.

1. On December 14, 2016, Retirement Plan Services ("RPS") sent a letter to Ms. Skira stating that there was an error discovered in the calculation of her monthly pension benefit.

2. RPS stated that due to the error, Ms. Skira received an overpayment of $38.87 ($35.13 plus $3.74 of interest as of December 2016). RPS advised Ms. Skira that if she did not appeal this decision, the amount would be recovered from her January 2017 pension payment. Ms. Skira appealed.

3. Ms. Skira's appeal was postponed to allow ERS and the Pension Board to review the issue of whether ERS should implement a de minimis exception to the overpayment Ordinances and Rules. The County Board then decided to review the issue of overpayments and consider different options, including the implementation of a small amount exception. The County Board has not made a final decision with regard to small amounts, and Ms. Skira requested that the Pension Board review her appeal at the November Pension Board meeting.

4. Ms. Skira also requested that ERS provide her with additional information related to her benefit recalculation, which was provided in a letter dated November 21, 2017. The letter clarified that at the time of her pension calculation in 2012, 96 hours of unpaid suspension time was erroneously credited toward her benefit. After adjusting her benefit to remove those erroneous hours, her monthly pension benefit was reduced from $1,464.38 to $1,463.77, resulting in an overpayment.

5. Ms. Skira appeared at the November Pension Board meeting to discuss her appeal.

Pension Board Conclusions.

1. At the meeting, Ms. Skira had questions about how her benefit was recalculated and the error that occurred. RPS addressed those questions, and Ms. Skira was referred to the November 21, 2017 letter for a detailed explanation. Based on RPS's recalculations, the Pension Board finds that Ms. Skira received an overpayment.

2. Rule 1050(1)(b) requires RPS, upon discovery of a payment in error, to pay the corrected benefit amount to the member going forward.

This Rule is in accordance with IRS regulations that require a qualified plan to be a "definite written program and arrangement which is communicated to the employees and which is established and maintained by an employer." Treas. Reg. § 1.401 1(a)(2)-(3). Under these requirements, a plan may pay benefits only as provided for in the plan document. Accordingly, once an error is discovered, RPS must correct it by reducing a member's benefit to the amount that is provided for in the Ordinances and Rules. The Pension Board therefore finds that RPS properly reduced Ms. Skira's monthly pension benefit to reflect the corrected benefit amount that Ms. Skira should be receiving.

3. Rule 1050(2) allows ERS to offset a member's benefit to recover an overpayment. In accordance with Rule 1050(2)(c), RPS notified Ms. Skira of its error in writing and explained the nature and amount of the overpayment. RPS then stated that if Ms. Skira did not repay the overpayment in a lump sum, RPS would reduce Ms. Skira's monthly pension benefit payment until the entire overpayment amount, plus interest, is recovered.

    a. Ms. Skira has not yet repaid the overpayment. The Pension Board finds that in accordance with Rule 1050, RPS may offset Ms. Skira's benefit to recover the overpayment.

The motion to deny Ms. Skira's appeal was unanimous. Motion by Ms. Van Kampen, seconded by Mr. Harper.

Mr. Harper then moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(g) with regard to agenda items 10 through 12 for the purpose of the Board receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning these matters.

The Pension Board agreed by roll call vote 7-0 to enter into closed session to discuss agenda items 10 through 12. Motion by Mr. Harper, seconded by Ms. Bedford.

10. <u>Pending Litigation</u>

(a) *<u>Debra Tietjen v. ERS, et al.</u>*

The Pension Board took no action on this item.

(b) *Walker, et al. v. Milwaukee County, et al.*

The Pension Board took no action on this item.

(c) *Baldwin v. ERS*

The Pension Board took no action on this item.

(d) *Griffin v. County of Milwaukee, et al.*

The Pension Board took no action on this item.

(e) *James Tietjen v. ERS, et al.*

The Pension Board took no action on this item.

(f) *Milwaukee District Council 48 v. Milwaukee County*

The Pension Board did not discuss this item.

(g) *Dennis Dietscher v. Pension Board of the Employees' Retirement System*

The Pension Board did not discuss this item.

(h) *Watkins v. Pension Board*

The Pension Board did not discuss this item.

(i) *Hoffmann v. Milwaukee County (State)*

The Pension Board did not discuss this item.

(j) *Hoffmann v. Milwaukee County (Federal)*

The Pension Board did not discuss this item.

(k) *Couturier v. ERS*

The Pension Board did not discuss this item.

11. Actuarial Valuation Error

The Pension Board took no action on this item.

12. Report on Compliance Review

The Pension Board took no action on this item.

The Pension Board voted by roll call vote 7-0 to return to open session. Motion by Ms. Braun, seconded by Ms. Funck.

13. Reports of Interim Director—Retirement Plan Services & Fiscal Officer

(a) Retirements Granted Report—October 2017

In open session, Ms. Pechacek presented the Retirements Granted Report for October 2017. Twenty retirements from ERS were approved with a total monthly payment amount of $34,210.53. Of those twenty retirements, thirteen were normal retirements and seven were deferred retirements. Ten members retired under the Rule of 75. Twelve retirees chose the maximum option, seven elected the joint and survivor option and one elected the 10-year certain option. Nine retirees elected backDROPs in amounts totaling $2,176,532.19.

Ms. Pechacek also reported there were eighteen retirements for November 2017 and stated the details will be presented at the December Board meeting. Retirements for December 2017 were on track at fourteen.

(b) Retirement Plan Services Update

Ms. Pechacek reported that RPS held another successful pre-retirement session. Approximately 150 members attended the pre-retirement session. Ms. Pechacek noted the County Executive's office and RPS received many compliments from attendees following the session.

In response to a question from Ms. Braun regarding nomination papers for the upcoming employee Board member election, Mr. Huff explained that according to the timeline provided in the Rules, nomination papers must be circulated the first week of December 2017 and received by January 2, 2018.

Ms. Bronikowski stated she would issue the notice by December 8, 2017.

(c) Fiscal Officer Report

Ms. Lausier presented the October 2017 portfolio activity, cash position and funds approved by the Board reports. Ms. Lausier first noted she made several adjustments to the portfolio activity report to streamline the report and make it easier to read. October 2017 was another fairly successful month for the Fund, with approximately $17.7 million in income and unrealized gains and losses. A total of $18 million was transferred to fund October benefits and expenses, with a portion of that funded through a $12 million withdrawal from the Northern Trust International Index Fund. Distributions totaling approximately $4 million were received from various managers. One capital call for $17,100 was received in October from the Adams Street 2009 fund. Ms. Lausier noted there is a decrease in the amount of backDROP payments for November. A total of $17 million will be transferred to fund November 2017 benefit payments.

In response to a question from Ms. Braun, Ms. Lausier stated she will request approval for first quarter funding at the December 2017 Pension Board meeting.

Ms. Braun called for questions and there were none.

14. Adjournment

The meeting adjourned at 1:55 p.m.

Submitted by Steven D. Huff,
Secretary of the Pension Board