EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

MINUTES OF THE SEPTEMBER 18, 2013 PENSION BOARD MEETING

1. Call to Order

   Chairman Mickey Maier called the meeting to order at 8:30 a.m. in the Green Room of the Marcus Center, 127 East State Street, Milwaukee, Wisconsin 53202.

2. Roll Call

Members Present	Members Excused
Laurie Braun	Vera Westphal
Dr. Brian Daugherty (Vice Chair)	
Aimee Funck	
Norb Gedemer	
D.A. Leonard	
Dean Muller	
Dr. Sarah Peck	
Patricia Van Kampen	
Mickey Maier (Chairman)	

   Others Present
   Marian Ninneman, CEBS, CRC, ERS Manager
   Mark Grady, Acting Corporation Counsel
   Daniel Gopalan, Fiscal Officer
   Theresa Diaz, Assistant Fiscal Officer
   Vivian Aikin, CRC, ERS Sr. Pension Analyst
   Daniel J. Schuller Ph.D., J.P. Morgan Asset Management
   Melissa M. Anezinis, J.P. Morgan Asset Management
   Josefina 'Jojo' Granoff, IFM
   Brett Christenson, Marquette Associates, Inc.
   Ray Caprio, Marquette Associates, Inc.
   David Crowley, Former Milwaukee County Employee
   Tamika Terrell, Former Milwakee County Employee
   Ardi Triggs, Former Milwaukee County Employee
   Pamela Jones, Retiree
   Roger Baumler (and Mrs. Baumler), Milwaukee County Employee
   Mary Holtz, Milwaukee County Employee
   Bernadette Jones (and Mr. Jones), Former Milwaukee County Employee
   Steven Huff, Reinhart Boerner Van Deuren s.c.

3. Chairman's Report

The Chairman welcomed the Pension Board members back for their first scheduled meeting since the August break.

The Chairman then noted that effective as of November 1, 2013, Marilyn Mayr will be returning to fill the seat currently held by D.A. Leonard, whose term will be ending in October 2013. Because Mr. Leonard is stepping down and Ms. Mayr was the only candidate who filed completed nomination papers by the required deadline, no retiree member election was held.

4. Minutes—June Pension Board Meetings

The Pension Board reviewed the minutes of the July 17, 2013 Pension Board meeting.

The Pension Board unanimously approved the minutes of the July 17, 2013 Pension Board meeting. Motion by Dr. Daugherty, seconded by Ms. Braun.

5. Investments

(a) J.P. Morgan

Melissa Anezinis and Daniel J. Schuller of J.P. Morgan Asset Management distributed a booklet containing information on the infrastructure investment management services provided by J.P. Morgan for ERS.

Mr. Schuller first provided an investment summary of the ERS J.P. Morgan Infrastructure Investments Fund (the "Infrastructure Fund") as of June 30, 2013. ERS's initial commitment to the Infrastructure Fund was $60 million. This amount was recently increased by an additional $25 million, raising the total commitment to $85 million. J.P. Morgan expects to draw the additional $25 million capital by the end of this year. Total distributions received are just under $10 million, the bulk of which have been used to pay benefits, and some of which have been reinvested in the Infrastructure Fund. The one-year net of management fees return for 2012 was just under 6.2%

In response to a question from Dr. Peck, Mr. Schuller stated that the additional $25 million commitment is not currently in a cash account, and J.P. Morgan has not yet called the additional capital.

Mr. Schuller then provided an overview of the Infrastructure Fund's value proposition. With the initial $60 million commitment, the Infrastructure Fund has immediate cash yield. A stabilized and diversified portfolio, which originally contained ten active portfolio companies, is currently at nine due to company mergers. Control positions and active asset management are two key tenants of the Infrastructure Fund. Control is necessary to effect change and drive returns within the portfolio. The concept of platform investing is also very important to the Infrastructure Fund, which means putting capital to work through existing, well-known and trusted companies. Through projects such as expansions or acquisitions, the end result is risk-adjusted returns. Finally, the Infrastructure Fund is an open-ended fund with the strength of J.P. Morgan's asset management.

Mr. Schuller then discussed the Infrastructure Fund's global core infrastructure. Attractive investments include sectors such as regulated utilities, contracted power generation and transportation across the developed world. An overview of the sector breakdown shows 56% of investments in regulated utilities, 27% in transportation and 17% in contracted power generation. J.P. Morgan would like to increase the current percentage invested in transportation, with a goal closer to 40%, as attractive opportunities are discovered. A breakdown of the geographic diversification shows heavy weighting towards the United Kingdom, which is currently at 43%. J.P. Morgan would like to reduce its weighting in the U.K., and shift more heavily into the North American sector, which is currently at 31%. J.P. Morgan's preferred target range for investments in the North American sector is also at 40%.

Mr. Schuller then reviewed the J.P. Morgan Infrastructure Investments Group current management team. The current team in place was developed with the goal to increase both transportation investments in the portfolio, as well as investments in the North American sector. Paul Ryan was recently brought on board to a newly created position as CEO of Infrastructure OECD Equity and Debt. Mr. Ryan came over from J.P. Morgan Investment Bank where he was one of the co-heads under public finance for 15 years. Mr. Ryan is an expert in transportation, specifically in the U.S., and it is anticipated that his experience will help build and strengthen investments in those areas. Matt LeBlanc is the new Chief Investment Officer. Mr. LeBlanc joined the team after 12 years at Arclight Capital Partners, where he focused on power and energy investments. Lastly, Andrew Gilbert joined the team in October of 2012 and brings over 20 years of experience as an executive in power and utilities. These individuals will help focus on investments in transportation, energy and power in the North American sector, which J.P. Morgan sees as the most attractive opportunities at this time.

In response to a question from Mr. Christenson regarding expansion into North America, Mr. Schuller stated that the preferred focus is currently in the United States. Although expansion into Canada would be desirable, there are currently fewer opportunities there. Mexico is currently not a target area.

In response to a follow-up question from Mr. Christenson, Mr. Schuller stated the projected target for cash yield is to be in the 5% to 7% range over the next ten years.

In response to questions from the Chairman regarding J.P. Morgan's current infrastructure management team, Mr. Schuller stated that Paul Ryan's position is newly created and he was not hired to replace anyone.
Mark Weisdorf still remains in place as the Portfolio Manager.

Mr. Schuller next discussed diversification within ERS's current Infrastructure Fund. Summit Utilities, Inc. is a natural gas provider in the United States. Southern Water Services is a regulated water and wastewater company located in southern England. Electricity North West is an electricity distribution network located in the United Kingdom. Southwest Water Company is a water and wastewater platform business located in the U.S. with operations in California, Texas and Alabama. Coastal Winds is a U.S. wind power generation platform with operations in Oregon, Texas and New York. The other wind power generator in the portfolio is Zephyr Wind, which is located along the western coast of England, and one additional off-shore site located to the north of England. Southwest Generation is a portfolio of natural gas-fired power generation assets in the U.S., with operations in Colorado, Nevada, New Mexico and California. Transportation assets include North Queensland Airports, which is comprised of two Australian airports located in Cairns and Mackay. The larger of the two airports is located in Cairns, which serves the Great Barrier Reef, and is primarily a tourist destination. Cairns Airport is one area where J.P. Morgan has been increasing their drive through route development. This was achieved by having low-cost carriers, such as Eastern China Airlines and China Southern Airlines, complete with Qantas Airlines for domestic fights. Finally, Noatum Ports is a port of operations located in Spain. As Spain has recently become a more attractive global manufacturing location, there has been a transition from primarily import traffic to export traffic. Currently, key areas of export traffic in Spain are linked to small, inexpensive automotive manufacturing and clothing exports.

In response to a question from the Chairman regarding additional assets to the portfolio, Mr. Schuller stated that J.P. Morgan's primary adding focus is not privatization of governmental entities. Of the ten investments made in the portfolio, nine were private-to-private transactions, with the Australian airports being the only governmental transaction. In the future, J.P. Morgan would like to see more public to private transactions, especially in the U.S., however, this has proven slow to start.

Mr. Schuller then discussed J.P. Morgan's philosophy of active asset management. This concept involves a partnership with management and focuses on executing a strategic business transformation plan. Through this process, strategies are put in place to increase the commercial focus (*i.e.,* revenue growth, operational efficiency and financing) while reducing asset-level risk. The new route development at Cairns Airport already discussed is a good example of this concept. If an acquired asset has been undermanaged, or was a subsidiary of a larger company, it is sometimes necessary to go in during the transitional period and get involved on a day-to-day "back-office" level until operations are optimized. During this early phase of an asset cycle, J.P. Morgan is involved side-by-side with management in regulatory approval, strategic plan development, management upgrades and implementation of new systems. During this phase, J.P. Morgan is essentially the management team. Once a post-transitional period is reached in an asset cycle, J.P. Morgan's involvement is slowed, but still includes active involvement in areas such as operational and financial monitoring, marketing, strategic planning and performance management.

Mr. Schuller next discussed the Infrastructure Fund's total return and cash yield performance as of June 30, 2013. Lower yields are typically seen during the transitional period of an asset cycle. In the past few years, yields have been in the 5.5% to 6.5% range. Yields are expected to remain in that band and steadily increase towards the 7% range. J.P. Morgan recognizes the importance of cash yield to ERS in terms of paying benefits and, therefore, when a potential asset is reviewed, the potential initial impact on cash yield is always taken seriously into consideration.

Mr. Schuller then provided an in-depth review of the business model development strategy implemented with the initial acquisition of Summit Utilities in May 2007. Summit Utilities provides regulated natural gas service to 34,000 customers in Colorado, Missouri and Maine. The business model development began by identifying areas in which individuals were served either by propane or fuel oil. Next, and of primary importance, was securing the regulatory permission to bring natural gas a fair and appropriate rate structure. With a rate structure in place, anchor customers were then contracted to bear the initial load. Later in the process, additional subsidiary networks were built out, adding smaller natural gas customers. The original acquisitions in the states of Colorado and Missouri should bring customer counts to around 40,000 by the end of 2013. With additional early-stage ventures now underway in the State of Maine, customer counts are predicted to be closer to 100,000 within five years.

Mr. Schuller then discussed in further detail the early stages of the process currently underway with Summit Utilities in the State of Maine. With the project in Maine in its early transitional phase, J.P. Morgan is currently relying on the management team previously utilized during the original 2007 acquisition of Summit Utilities. The team has a long track record of doing this type of work and has been in operation since 1997.

A significant natural gas pipeline currently runs down through portions of the State of Maine from the Maritime Provinces in Canada, down towards the city of Boston, Massachusetts. Despite this pipeline, only 5% of the general population in Maine is currently on natural gas. Furthermore, no large industrial users in the state, such as large paper mills, currently have access to natural gas. During his gubernatorial campaign, the current Governor of Maine, Paul LePage, vowed to bring natural gas into the state to actually serve the local population. Governor LePage invited J.P. Morgan, among others, to review the opportunity and perform an in-depth analysis. J.P. Morgan responded to Governor Lepage's invitation and took two years to perform the due diligence. J.P. Morgan worked with the state to secure an attractive rate structure that would provide natural gas to both homeowners and businesses in Maine. The rate structure J.P. Morgan was able to secure allows for customers to obtain a rebate of around $2, 000 when converting from a fuel-oil fired burner to a natural-gas fired boiler.

J.P. Morgan then secured several large anchor customers, including three large paper mills and a large greenhouse produce provider. With the anchor customers in place, construction began in June of 2013 and gas flow is anticipated by the end of 2013. Around 500 contract employees are currently in the process of building out steel main lines and smaller lateral lines. Customers who convert to natural gas will save up to $1,500 a year in fuel costs once their boiler is paid off. This brings both environmental, as well as economic sustainability to the people of Maine. With an attractive rate structure in place, J.P. Morgan hopes to earn around 14% in terms of a gross return.

Mr. Schuller concluded with a discussion of the market outlook. Focus has shifted towards a maturing and evolving asset class. The U.S. market is ready for the next phase of infrastructure development which J.P. Morgan sees as an enormous opportunity. Such opportunities include natural gas and oil transportation and storage; gas-fired and renewable power generation; utilities involved with natural gas, electric and water; and transportation. There will be greater investment flexibility and product offerings and an increased focus on debt products.

Mr. Schuller then discussed a recent failed transportation acquisition opportunity between J.P. Morgan and Chicago's Midway Airport. The opportunity did not appear attractive to J.P. Morgan for two main reasons. First, in their assessment and review, J.P. Morgan noted that passenger volumes have recently fallen at Chicago's O'Hare International Airport by more than the Midway Airport total passenger count. J.P. Morgan concluded that in this situation, O'Hare International Airport could theoretically pick up all of Midway Airport's total passenger volume. Furthermore, J.P. Morgan feared that once Chicago's mayor, Rahm Emanuel, stuck a deal with Midway Airport, he would then strike a deal with Jet Blue Airlines to build a new terminal at O'Hare International Airport. Mr. Schuller stated that if J.P. Morgan is going to put $1 billion worth of capital to work, they would rather do it in a place such as the State of Maine that regulates opportunities.

In response to a question from Mr. Christenson, Mr. Schuller stated that he believes the current infrastructure policy benchmark, which is the Consumer Price Index ("CPI") plus 4%, is a fair and reasonable benchmark.

In response to a question from Mr. Leonard regarding the current disparate locations of Summit Utilities' natural gas delivery, Mr. Schuller stated that ideally it would seem to make more sense to stay in one location and build out. However, J.P. Morgan believes that many of those opportunities have already been exhausted. Several factors come into play here, such as negotiating a reasonable rate of return based on rate structures, population density and the existence of large established public service systems. J.P. Morgan actively searches for opportunities in unchartered territories such as in the State of Maine, where their business model has proven successful in the past.

In response to a question from Ms. Braun, Mr. Schuller stated that, to his knowledge, the current transitional period underway in the Maine Summit Utilities project has not had an impact on the Infrastructure Fund's current cash yield percentage.

(b) Industry Funds Management ("IFM")

Josefina 'Jojo' Granoff distributed a booklet containing information on the investment management services provided by IFM for ERS.

Ms. Granoff introduced herself as IFM's Investor Relations Director for North America and Europe. Her primary duties include providing client services and investor relations communications.

Ms. Granoff first provided an overview of IFM. IFM is one of the largest infrastructure investors across the globe, with offices in New York, London and Melbourne. IFM has over $43 billion in funds under management across a range of investment products, with $14 billion in global infrastructure investments currently under management. IFM is a unique, independent and fully-aligned investment manager. IFM is unique in the fact that IFM's owners are its investors. IFM is owned by 30 Australian pension funds and, as a result, IFM views itself as an extension of the plan investors for whom they work. Because of the unique ownership arrangement, IFM is very transparent and opens its books to all their investors. IFM also recognizes the fact that management fees can often reduce returns and as growth occurs. IFM has mechanisms in place to regularly review its fees with its Investor Advisory Board, and IFM seeks to keep fees in line with growth. Because IFM is owned by its investors, IFM does not have an individual owner interested in profiting on the underlying business. This unique arrangement allows for an increased ability to ensure investment performance, therefore, increasing the value for its underlying members. IFM only invests in infrastructure and is one of the largest international investors in infrastructure.

Ms. Granoff then provided an overview of IFM's infrastructure funds. IFM has two infrastructure funds, the Australian Fund and the Global Infrastructure Fund ("GIF Fund"). The GIF Fund is where ERS's funds are invested. The GIF Fund is an open-ended fund and ERS may exercise its authority to exit the fund at any time. ERS has eight assets in its portfolio, which are diversified across the globe. Three investments are in North America, three in the United Kingdom, and two in continental Europe. In addition to its geographical diversification, the ERS portfolio is also diversified across the infrastructure sectors. Through its diversified investments, ERS achieves long-term and stable returns. The one-year target return for the GIF Fund is 10% net, using a rolling three-year average.

Ms. Granoff next discussed IFM's recent major events. In October of 2012, IFM sold its position in the U.K. gas distribution company Wales and West

Utilities at a 21.8% premium to its valuation, which generated a net internal rate of return of 12.1%. As of July 2012, IFM began distribution of the cash received from its underling investments. As of June 30, 2013, the cash yield rate is just under 5%. IFM expects the cash yield to move up closer to the 6% to 8% target range as additional assets that are expected to generate additional cash are acquired.

IFM also recently acquired its first airport, Manchester Airport Group, located in the United Kingdom, in February of this year. As a result of the transaction, IFM acquired a 35.5% equity interest and 50% voting rights in Manchester Airport Group. The acquisition was completed in conjunction with Manchester Airport Group acquiring London Stansted Airport. As a result, IFM now also has indirect ownership in London Stansted Airport. Because IFM's Australian Fund has nine airports in its current portfolio, airport experts from Melbourne were asked to assist in running the due diligence for the Manchester Airport Group acquisition. These experts provided a great deal of valuable input in terms of opportunity and risk-assessment.

Ms. Granoff then discussed fee review. As already mentioned, IFM has a mechanism in place for reviewing its fees. Based on a review performed in 2012, IFM has formal approval from its Board to reduce its management fees. The resulting impact to ERS will be a reduction in its management fees from 1.25% to .97%, effective as of January 2014.

In response to a question from the Chairman regarding IFM's ownership structure and partnership agreement, Ms. Granoff stated that IFM's owners receive dividends on IFM's operation. Additionally, because IFM's owners also are investors in IFM's Australian Fund, they receive cash returns. The management fees for owners may be lower due to grandfathering, but IFM's end goal is make fee arrangements more equitable through reduction of new investor fees.

In response to a question from the Chairman regarding IFM's review of investment opportunities, Ms. Granoff indicated that IFM is not currently focusing its interests on privatization of governmental entities. The price and care requirements of governmental entities are much more difficult to reconcile in terms of return performance for investors. IFM was recently invited by the City of Chicago to review an opportunity for investment at Midway International Airport. IFM partnered with the same analysts used in its Manchester Airport Group acquisition. After a brief review, IFM determined that Midway was not a good investment opportunity that would benefit its investors. IFM has already informed the City of Chicago that they will not be bidding in the process.

In response to a question from Ms. Van Kampen regarding the current geographic exposure in the United Kingdom, Ms. Granoff stated that that the current percentage of 52.2% does include the recent acquisition of the Manchester Airport Group. IFM's goal is to have a 50-50 geographic distribution between North America and Europe. IFM is constantly reviewing opportunities as they come to the market, while simultaneously assessing the potential risks and returns and the resulting effect on the total portfolio.

In response to a question from Mr. Christenson regarding current fund size, Ms. Granoff stated that the fund is currently at $8.4 billion, which includes approximately $2 billion in queue.

In response to a follow up question from Mr. Christenson regarding additions to the portfolio, Ms. Granoff affirmed that the goal is to be as diversified as possible. IFM does have a great deal of money to invest and will take a very close look at any investment opportunity that may earn greater than 10% net of fees.

In response to questions from the Chairman regarding possible geographic expansion of the Australian Fund, Ms. Granoff stated that investments in the Australian Fund are purely in Australian infrastructure. IFM does not currently have any active plans in place to extend its investments into the Far East.

In response to a follow up question from Mr. Christenson regarding possible future Far East expansion, Ms. Granoff stated that if IFM did expand, it would most likely start a new non organization for economic co-operational development fund ("OECD"), because the current fund is strictly an OECD fund.

Ms. Granoff then discussed ERS's fund performance and detailed return analysis as of June 30, 2013. The original commitment drawn in December of 2009 was $60 million. As of June 30, 2013, there was a little over $14 million total in capital redemptions taken over the years, reducing the original commitment amount to $46 million. As of June 30, 2013, the current capital balance is just a little over $70 million, which translates to around 12.6% for an annual return. ERS has also received capital distributions of about $1.4 million as of June 30, 2013, which provides an additional return.

In response to a question from Mr. Christenson regarding the timing of the investment queue, Mr. Granoff stated that IFM is currently working with a timeframe of around 9 to 18 months to deploy capital.

Ms. Granoff continued the discussion of detailed return analysis by stating that with the total annual return at 11.6% as of June 30, 2013, ERS's investment in the GIF Fund has performed well above target. When viewed over a three-year average, the annual return remains steady at 11.6%. A key driver for the favorable performance includes a 10.7% capital yield of change in asset value, with 4.5% of that figure coming from cash yield portfolio assets. Contributors to the change in capital yield include Colonial Pipeline Company, with significant cash yield and an increase in the terminal value growth rate from 2% to 2.5%. Manchester Airport Group also contributed largely to the change in the portfolio's asset value. Two major developments have occurred since the acquisition of Manchester Airport in February 2013, further increasing its value. First, a contract recently signed between EasyJet Airline Company and London Stansted Airport will allow EasyJet to double its passenger numbers in the next five years from 3 million to 6 million. Second, the regulator of airports in the U.K., the Civil Aviation Authority, recently released a draft regulation that will decrease regulations at Stansted Airport. As a result of this, the independent valuator retained by IFM lowered the discount rate on the asset, therefore, increasing its value since the original acquisition.

In response to a question from Mr. Christenson regarding a large unnamed potential asset IFM is currently in the process of reviewing, Ms. Granoff confirmed the asset is in North America, but that she could provide no further details at this time.

In response to a question from Mr. Muller regarding IFM's valuation process, Ms. Granoff stated that IFM retains independent valuators for each asset. IFM also changes the independent valuation firms it uses every three years. The valuators value the assets quarterly and provide IFM with three different value points, recommending which one to use based on existing conditions and outlook for that quarter.

In response to a question from Mr. Muller regarding IFM's return price on sale of assets, Ms. Granoff stated that IFM has only sold one asset, and the sale price was not very close relative to the valuation price. The asset actually sold much higher, which is reflective of IFM's conservative valuation of its assets.

Ms. Granoff concluded with a discussion of IFM's future outlook. Despite its recent inaction on the bidding for Midway International Airport, IFM is still closely reviewing any potential aviation sector opportunities. IFM is also constantly reviewing opportunities in pipelines and its investment teams are working diligently at cultivating and maintaining relationships with Master Limited Partnerships ("MLPs"), who dominate the pipeline sector. IFM's investment teams are regularly in the State of Texas and monitoring the MLPs and assessing risk should an MLP decide to sell an asset. IFM also sees a great deal of opportunity in the utilities sector in both Europe and North America.

In general, IFM is happy with the portfolio's performance and as future opportunities arise, will try to strike a balance in the North American geographical sector.

(c) Marquette Associates Report

Brett Christenson and Ray Caprio of Marquette Associates distributed and discussed the 2013 second quarter report.

In response to a question from the Chairman regarding any concerns Marquette may have surrounding Mr. Schuller's earlier discussion surrounding the changes made to J.P. Morgan's infrastructure management team, Mr. Christenson stated that Marquette has no concerns at this time. The overall changes made appear to be positive at this time, with J.P Morgan adding to their team, as well as their products.

In response to Mr. Grady's question regarding any potential concerns surrounding the IFM fund concentration and potential future acquisitions, Mr. Christenson stated that Marquette was very happy when IFM pulled out of the Midway Airport deal. However, because IFM currently has around $2 billion to put to work, they will continue to review opportunities to diversify and grow the fund. With the funds currently available, it is likely that IFM will continue to grow the fund quickly, at a rate of close to $1 billion per year. It is beneficial to ERS, as an investor in the fund, for IFM to continue to grow and diversify the fund.

Mr. Christenson first discussed the Fund's second quarter annualized performance as of June 30, 2013. The total year-to-date Fund composite was at 4.6% net of fees and outperformed the policy benchmark. This is a good sign and puts the Fund's ranking in the 58th percentile. Much of this is due to the strong returns at the end of the second quarter, as well as proactive changes in the asset allocation mix implemented earlier this year. As fixed income returns are now negative, the timing on the fixed income reduction from 29% to 22% was very beneficial. The U.S. equity portfolio was up at 14.4% year-to-date vs. the benchmark of 14.2%. Many of the managers have collectively beat the benchmark, resulting in a very strong second quarter.

Mr. Christenson next discussed the high points of the August flash report. The Pension Fund was a little over $1.7 billion in total assets as of August 31, 2013. The fixed income composite is just over $378 million. The portfolio is currently very much on target with the new Investment Policy adopted in January of this year. Of the total 7% reduction in fixed income, 3% was placed into real assets, with 1.5% to J.P. Morgan infrastructure and 1.5% to Morgan Stanley real estate. Marquette also placed additional money into equities, with 2% to U.S. equities and 2% to international. With the recent repositioning, at 21.6%, the portfolio is currently underweight in bonds for the first time in quite a while. Marquette, however, is comfortable with the current fixed income allocation. Because of the unfavorable combination of current low returns in fixed income and the potential for rate increases, Marquette wanted to reduce the bond allocation as much as possible while still maintaining stability in the Fund.

In response to a question from Ms. Van Kampen regarding the effective date of a policy benchmark change, Mr. Caprio stated that the policy benchmark change is effective as of the same date the asset allocation is changed.

Mr. Christenson then discussed rebalancing. Hedge funds are currently at 11%, while the target is 10%, putting them a full percentage overweight. In terms of dollars, this would translate to around $17.4 million. This is a quarterly investment and in order to get money from the hedge funds, ERS would need to put in redemptions now. Marquette would like to put the redemptions in now in order to rebalance and stay within the investment policy target range.

In response to a question from the Chairman regarding the 1% overweighting in hedge funds, Mr. Christenson stated that Marquette would like to be more aggressive under hedge funds and keep things closer to the target policy. Marquette is comfortable with the current overweighting in real estate and underweighting in fixed income, however, with the current returns under hedge funds, Marquette would like to keep closer to the 10% hedged equity investment policy target for now.

In response to a follow-up question from the Chairman regarding Board approval for the redemptions, Mr. Christenson confirmed that he is requesting Board approval today for redemptions to rebalance hedge funds of $9.5 million from ABS and $7.5 million from K2.

In response to a question from Mr. Van Kampen, Messrs. Caprio and Christenson stated that Marquette reviews rebalancing on a monthly basis.

Although rebalancing is reviewed on a monthly basis, action is only necessary a few times a year due to a natural rebalancing that occurs every other month or so when funds are pulled for cash flow. In addition, income generated under real estate and infrastructure is currently paid out and not reinvested, which will naturally keep those areas closer to policy target.

In response to a question from Ms. Braun, Mr. Christenson stated that if the redemptions are put in now, they will not come out until January 2014. Reallocation of the funds can be addressed at either the December 2013 or January 2014 Board meeting.

The Pension Board unanimously approved the liquidation of assets, to be requested by September 30, 2013, to rebalance the hedged equity portfolio in the amounts of $9.5 million from ABS Hedged Equity and $ 7.5 million from K2 Hedged Equity. The amounts withdrawn are to be reallocated as determined at the December 2013 or January 2014 Pension Board meeting. Motion by Mr. Leonard, seconded by Ms. Van Kampen.

Mr. Caprio next discussed annualized performance. Year-to-date, the Pension Fund is up at 6.1% net of fees vs. the policy benchmark of 5.9%. Despite the current lag in fixed income, there is a great deal of outperformance on the report which illustrates that active management is paying off for equity.

Mr. Caprio concluded with an overview of the investment managers. Despite a negative year-to-date return of -1.9%, J.P. Morgan fixed income is significantly beating the policy benchmark of -2.8%. Other stars currently outperforming the policy benchmark include Boston Partners, Artisan Partners and Fiduciary Management, all under U.S. equity. Recent changes in the portfolio regarding the addition of new managers for Silvercrest under small cap value and Vontobel under international large cap will be completed by the end of this month. With contracts currently under review, the changes regarding OFI International under emerging markets will be completed in October of this year.

In response to a question from Mr. Grady regarding the current year-to-date figure of -1.5% vs. the 4.4% policy benchmark under J.P. Morgan infrastructure, Mr. Christenson stated that this is likely due to more of a currency effect than any cause for concern related to the underlying assets and their performance. Marquette is seeing overall general improvement in J.P. Morgan's infrastructure assets and would like to see that number improve to around 6% or 7% by the end of the year.

6. Investment Committee Report

Dr. Peck reported on the September 9, 2013 Investment Committee meeting.

The Investment Committee first discussed the investment consultant request for proposal (RFP). The Investment Committee reviewed the RFP documents provided by Reinhart and ERS and discussed the adjusted RFP timeline.

The Investment Committee then discussed hiring an investment consultant, John Mellinger, to assist in the RFP process for the Fund's investment consultant. Mr. Mellinger has assisted ERS in the past with RFP responses.

In response to a question from Mr. Grady, Ms. Ninneman stated that the prior cost to hire Mr. Mellinger was $7,500, and was well worth the cost.

Dr. Peck noted that Mr. Mellinger of Bogdahn Consulting, LLC has been contacted and has agreed to assist with the RFP process, and requested a motion for the approval to hire Mr. Mellinger as an investment consultant.

In response to a question, the Chairman clarified that the investment consultant is being hired to assist in the RFP process on the Fund's investment consultant and not the Fund's custodian. The Chairman noted also that, to his knowledge, there is no current dissatisfaction with the investment consulting services provided by Marquette Associates. It is simply good business practice to review the current market to ensure fees and services are reasonable. At this time, it is not a mandate to change, but rather, obtain responses and evaluate them.

The Pension Board unanimously approved hiring Mr. John Mellinger of Bogdahn Consulting, LLC as a consultant to assist in the investment consultant RFP process. Motion by Ms. Van Kampen, seconded by Ms. Braun.

7. Review for Comment to Ordinance Section 201.24(8.17) of Pension Benefit Changes in MDSA

Mr. Grady first summarized the issues regarding an Ordinance amendment relating to a proposed collective bargaining agreement ("CBA") with the Milwaukee Deputy Sheriffs' Association.

Mr. Grady stated that the Pension Board's responsibility is not to set benefit policy for the County but to review and provide comment on proposed amendments to ERS Ordinances as to whether changes affect ERS in areas such as reprogramming, implementation, or cost.

There are two fairly minor provisions in the proposed CBA for 2013 that are Pension-related which would be documented by Ordinance amendments. First is a change in the vesting schedule which would allow current members of the Deputy Sheriffs' Association, dating back to January 1, 2012, to have five-year vesting. Currently, vesting for a Deputy Sheriff is ten years. This change would currently impact only four Deputy Sheriffs who do not yet have ten years of credited vesting service. A recent report completed by the Plan actuary at Buck Consultants, and submitted to the County Board, places the estimated cost to implement the change at $30,000 to the Pension Fund. This is a relatively minor cost and would bring the Deputy Sheriffs in line with all other participants in terms of vesting schedules. In the long run, this will make administration cleaner and easier.

The second issue involves a clarification to Ordinance language regarding the percentage of mandatory pension contributions for the Deputy Sheriffs' Association. When mandatory contributions began, they were based on one-half of the annual required contributions, as calculated by Buck Consultants. In 2012, this translated to 6.59% for the Deputy Sheriffs' Association. When the Ordinance language was written, it stated that a Deputy Sheriff shall pay 6.59%, rather than stating one-half of the annual required contribution. It is being proposed that the language in the Ordinance be clarified to remove the specific number, since that number will change every year based on the actuarial calculation. The proposed change to the specific language would state "one-half of the required annual contribution," which for 2013 would translate to 5.4%.

In response to Mr. Grady, Mr. Gedemer confirmed the 5.4% figure for 2013 is correct.

Mr. Grady then added that he expects to have a report within the next few days from Buck Consultants that will state the actuarial report completed in 2011, related to mandatory contributions, was based on one-half of the annual required contribution. Because an annual change of one-half was what was anticipated, nothing will have to change in the prior report.

Mr. Grady requested a motion to approve the possible resolution, provided there were no further questions from any members of the Board.

The Pension Board voted unanimously to approve the adoption of the following resolution:

The Pension Board offers no formal comment regarding the proposed provisions related to the Milwaukee Deputy Sheriffs' Association and ERS to provide for a five year vesting period and change the employee pension contribution to one half of the annual required contribution, and waives the balance of its 30 day comment period provided for under section 201.24(8.17) of the Milwaukee County Code of General Ordinances. The Employees' Retirement System ("ERS") Manager estimates that implementation of the proposal as understood will result in no additional administrative cost to the System. The Pension Board oversees the benefit payment process and administration of ERS in accordance with the County Ordinances, Pension Board Rules and the Internal Revenue Code. Decisions regarding the benefit plan structure, such as the proposed provisions, are outside of the Pension Board's role. The Pension Board understands that the County Board has an actuarial report on the projected cost of the benefits and the County will pay to fund such cost, and that these proposals are negotiated pursuant to collective bargaining. The Pension Board notes that these benefit changes for the Deputy Sheriffs' Association members are consistent with other ERS members' benefits, and consistency in benefits may make administration of the System easier.

Motion by Dr. Daugherty, seconded by Dr. Peck.

8. Disability Matters

In response to an inquiry from the Chairman, it was noted that Mary Holtz, Roger Baumler and Mrs. Baumler were present at today's meeting.

Dr. Daugherty moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(f), with regard to items 8, 9, 10 and 11 for considering the financial, medical, social, or personal histories of specific persons which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories, and that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(g), with regard to items 8 through 11 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 voted by roll call vote 9-0 to enter into closed session to discuss agenda items 8, 9, 10 and 11. Motion by Dr. Daugherty, seconded by Ms. Braun.

(a) ERS Rule 1010 Income Reporting and Suspension of Benefits - Johnnie Foulks-Ferguson

The Pension Board discussed the matter in closed session.

In open session, the Pension Board unanimously approved suspending the pension benefits for Ms. Foulks-Ferguson, pending compliance with the income reporting rules in accordance with ERS Rule 1010. Motion by Dr. Daugherty, seconded by Ms. Van Kampen.

(b) Roger Baumler

The Pension Board discussed the matter in closed session.

In open session, the Chairman indicated to Mr. Baumler and Mrs. Baumler that the Board is not currently in a position to make a decision, and will take no action on this matter today. The Board would like to send this matter back to the Medical Board for further review, to ensure the record taken under consideration by the Medical Board is accurate and complete. The additional information submitted to the Medical Board for further review will include any additional information presented during today's closed session.

Once the Medical Board reviews the additional information, the Pension Board will further discuss with the Medical Board any additional information taken into consideration. It is reasonable to expect that a decision on this matter will be delayed until after the October 2013 Pension Board meeting.

Mr. Grady then noted to Mr. Baumler and Mrs. Baumler that in order to ensure a complete and accurate record, it would be prudent to provide a copy of the additional information presented at today's meeting to the Retirement Office.

In response, Mrs. Baumler indicated she did bring an extra copy of the materials with her today, and presented copies to Ms. Ninneman.

In response to a question from Mr. Grady, the Board members collectively acknowledged that they had no objection to the proposed course of action.

(c) Mark Guzniczak

In open session, the Chairman stated that Mr. Guzniczak's application was received by the Medical Board and recommended for approval. The Chairman stated that he reviewed the application and did not have any questions. In response to a question from the Chairman, no other member had a question.

The Pension Board unanimously approved granting the ordinary disability pension application based on the Medical Board's determination. Motion by Ms. Braun, seconded by Mr. Leonard.

(d) Mary Holtz

The Pension Board discussed the matter in closed session.

In open session, the Chairman stated that a letter was received from Ms. Holtz's physician after the Medical Board's review and determination. Because the physician's letter could potentially impact the Medical Board's decision, or at least part of the qualification that was made in her disability application, the Pension Board will lay over the matter and take no further action until the Medical Board reconsiders the additional letter.

In response to a question from Mr. Grady, the Board members collectively acknowledged that they had no objection to the proposed course of action.

(e) Rachelle Jackson

In open session, the Chairman stated that Ms. Jackson's application was received by the Medical Board and recommended for approval. The Chairman stated that he reviewed the application and did not have any questions. In response to a question from the Chairman, no other member had a question.

The Pension Board unanimously approved granting the accidental disability pension application based on the Medical Board's determination. Motion by Ms. Braun, seconded by Mr. Leonard.

9. Appeals

(a) Pamela Jones

The Pension Board discussed the matter in closed session.

After returning to open session, the Pension Board, after full consideration of all facts and circumstances in light of the factors described in ERS Rule 1050 pertaining to offset amount, unanimously voted to grant in part and deny in part Pamela Jone's appeal under Rule 1050. The Retirement Office shall offset 50%, rather than 100%, of monthly pension payments to Ms. Jones until the entire amount of the overpayment, plus interest, is recovered. Ms. Jones may appeal the Pension Board's decision regarding the offset under Rule 1016. Motion by Mr. Leonard, seconded by Ms. Braun.

(b) David Crowley

The Pension Board discussed the matter in closed session.

In open session, the Chairman stated that because a draft expansion of the current Ordinance regarding member contribution refund issues is currently in the process of going through the County Board, the Pension Board would like to lay over its decision on the remaining contribution refund issue-related appeals. The current Ordinance is very strict, stating that any refund of accumulated member contributions must be requested within sixty days after termination of employment. If the current Ordinance is not adhered to, it could jeopardize the tax qualification of the entire Pension Fund, which is why the Board would like to be very cautious in its consideration of these matters. If the County Board expands the current Ordinance, it would allow the Pension Board broader discretion and authority to move forward, and take into account the additional facts and circumstances presented by the individual appellants.

In response to a question from Mr. Crowley regarding the draft expansion to the current Ordinance, Mr. Grady stated that it is hoped to be presented to the County Board at their next meeting cycle. The proposed expansion must be reviewed by Finance and Personnel, as well as the Pension Study Commission. Mr. Grady added that if the expanded Ordinance passes, it will make a decision on Mr. Crowley's request much easier for the Pension Board. It is hoped that a final decision will be made in November 2013 or soon thereafter.

Mr. Crowley then noted that he would like to state for purposes of clarity, that he spoke with Ms. Jackson at ERS before the letter was actually sent out. Mr. Crowley then added that the letter was sent out in response to his telephone conversation with Ms. Jackson, who stated she would mail the letter according to procedure.

In response to Mr. Crowley's statement, Mr. Grady indicated that if the expanded Ordinance is approved by the County Board, the Pension Board will not have to get into such specifics. Mr. Crowley then acknowledged his understanding and thanked the Board members for their consideration of the matter.

The Chairman thanked Mr. Crowley for appearing today, noting Mr. Crowley did a good job in presenting his information The Board should now have enough pertinent facts to help them determine a final resolution.

The Pension Board unanimously voted to lay over the decision on Mr. Crowley's appeal for member contribution refunds, pending the County Board's decision on the proposed Ordinance amendment. Motion by Dr. Peck, seconded by Dr. Daugherty.

(c) Bernadette Jones

The Pension Board discussed the matter in closed session.

In open session, The Pension Board unanimously voted to lay over the decision on Ms. Jone's appeal for member contribution refunds, pending the County Board's decision on the proposed Ordinance amendment. Motion by Dr. Peck, seconded by Dr. Daugherty.

(d) Tamika Terrell

The Pension Board discussed the matter in closed session.

In open session, The Pension Board unanimously voted to lay over the decision on Mr. Terrell's appeal for member contribution refunds, pending the County Board's decision on the proposed Ordinance amendment. Motion by Dr. Peck, seconded by Dr. Daugherty.

(e) Ardi Triggs

The Pension Board discussed the matter in closed session.

In open session, The Pension Board unanimously voted to lay over the decision on Ms. Trigg's appeal for member contribution refunds, pending the County Board's decision on the proposed Ordinance amendment. Motion by Dr. Peck, seconded by Dr. Daugherty.

10. Pending Litigation

(a) *Stoker v. ERS*

The Pension Board took no action on this item.

(b) *AFSCME v. ERS*

The Pension Board took no action on this item.

(c) *Tietjen v. ERS*

The Pension Board took no action on this item

(d) *Brillowski & Trades v. ERS*

The Pension Board took no action on this item.

(e) *AFSCME v. ERS*

The Pension Board took no action on this item.

(f) *Weber v. ERS*

The Pension Board took no action on this item

11. Report on Compliance Review

The Pension Board took no action on this item.

12. Reports of ERS Manager and Fiscal Officer

(a) Retirements Granted, July 2013 and August 2013

Ms. Ninneman first presented the Retirements Granted Report for July 2013. Twenty-three retirements from ERS were approved, with a total monthly payment amount of $30,709. Of those 24 ERS retirements, 12 were normal retirements, 9 were deferred, 1 was an early retirement and 1 was an accidental disability retirement. Eight members retired under the Rule of 75. Fifteen retirees chose the maximum option, and 5 retirees chose Option 3. Thirteen of the retirees were District Council 48 members. Seven retirees elected backDROPs in amounts totaling $873,074.

Ms. Ninneman then presented the Retirements Granted Report for August 2013. Twenty-two retirements from ERS were approved, with a total monthly payment amount of $21,799. Of those 22 ERS retirements, 9 were normal retirements, 12 were deferred and 1 was an accidental disability retirement. Three members retired under the Rule of 75. Fourteen retirees chose the maximum option, and 3 retirees chose Option 3. Eleven of the retirees were District Council 48 members. Four retirees elected backDROPs in amounts totaling $316,087.

Ms. Ninneman concluded by noting that the retirements over the last two months were very normal, with perhaps the exception of one backDROP amount, but nothing too alarming. The days of one-hundred plus retirements appear to be over for the time being.

(b) <u>ERS Monthly Activities Report, August 2013</u>

Ms. Ninneman presented the Monthly Activities Report for August 2013. ERS and OBRA combined had 8,012 retirees, with a monthly payout of $12,562,761

Based on current year-to-date figures, it appears that the 2013 year will end with total retiree numbers coming in much lower than the total of 517 in 2011. This decrease in activity will provide the Retirement Office the opportunity to review their administrative processes, including review of Rules and Ordinances.

Ms. Ninneman then discussed the transitioning nature of the role of ERS staff in the retirement process. Many of the changes to staffing processes and procedures were largely the result of suggestions made to the Board by Gerald Schroeder. Mr. Schroeder transitioned the role of ERS staff from a primarily transactional role (*i.e.* approving retirements, filing forms, answering questions), to more of a retirement counseling role. For example, ERS staff now hold individualized retirement sessions with members considering retirement. Such sessions may involve discussing the various retirement options available, providing alternate estimates based on income replacement needs and answering general questions.

Finally, a job evaluation survey held earlier this year with the compensation department will result in some position retitling. Staff will have the opportunity to improve upon certain competencies and as a result, move into more senior level positions.

(c) <u>Fiscal Officer</u>

Mr. Gopalan first discussed the July 2013 portfolio activity report. For the month of July, benefits were paid out of J.P. Morgan fixed income. This was due to the fact that ERS requested that J.P. Morgan sell some securities in June, which for some reason did not occur until July. This resulted in funding Morgan Stanley from excess cash. Once J.P. Morgan fixed income sold the securities in July, those proceeds were used to pay for benefits.

Mr. Gopalan next discussed the August 2013 portfolio activity report. There was sufficient cash available for August to pay for benefits and therefore, no need to draw extra cash. In general, the month of August was fairly quiet, with no dividends or large transfers etc. By the end of September 2013, funding for new managers Silvercrest and Vontobel will occur.

In response to a question from the Chairman regarding approval for liquidation to generate cash for benefits, Mr. Gopalan stated that he will be requesting approval for fourth quarter funding today.

Mr. Gopalan then discussed the cash flow report for August 2013. Cash was lower at the end of August at around $27 million, however, Marquette has not expressed concern, noting the cash on hand should be sufficient. Mr. Gopalan estimated that fourth quarter cash flow needs will be $16 million per month, which is basically covering benefits and expenses. Additional funding requests may be necessary once J.P. Morgan calls the additional $25 million commitment. However, that will likely not occur until the end of the year and will allow additional time to determine where the money will come from.

The Pension Board unanimously approved the liquidation of assets to fund additional cash flow of $16 million for October 2013, $16 million for November 2013, and $16 million for December 2013. The amounts should be withdrawn from investments designated by Marquette. Motion by Dr. Peck, seconded by Mr. Gedemer.

Mr. Gopalan next discussed the second quarter check register.

In response to questions from the Chairman regarding various payments listed on the check register, Mr. Gopalan stated that Wicks Cabling and Consulting Services was utilized for reorganizing the records room and installing a new outlet. Payment to Advanced Technology Systems was for updating IBM licensing fees related to the ERS testing tool. Payment to Salient Commercial Solutions was related to the software training program for new system users. Payments to WIPCA were related to CPA professional designations for Mr. Gopalan and Tina Lausier. Mr. Gopalan concluded by noting that he will have to follow up with the Board in regards to the details for a payment listed to Assima Inc. STT for $1,080.

The Chairman then noted the completion of the 2012 Annual Report and pending no further questions, requested Board approval of the 2012 Annual Report.

The Pension Board unanimously approved and accepted the 2012 Annual Report of the Pension Board. Motion by Ms. Van Kampen, seconded by Mr. Gedemer.

13. Audit Committee Report

The Chairman reported on the September 4, 2013 Audit Committee meeting. The Audit Committee first discussed the regularly scheduled vendor RFPs for both the Fund's investment consultant and custodian. The RFP process is standard procedure as vendor contracts expire. The Audit Committee also discussed the possibility of hiring an outside consultant to assist with the investment consultant RFP process.

The Chairman then added that BNY Mellon, which is the current Fund custodian, has requested an increase to its fee which is currently at $50,000 per year. The request for increase is likely related to recent changes made to the index funds, resulting in a decrease of revenue sources for BNY Mellon. Marquette was asked to manage the custodian RFP process, and an outside consultant shall be hired to assist with the investment consultant RFP process. The timeline on the RFP process for both the custodian and investment consultant are expected to be the same.

The Audit Committee next discussed changes to the V3 pension system to implement the backDROP modification. Quotes are currently coming in significantly higher than the original estimates of $250,000 to $500,000. Newer estimates are now around $780,000. The backDROP modification is regarding an implementation of an ordinance change that is subject to a lawsuit. In order to implement the change, staff will be using a manual work-around.

In response to a question from the Chairman regarding the best time to implement the backDROP V3 system change, Mr. Grady stated that ERS may want to wait for the outcome of the pending backDROP litigation.

The Chairman then suggested that it is good practice in financial services to perform internal audits on a regular basis, especially when a manual work-around is implemented.

The Audit Committee next discussed the 2014 budget. The 2014 budget looks substantially the same as the 2013 budget and the Audit Committee agreed with the schedule and process.

The Audit Committee then discussed the $2,000 death benefit ordinance and its interaction with member contributions. In certain situations, when a member dies, the only benefit payable is a lump sum of $2,000. However now that there are member contributions, which may exceed $2,000, questions have arisen if one, or both amounts should be paid. The Audit Committee requested additional information and discussions will continue at a future Audit Committee meeting.

In response to a question from the Chairman regarding her thoughts on the death benefit ordinance issue, Ms. Funck suggested that it seems only fair that payment be made from both sources.

The Audit Committee next discussed the use of ERS/OBRA service credits for retirement.

Mr. Huff summarized the issue. It has always been interpreted and applied that individuals cannot use OBRA service to receive credit for ERS vesting or benefit credit. The proposed amendment to Rule 305 simply adds this as an official provision.

In response to question from the Chairman, Mr. Huff stated that other individuals with special positions within the County are also covered by this Rule change.

The Chairman then asked if any Board member had any further questions regarding the proposed amendment to ERS Rule 305.

In response to a question from Ms. Van Kampen, Ms. Ninneman and Mr. Grady stated that primarily hourly employees (*i.e.* Certified Nursing Assistants or pool nurses) who are not guaranteed any number of hours would be excluded as well.

The Pension Board unanimously approved amending ERS Rule 305, attached to these minutes as Exhibit A, effective September 18, 2013. Motion by Dr. Daugherty, seconded by Mr. Leonard.

The Audit Committee concluded with a discussion of a possible Voluntary Compliance Program strategy related to member pension benefit corrections. Discussions on the topic will continue at a future Audit Committee meeting.

14. Administrative Matters

The Pension Board discussed additions and deletions to the Pension Board, Audit Committee and Investment Committee topic lists. The Chairman then stated that anyone with future topic suggestions should voice them.

In response to comments and discussion from Dr. Peck and Mr. Gopalan, the Board agreed to remove GMO, Barings, AQR and Emerging Markets from the Investment Committee topic list.

The Pension Board concluded with a discussion of educational conference approval. In response to a question from the Chairman, no Board member indicated attendance at the Marquette Investment Symposium held in Chicago, IL on September 13, 2013, that would require retroactive approval.

The Chairman next noted a request for attendance at the Advanced Wealth Management Conference in Chicago, IL on October 8, 2013. The Chairman stated that he reviewed the conference agenda and it appears to be geared towards personal wealth management and unrelated to Pension Fund matters.

Dr. Peck agreed with the Chairman's assessment of the conference validity and the Board took no further action on the matter.

15. Actuarial Services Request for Proposal

Dr. Daugherty moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(e) with regard to item 15 for considering the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning this matter.

The Pension Board voted by roll call vote 8-0 to enter into closed session to discuss agenda item 15. Motion by Dr. Daugherty, seconded by Ms. Braun.

The Pension Board discussed the matter in closed session and took no further action.

16. Adjournment

The meeting adjourned at 1:30 p.m.

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

EXHIBIT A

AMENDMENT TO THE
RULES OF THE PENSION BOARD OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
COUNTY OF MILWAUKEE

RECITALS

1. Section 201.24(8.1) of the General Ordinances of Milwaukee County (the "Ordinances") provides that the Pension Board of the Employees' Retirement System of the County of Milwaukee (the "Pension Board") is responsible for the general administration and operation of the Employees' Retirement System of the County of Milwaukee ("ERS").

2. Ordinance section 201.24(8.17) allows the Pension Board to construe and interpret the Ordinances governing ERS and decide all questions of ERS eligibility.

3. Ordinance section 201.24(8.6) allows the Pension Board to establish rules for the administration of ERS.

4. Ordinance section 201.24(2.9) provides that service "shall mean service as an employe of the county or of any municipal subdivision of the county in departments the operation of which is taken over by the county."

5. Consistent with past practice, the Pension Board desires to clarify that all periods of service during which a County employee earns service credit in OBRA are excluded from all ERS benefit determinations, including the determination of whether a member has sufficient service credit to receive a deferred vested pension. This practice is consistent with the logical conclusion that an employee cannot receive credit in more than one system for the same work performed for the County.

RESOLUTIONS

Effective September 18, 2013, pursuant to Ordinance section 201.24(8.6), the Pension Board hereby amends Rule 305 to read as follows:

305. Service not Credited.

Service shall not be creditable under the following conditions:

a) During periods in which the employe is paid only on a fee or commission basis or other than a regular hourly, daily or monthly basis.

b) For more than one (1) position if the employe is receiving credit for service in one (1) position in which his normal hours of employment are forty (40) hours per week or more.

c) During periods in which the employe has elected not to be a member.

d) During periods for which the employe earns service credit in the OBRA System or for which the employe's employment would not qualify an employe for membership in ERS.