EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

MINUTES OF THE JULY 15, 2015 PENSION BOARD MEETING

1. Call to Order

   The Chairman 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
Laurie Braun (Vice Chair)	
Dr. Brian Daugherty (Chairman)	
Aimee Funck	
Norb Gedemer	
D.A. Leonard	
Gregory Smith	
Patricia Van Kampen	
Vera Westphal	

Others Present
Marian Ninneman, Director-Retirement Plan Services
Paul Bargren, Corporation Counsel
Mark Grady, Deputy Corporation Counsel
James Carroll, Assistant Corporation Counsel
Jerry Heer, Director, Department of Audit
Vivian Aikin, CRC, ERS Sr. Pension Analyst
Tina Lausier, ERS Fiscal Officer
Brett Christenson, Marquette Associates, Inc.
Larry Langer, Buck Consultants
Paul R. Wilkinson, Buck Consultants
Steven Huff, Reinhart Boerner Van Deuren s.c.
Aaron Dekosky, Padway and Padway, Ltd.
Louvenia Wilson, Former Milwaukee County Employee
Steve Koszalka, Retiree

3. Minutes—June 17, 2015 and July 2, 2015 Pension Board Meetings

The Pension Board reviewed the minutes of the June 17, 2015 Pension Board meeting and the July 2, 2015 special Pension Board meeting.

The Pension Board unanimously approved the minutes of the June 17, 2015 Pension Board meeting. Motion by Mr. Leonard, seconded by Mr. Smith.

Ms. Westphal and Mr. Smith requested that approval of the July 2, 2015 special meeting minutes be deferred to the next regularly scheduled Pension Board meeting because they did not have sufficient time to review the draft of the July 2, 2015 minutes, because the draft of the minutes was not sent to most of the Board members in advance of the meeting.

The Chairman stated that approval of the July 2, 2015 special Pension Board meeting will be tabled until the September 2015 Pension Board meeting.

4. Investments - Marquette Associates Report

Brett Christenson of Marquette Associates distributed and discussed the June 2015 monthly report.

Mr. Christenson first discussed the June 2015 monthly performance summary, noting that because of delayed data due to the July 4 holiday, Marquette could not prepare its typical market environment report for today's meeting. The month of June was a difficult month for performance in general. The U.S. equity market was down approximately 2%, the international equity market was down approximately 2.75% and the fixed income market was down approximately 1%. Mr. Christenson noted that certain global events, which he will discuss in greater detail shortly, are currently affecting the markets. Under U.S. equity, the Wilshire 5000 is up 1.67% year-to-date, and within the various Russell Indexes, growth is significantly outperforming value year-to-date. The international markets are currently performing better than the U.S. equity markets. The recent turnaround in international performance is primarily due to U.S. currency weakening slightly versus foreign currency. Fixed income returns are flat year-to-date and Marquette expects the low performance to continue. Marquette is reviewing the Fund's fixed income allocation with its full asset allocation study and will address additional recommendations with the Board at its September 2015 meeting. Under hedged equity, ABS remains on alert for performance issues and the Board recently terminated K2 for replacement by Parametric effective in September 2015.

Mr. Christenson continued with a discussion of market value. As of June 30, 2015 the Fund's total market value is approximately $1.75 billion. Mr. Christenson then noted that approximately 21% of the Fund's traditional assets are indexed, which guarantees market returns and low fees. Mellon Capital is the index manager under both the fixed income and U.S. equity composites. The NTGI ACWI Ex-US index fund ("Northern Trust Index") is a good anchor in the international composite. In general, active management has struggled over the last two years and the Board has placed Artisan Partners and Geneva Capital on alert for performance issues. It has been a difficult environment for U.S. equity to outperform, in part because the markets have been very strong and the government has continued to hold interest rates down. However, there are signs this extended period of underperformance in active management is beginning to reverse.

Mr. Christenson next discussed net-of-fees annualized performance as of June 30, 2015. The total Fund composite is up 3.0% year-to-date. The Fund's one month return was down -0.4%, however, that is still a fairly good return considering the difficulties in the traditional markets during the month of June. Much of the strong performance in the Fund during June can be attributed to the active managers. The Fund's fixed income composite is up 0.5% year-to date versus the Barclays Aggregate Index, which is down 10 basis points year-to-date. The U.S. equity composite is up 3.2% year-to-date, versus the Wilshire 5000 Index of 1.7% year-to-date. Active management has not yet outperformed in international equity and the year-to-date return is a relatively flat 3.9% versus the index of 4%. Hedged equity has a favorable year-to-date return of 5.2% and real estate is up 7.3% year-to-date. Mr. Christenson noted that the 3.2% benchmark return under real estate currently only includes returns for the first quarter. With only one manager currently reporting under infrastructure, the year-to-date return is nearly flat at -0.1%. Private equity has not yet reported for the second quarter. Once all managers have reported for the second quarter, Marquette expects the Fund's year-to-date return through June 2015 to be slightly above 3%.

Mr. Christenson concluded with a discussion of net-of-fees individual manager performance as of June 30, 2015. The Fund's active bond manager, J.P. Morgan, is up year-to-date 0.6% versus the benchmark of -0.1%. Several active managers under U.S. equity are exhibiting healthy returns. Boston Partners has a year-to-date return of 0.4% versus benchmark of -0.6%. Artisan Partners is also up year-to-date 5.6% versus the benchmark of 4.2%. Geneva Capital is up 7.2% year-to-date versus benchmark of 4.2%. Both Fiduciary Management and Silvercrest are outperforming year-to-date, at 6.8% and 4.1% respectively, versus the Russell 2000 Index of 0.8%.

Although the international equity composite is a relatively flat 3.9% year-to-date, a healthy allocation in the GMO small cap fund has helped to mitigate some disappointing year-to-date returns from OFI and Vontobel. GMO is up 10% year-to-date versus the index of 10.1%. Marquette will continue to monitor and discuss the performance of the international equity managers at future Investment Committee and Board meetings. Year-to-date returns remain strong under the hedged equity and real estate managers. The active infrastructure managers are also exhibiting improved performance and IFM's three-month return is strong, up 4.5%. J.P. Morgan has not yet reported for the second quarter under infrastructure. Marquette has started to review its asset allocation study results with the Investment Committee and is currently discussing potential options for reducing the Fund's bond allocation while maintaining sufficient cash flows. Any potential changes to the Fund's current asset allocation would be heavily integrated with actuarial data and Marquette has maintained excellent communication with Buck Consultants. Marquette is waiting for Buck to provide its finalized data and the completed asset allocation study results should be ready for presentation to the Investment Committee at its September 2015 meeting. Private equity is one area where the Fund remains under-allocated and is an asset class that can be difficult to build. However, the Fund is slowly reaching its private equity target allocation and Siguler Guff will be offering a new small buyout fund in the fourth quarter. Marquette will address additional investments to Siguler Guff's upcoming private equity offering with the Board in the second half of this year.

In response to a question from Ms. Van Kampen regarding the Fund's exposure to currently troubled areas such as Greece, Puerto Rico and China, Mr. Christenson stated that the Fund's exposure to Greece and Puerto Rico is extremely low. However, the Fund does have greater exposure to China and that is the larger area of concern. China's extraordinary bull market rally has now reversed, with losses approximating 30% during the month of June. The Chinese government realized that most of the retail investors entered the market during the last half of the bull market rally. Therefore, those retail investors did not capture most of the gains, but will capture most of the losses and are heavily margined. Consequently, the Chinese government froze over half of the market for seven days and banned any short-selling of stocks. China is now beginning to slowly reopen some of those stocks, but there is now tremendous uncertainty and distrust among investors. This recent action is an excellent example as to why China is not a developed market component of the international benchmark. To date, it is estimated that approximately half of the margin has been reduced without heavily damaging the retail investors. However, even with the recent strong bull rally, China's market is not necessarily overvalued. The overall valuation of

China's price/earnings ratio is around 20, which is relatively low, versus a long-term average that is closer to 30. The current situation in China is mainly due to unrest related to the bad timing of retail investors entering the market just before its decline.

Current interest rates in the relatively overvalued U.S. markets are another major factor affecting the markets. Marquette expects to see muted returns in fixed income and that the international markets will continue to outperform the U.S. markets. Marquette does anticipate that there will likely be a rate increase in the U.S. sometime later this year. It is hoped that the recent upheavals in the markets will subside once the rate increase is implemented, but the markets currently remain somewhat jittery.

In response to a question from Mr. Leonard regarding the risk related to the Fund's exposure to China, Mr. Christenson stated that the majority of Fund's exposure to China is with OFI. However, OFI comprises only 3% of the total portfolio and has remained fairly underweight to China with exposure currently around 15%. The Northern Trust Index fund also has a relatively small amount of exposure to China, but China continues to open up more stocks every day.

Mr. Grady then commented that he heard China had just released better than expected growth numbers.

Mr. Christenson stated that he anticipates OFI will likely exit its positions in Chinese stocks once those stocks reopen. Marquette is now hearing that most managers will avoid China because the current situation has resulted in a significant lack of trust.

In response to a question from Ms. Braun regarding any possible concerns related to the lack of transparency in infrastructure fees, Mr. Christenson stated that some of the larger closed-end infrastructure funds will have heavy transaction fees. It is not uncommon for many of the larger closed-end infrastructure funds to hire separate teams to research potential assets and close deals. Once an investment deal is complete, the infrastructure fund will reimburse the research team for any related transaction fees, but there is no conflict with the internal fund. The open-end infrastructure funds in ERS, such as J.P. Morgan and IFM, have virtually no transaction fees.

In response to a question from Mr. Grady regarding any organizational updates, Mr. Christenson stated that he recently notified the Chairman and Ms. Ninneman that Ray Caprio will be leaving Marquette at the end of July to pursue an opportunity with an investment manager. Mr. Caprio has agreed to stay at Marquette through the end of the month or longer if needed to ensure a smooth transition. Marquette will add Christopher Caparelli as the new co-consultant on ERS's investment team. Mr. Caparelli holds an M.B.A. in finance from Northwestern University's Kellogg School of Management and is a CFA charterholder. Serving as an investment consultant for several of the firm's existing relationships, Mr. Caparelli has a strong client base and Marquette believes he will be a strong addition to ERS's investment consultant team.

5. <u>Buck Consultants - January 1, 2015 Actuarial Valuation Results</u>

Larry Langer and Paul Wilkinson of Buck Consultants attended the meeting. Mr. Langer distributed and discussed the January 1, 2015 actuarial valuation results for ERS and OBRA.

Mr. Langer first reviewed the actuarial valuation objectives. The valuation will determine the total 2015 actual contribution amount and the 2016 budget contribution amount for the ERS and OBRA plans. The valuation also determines the state-mandated member contribution rates for 2016. In addition to determining the various contribution amounts, the valuation reviews the progress and security of promised benefits by comparing assets to accrued liabilities. Finally, the valuation compares expectations from last year's valuation to what actually occurred in 2014 to determine the net actuarial gain or loss.

Mr. Langer then discussed events that impacted the 2015 actuarial valuation. A major factor, which Buck has been discussing with the Board over the last few months, is the re-inclusion of certain cost of living adjustment ("COLA") liabilities that were not included in the 2013 and 2014 valuations. Mr. Langer noted that Buck has presented many different numbers to the Board over the last few months related to the re-inclusion of the COLA liabilities and he will provide some clarity on those figures later in today's presentation. In March and April of 2015, Buck reviewed and recommended to the Board various funding policy changes that would bring ERS in line with industry best practices as provided by the Government Finance Officers Association ("GFOA"). The Board adopted Buck's recommended funding policy changes in April 2015. The Fund's market value returns of 5.2% for 2014 were below the Fund's 8% assumed rate of return. Overall payroll also increased slightly, but not as much as Buck had anticipated. Other Plan experience, such as greater or lesser than expected mortality and survival rates, and the declining number of active employees played a smaller role. The overall net impact of these factors resulted in an actual 2015 funded status of 79.8% for ERS, which is 5.3% lower than the budgeted 2015 funded status of 85.1% from the 2014 valuation. In addition, ERS's actual 2015 contribution amount is higher than the 2015 budget contribution amount.

Mr. Langer next discussed the impact of the re-inclusion of the 2013 and 2014 COLA liabilities in greater detail. After the April 2015 Pension Board meeting, Buck discovered that they understated the liabilities for the 2013 and 2014 actuarial valuation because they did not include COLA liabilities for certain members. Buck reported and discussed the understated COLA liabilities with the Pension Board at its June 17, 2015 meeting and a special Pension Board meeting on July 2, 2015. As a result of the COLA exclusion, the 2013 and 2014 liability was understated by 7% to 8%, or $165 to $175 million. In 2014, the understated amount grew and is currently in the range of $166 million to $178 million. As a result, the overall contribution for 2013 and 2014 was understated by approximately $10 million to $11 million for each year. During its five-year experience review in November 2012, Buck reported to the Pension Board that the 2013 budget contribution was expected to increase from $30.6 million to $35.9 million. The expected increase was primarily related to updating the mortality table to reflect anticipated longer life expectancies. However, the actual 2013 contribution amount came in lower at $28.3 million, which was relatively consistent with historical contributions. If the missing COLA liability had been included, Buck estimates that the actual 2013 contribution amount would have likely been over $38.3 million. The increase from $35.9 million, to $38.3 million, is primarily attributable to continued work by ERS staff on improving data integrity. However, it is difficult to say with any certainty today that the actual 2013 contribution would have been $38.3 million if the COLA had been included because improvements to the data integrity did continue into the 2014 valuation. In addition, because the member population is now older, the re-inclusion of the COLA for the 2015 valuation increased the liability from $166 million to $178 million. Under the prior funding policy with a 30-year amortization period and 3.5% expected revenue growth rate, the increase to the contribution would have been $11.1 million, which is somewhat consistent with the 2013 reduction in the contribution amount attributed to the missing COLA liabilities. Under the current funding policy with a 20-year recommended amortization period and 1.75% expected revenue growth rate, the resulting increase to the contribution amount is now $15.9 million.

Mr. Langer continued with an overview of the actuarial valuation process. Buck collects certain input data from ERS for the valuation to estimate what type of benefits will be paid in the future. The input data includes ERS membership data, benefit provisions, asset data and actuarial assumptions. The provisions of the funding policy are then applied to determine how those estimated amounts will be systematically paid off in the future. The input data provides a snapshot of the Fund as of December 31, 2014, which is then put through an actuarial projection model to bridge the gap between now and the future. Once processed, the projection data results in key assumptions of the unfunded accrued liability, funded status of the Plan, employer and member contributions and actuarial gain or loss. The current actuarial assumptions were adopted for use with the January 1, 2013 actuarial valuation. Buck recommends maintaining a consistent schedule for reviewing the actuarial assumptions. The next experience review of the actuarial assumptions is currently scheduled to be completed in time for adoption with the January 1, 2018 actuarial valuation. However, there are rare instances when it may be more beneficial to review the assumptions off-cycle. Marquette is currently reviewing the Fund's investment policy and this is one of the instances where it is beneficial to review the Plan's assumptions off-cycle. Buck is currently working with Marquette to provide demographic information on projections of benefits and contributions to help Marquette select appropriate asset allocations. Buck will maintain communication with Marquette and the Board, and will discuss any necessary information at a future date.

In response to a question from Ms. Braun, Mr. Langer clarified that the previously reported 2013 budget contribution amount of $35.9 million increased to the estimated amount of $38.3 million as a result of the clean-up of census data by ERS staff, not a change in Fund asset data. Ms. Ninneman and the Retirement Office staff have done an excellent job of reviewing and cleaning up the census data over the last few years and that impacts the valuation results. Anytime there is a change in benefit amounts or census data, it impacts the valuation. Changes in the census information did have a relatively significant impact on the valuation during the last several years. However, now that the census data is much cleaner, it had virtually no impact on the 2015 valuation.

Mr. Langer then discussed the funding policy. Over the last several months, Buck had various discussions with the Pension Board regarding recommended changes to the funding policy that would bring ERS into compliance with industry best practices as provided by GFOA. Based on Buck's various recommendations, the Pension Board adopted changes to the funding policy in April 2015 for use in the January 1, 2015 actuarial valuation. The Pension Board recommended that the County Board consider reducing ERS's current amortization period from 30 years to 20 years. In addition to recommending the reduced amortization period, the Pension Board adopted the following changes. Future increases in payments were reduced from 3.5% to an expected revenue growth of 1.75%.

Administrative expenses are now reflected in the year immediately following the expense instead of amortizing those expenses over a ten-year period. Lastly, the actuarial cost method was updated to reflect a change in the entry age normal cost method from the aggregate to individual method. Mr. Langer then noted that while he has presented the recommended funding policy changes to many different boards over the last nine months, the Pension Board has been the only board to take any action and adopt the recommended funding policy changes. Mr. Langer expressed his appreciation to the Pension Board members for their diligence in implementing the recommended funding policy changes.

Mr. Langer continued with a review of ERS member demographics and benefit provisions. Over the last several years, there has been a general trend of decreasing active members, which has resulted in lower benefit accruals. Ten years ago, the number of active members was 5,000. Today, the number of active members has decreased to 3,600. As Buck has anticipated, the number of inactive members is steadily increasing. The benefit provisions are governed by the County Ordinances and there have been no changes to ERS's benefit provisions for the January 1, 2015 valuation.

Mr. Langer next discussed ERS's market value reconciliation. The Fund's 5.2% rate of return for 2014 was less than the 8% assumed rate of return, resulting in higher contribution amounts and a lower funded ratio. The market value of assets as of December 31, 2014 was $1.822 billion. As Buck noted at the July 2, 2015 special Pension Board meeting, the market value of assets Buck initially used to prepare its 2015 draft valuation report was revised at the end of June. Buck will typically send a draft of the valuation to ERS staff for preliminary review of the numbers. However, due to the unique issues surrounding the re-inclusion of the COLA liability, as well as changing asset data with ERS related to extended audit issues, the change in asset data was not immediately communicated and reflected in the valuation.

Mr. Langer then discussed the actuarial value of assets and the unfunded actuarial accrued liability. The purpose of the actuarial value of assets is to control the volatility of contributions by reflecting one-tenth of the annual gain or loss in market returns from the 8% assumption. The contributions would be much more volatile from year to year if they were based on the Fund's actual market value of assets. For example, reflecting the 5.2% market return for 2014 in the 2015 valuation would have increased the contribution amount by approximately $3.2 million. As of the current valuation, a cushion of $48.9 million in unrecognized gain is available to mitigate any future returns that may fall short of the Fund's 8% assumed rate of return. ERS currently has a ten-year policy in place to smooth assets and that remains an acceptable period. There has been a decreasing trend in ERS's funded ratio over the last five years. ERS's funded ratio as of the January 2014 valuation is at 79.8%, which is lower than the 85.1% anticipated from the 2013 valuation. It is standard practice to report unfunded liability based on the actuarial value of assets. The unfunded liability as based on market value of assets is much more volatile and that would directly impact contribution volatility. ERS's funded status would climb faster if the Fund could meet the 8% assumed rate of return.

Mr. Langer next reviewed the actuarial gain and loss. The actuarial gain and loss is the basic concept of measuring what the Fund's assets were expected to be for the year, versus what actually occurred during the year. Based on the January 2014 valuation, Buck expected ERS's January 1, 2015 actuarial accrued liability to be $2.066 billion and the actuarial value of assets to be $1.758 billion, resulting in a funded ratio of 85.1%. However, the actual results as of January 1, 2015 were $2.222 billion for the actuarial accrued liability and $1.773 billion for the actuarial value of assets. The actuarial accrued liability came in higher than expected primarily due to the re-inclusion of the COLA liability, which increased the liability by $178.1 million. However, the $178.1 million increase in liability was offset by other liability gains of $21.8 million, generating a net liability loss of $156.2 million. The actuarial value of assets also came in higher than expected and generated a gain of $15.3 million. The net impact resulted in an overall loss of $140.9 million as of January 1, 2015, which will result in higher than anticipated contributions.

Mr. Langer then discussed the ERS's gross budget and actual contribution amounts. The 2015 actual contribution amount for ERS is $57.8 million. ERS's 2015 budget contribution amount from last year was $38.3 million. The primary reasons for the increase in the 2015 actual contribution amount are the re-inclusion of the COLA liabilities and the funding policy changes. ERS's 2016 budget contribution amount is expected to increase modestly at $59.4 million. The slight increase to the 2016 budget contribution amount is directly related to the funding policy changes. Mr. Langer noted that while developing these numbers, Buck took all of the unfunded liability and re-amortized it over the new 20-year period with the 1.75% growth rate. This was an opportune time to "reset" the projection and will help to provide for more stable contributions in the future if all of the assumptions are correct. Under the prior funding policy with a 30-year amortization period and 3.5% growth rate, contributions were increasing quickly and in greater amounts.

In response to a question from Mr. Smith regarding the Fund's 2014 overall performance and net loss of $140.9 million, Mr. Langer confirmed that if the amounts for the COLA re-inclusion were set aside, the final numbers do in fact reflect good performance for the Fund in 2014.

Mr. Wilkinson added that although the Fund had a 5.2% total return for 2014, returns and actuarial assets in 2014 were better than the 8% assumed rate of return because a portion of ERS's 2013 unrecognized gain was reflected. The remaining amounts of the 2013 unrecognized gain should allow for steady performance to continue over the course of the next several years. If the Fund should significantly outperform for any given year in the future, the Fund's performance should continue to remain fairly stable because any additional future gains would also be smoothed in over a ten-year period.

Mr. Wilkinson also noted that there is an additional amount for expenses factored into the 2016 budget and 2015 actual contribution amounts. The approximate $1.5 million in additional expenses results from the recent funding policy change to immediately reflect administrative expenses instead of amortizing those expenses over a ten-year period.

Mr. Langer next discussed ERS's reconciliation of contributions. As previously discussed, ERS's 2015 budget contribution was $38.3 million. However, during the year certain factors occur that will impact the budget contribution amount after it is developed. ERS's 2015 actual contribution amount has now increased to $57.8 million. The increased amounts are primarily due to the re-inclusion of the COLA liabilities and implementation of the recent funding policy changes. Mr. Langer then noted that the amount of increase related to the COLA re-inclusion differs under the old and new funding policy. Under the prior 30-year amortization period, the amount of increase related to the COLA re-inclusion would have been $11.1 million. Under the newly recommended 20-year amortization period, the amount of the COLA re-inclusion is approximately $16 million. Other factors that occurred in 2014, which also impacted the 2015 actual contribution amount, were primarily related to demographic changes in census data and salary amounts resulting in a $2.2 million decrease. Payroll also impacted the 2016 budget contribution amount. At the July 2, 2015 special Pension Board meeting, Buck anticipated a 2016 budget contribution amount of approximately $62 million. However, after the July 2 meeting, Buck learned that the salary data they received contained an additional biweekly payroll period. The additional biweekly payroll period occurs every 13 years and resulted in higher than anticipated salary amounts. Because the extra payroll period is not an actual pay increase, and Buck is trying to project what will occur in the future, the extra payroll period was backed out of the valuation to reflect consistent compensation figures for members across years. Lowering salaries directly impacts the cost of benefits accruing during the year and also impacts the past liability in the Fund. Backing out the extra payroll period resulted in a decrease in the 2016 budget contribution amount from $62 million to $59.4 million.

Mr. Heer then clarified that the extra payroll period is simply due to a regular anomaly that occurs with the biweekly pay period calendar-year system, not a bonus for County employees.

Mr. Langer continued by stating that at the time the 2015 budget contribution was developed, Buck had anticipated that the Fund would achieve a 2014 rate of return better than the 8% assumed rate of return. However, the final 2014 return came in below what Buck had anticipated and, therefore, the 2014 asset experience increased the 2015 actual contribution amount by an additional $317,000. As noted previously, the increase in the 2015 actual contribution amount related to the COLA re-inclusion, as calculated before the change in funding policy, was $11.1 million and is consistent with the $10 million that should have been contributed for the COLA in 2013 and 2014. The additional increase in the 2015 actual contribution due to the assumption/method/plan changes was $10.3 million. If the numbers were recast by first factoring in the COLA re-inclusion, the COLA figure would have been $15.9 million versus the $11.1 million and the other increases would have been closer to $5.3 million versus the $10.3 million.

Ms. Van Kampen then asked if the COLA amounts should in fact be reflected first, because the COLA exclusion happened before the Pension Board adopted changes to the assumptions. At the time the Pension Board adopted the funding policy changes, it was not aware of the 2013/2014 COLA exclusions.

Mr. Langer answered that there are different ways to view the numbers but he typically casts the numbers in the valuation with the overlaying funding policy. If the 20-year amortization period were applied before adding the $178 million COLA liability figure, the increase would be closer to $16 million versus the $11.1 million

In response to a question from Mr. Leonard, Mr. Langer confirmed that regardless of the order in which the numbers are reflected, the bottom line results would remain the same.

Ms. Braun then questioned the manner in which Buck is presenting the reconciliation of numbers in slide 16 of its actuarial valuation presentation to the Pension Board. Ms. Braun noted that when the Pension Board adopted the funding policy changes in April 2015, Buck advised the Board members that increases related to the recommended funding policy changes would be closer to $4 million. Buck's presentation today is misleading and appears to suggest that the Pension Board was presented with a much larger $10.3 million assumption increase when it adopted the recommended funding policy changes. Ms. Braun noted that Buck reported at the July 2, 2015 special Pension Board meeting that the amount of the COLA re-inclusion was $16 million. As presented today, at $11.1 million, Buck's report appears to minimize the cost-increases related to the 2013/2014 COLA exclusion.

Mr. Langer stated that it was not his intent to mislead the Board and he did include the $16 million COLA re-inclusion figure on slide 4 of today's actuarial valuation presentation. However, Mr. Langer agreed for purposes of clarification, an additional column could have been included in the exhibit on slide 16 that would better relate the Board's prior expectations to the current amounts.

Messes Braun, Van Kampen and Westphal stated that the record and Buck's report should clearly reflect that the Pension Board adopted the recommended funding policy changes in April with the knowledge that the resulting increases would be approximately $4 million.

Mr. Langer then stated that Buck will clearly note in its final presentation that at the time the Pension Board adopted the recommended funding policy changes, Buck reported the resulting increases would be closer to $4 million.

Mr. Smith and the Chairman suggested that Buck could better explain the unique complexities involved in the reconciliation of contributions with the addition of one or two footnotes. The additional commentary would explain that the Pension Board adopted the recommended funding policy in April 2015 to comply with best practices, with the knowledge that those changes would result in contribution increases totaling approximately $4 million. However, while it is important to include the commentary regarding the unique sequence of events, it does not impact the resulting 2016 budget contribution amount of $59.4 million.

Mr. Langer indicated that Buck will revise its actuarial valuation presentation and 2015 actuarial valuation report to ensure that both reflect commentary regarding the Pension Board's expectation of contribution increases upon its adoption of the recommended funding policy changes.

In response to a request from Ms. Westphal, Mr. Langer confirmed that Buck will provide a revised copy of the chart from slide 16 of its valuation presentation with the requested commentary added for the official record. Mr. Langer also stated that Buck will ensure the final 2015 actuarial valuation report includes the requested additional commentary.

Mr. Langer next discussed the 2016 state mandated member contribution rates. Contribution amounts increased last year primarily due to a five-year extra credit variance from 2010 coming to an end. The member contribution rates projected at last year's Board meeting were 5.3% for general members and 6% for public safety members. Member contribution amounts will increase from last year due to the same reasons ERS's contribution amount increased. The projected member contribution rates for 2016 are increasing to 6.5% for general members and to 7.9% for public safety members. Mr. Langer indicated that Buck will also provide a more granular breakdown of the impact of the funding policy changes versus the COLA re-inclusion on the member contribution rates.

Mr. Langer then discussed the projection of gross actual contributions over the next five years. As previously discussed, gross contribution amounts under the prior funding policy were projected to increase dramatically over the next five years. Although the five year projection of gross contributions under the current funding policy are higher due to the COLA re-inclusion and funding policy changes, future contribution amounts are projected to remain much more stable. Some of that stability can be attributed to the $49 million in unrecognized gain that will be reflected over the next nine years. The reduced cost of benefits accruing is another factor which will contribute to stability as more members accrue benefits at the lower 1.6% level and 64 as the normal retirement age. While the normal costs are anticipated to grow with payroll over time, they will grow somewhat slower because future accruals will be less than past amounts. Although the five-year projection of gross actual contributions is projected to remain relatively stable after the 2015 increase, amounts will fluctuate due to actual experience.

Mr. Langer concluded the summary of ERS valuation results with a discussion of key takeaways. The changes to the funding policy, the re-inclusion of the 2013/2014 COLA liabilities and the market value returns of 5.2% versus the 8% assumed rate of return, together resulted in higher than anticipated contributions and a lower than anticipated funded status. Contributions will trend upwards over the next several years, but will increase at a much slower pace due to the funding policy changes. ERS has matured to the point that expected investment returns will not be sufficient to fund all benefit disbursements despite ERS being well-funded. However, this is a characteristic of a mature plan and anticipated contributions and expected investment income are approximately in balance with the level of anticipated benefit payments at the current time. Cash flow will be at a premium in the near term as approximately one-tenth of the Fund's assets are paid out in benefit payments over the course of the next several years. The actuarial valuation reflects this mature plan phenomenon and the Board should continue to monitor its policies to address this.

Mr. Langer then continued with a summary of the OBRA 2015 valuation results. The recent funding policy changes applied to ERS have also been applied to the OBRA Plan. The OBRA Plan covers part-time seasonal workers and, similar to the fluctuating population OBRA covers, there is a great deal of variability with the OBRA contribution amounts. The actual 2015 OBRA contribution amount of $770,384 is higher than the $400,000 budget contribution amount reported in the 2014 valuation. The contribution increase is primarily due to the funding policy changes. At approximately $400,000 to $500,000, the amount of administrative expenses for the OBRA Plan is relatively large in relation to the total amount of assets in the plan. Administrative expenses were amortized over a ten year period under the prior funding policy. Under the current funding policy, the administrative expenses are explicitly added to the contribution amount and account for approximately $500,000 of the contribution increase. The funded status for the OBRA Plan has decreased from 47% in 2014 to $44.8% in 2015, primarily due to the amount of expenses being paid out of the Plan.

Mr. Smith then noted that in table 14 of the OBRA 2015 actuarial valuation report, Buck lists total pension expenses for plan year ending December 31, 2015 at $671,590. With the actuarial value of assets for OBRA listed at $1.5 million as of January 1, 2015, this is an extremely large expense to asset ratio.

Mr. Langer stated that pension expenses are also now reported differently because of GASB rules 67 and 68. The administrative expense for OBRA is large, but administrative expenses are allocated in proportion to the amount of effort it takes to administer benefits. With over 5,000 members in the OBRA Plan, it does take a fair amount of effort to administer those benefits.

Mr. Smith responded by stating that while he understands administrative expenses are tied to the number of participants, the Pension Board does have a fiduciary obligation to ensure the ultimate funded status of the OBRA Plan.

In response to a question from Ms. Westphal regarding OBRA's current funded status, Mr. Langer stated that the decrease in OBRA's funded status in 2015 is more of a one-time circumstance related to the recent funding policy changes. With the current funding policy now in place, OBRA's funded status should begin to climb.

Mr. Grady then asked Mr. Langer to confirm Buck is recommending the Pension Board approve the following ERS and OBRA contribution requests to the County Executive. For ERS, Buck is recommending that the Pension Board approve a 2015 actual budget contribution of $57,853,824 and a 2016 budget contribution amount of $59,436,000. For OBRA, Buck is recommending that the Pension Board approve a 2015 actual budget contribution of $770,384 and a 2016 budget contribution amount of $819,000.

Mr. Langer confirmed that the recommended contribution amounts quoted by Mr. Grady are correct.

Mr. Grady then explained that the budget contribution request is Buck's estimate of what the contribution amount will actually be in the following year. Once the Plan year is complete, Buck will "true-up" its budget estimate with the Plan's actual investment experience and employee data to arrive at the actual contribution request. The ERS 2015 budget contribution request approved by the Pension Board last year was $38,305,000. This year, in addition to the actual investment experience and employee data, the 2015 actual contribution request includes increased amounts related to the re-inclusion of the 2013/2014 COLA liabilities and application of the recent funding policy changes. Similarly, the 2016 budget contribution request approved this year will be reviewed next year, based on actual Plan experience as of January 1, 2016, to arrive at the 2016 actual contribution request.

Mr. Langer confirmed Mr. Grady's summary, adding that the main purpose for the two-step process is to provide contribution estimates to aid the County in the preparation of its budget.

In response to a question from Mr. Grady regarding the possibility of changing the January 1 valuation date to more closely align to the County's budget schedule, Mr. Langer stated that from an actuarial standpoint, the January 1 valuation date works well because much of the variability in the contribution results from calendar year investment return results.

In response to questions from Mr. Smith and Ms. Braun regarding what internal quality control changes Buck has made to its valuation process to ensure data integrity this year and in future years, Mr. Langer stated that the biggest change Buck has made is to its test case review process. Buck has reviewed and expanded the breadth of its test case sampling for both active members and retirees to ensure that every possible permutation is covered.

Ms. Ninneman then suggested that ERS staff work with Buck to evaluate and verify its test case scripts to ensure all the necessary factors are covered.

Mr. Langer thanked Ms. Ninneman for her offer and stated that the additional review would be beneficial.

In response to a question from Ms. Van Kampen regarding the specific programming issue related to the COLA exclusion, Mr. Langer stated that the COLA exclusion was captured after Buck reviewed its test cases. In the past, Buck relied on a manual code that was entered in the data and that code was not entered. However, it was a review of the various test cases, and not the specific coding, which captured the 2013/2014 COLA exclusion. After Buck discovered the COLA exclusion, it did take some additional time to gather and review all of the necessary data before reporting its results to the Pension Board.

The Chairman then called for motions to approve the recommended 2015 actual and 2016 budget contribution requests for ERS and OBRA based on Buck's 2015 actuarial valuation report.

The Pension Board unanimously approved the contribution request to the County Executive for the 2016 ERS budget contribution in the amount of $59,436,000 and for the 2015 ERS actual contribution in the amount of $57,853,824, and granted authority to the Chairman to sign the letter, as prepared by Buck Consultants and reviewed by Corporation Counsel, to the County Executive requesting the contributions. Motion by Ms. Van Kampen, seconded by Mr. Smith.

The Pension Board unanimously approved the contribution request to the County Executive for the 2016 OBRA budget contribution in the amount of $819,000 and the 2015 OBRA actual contribution in the amount of $770,384, and granted authority to the Chairman to sign the letter, as prepared by Buck Consultants and reviewed by Corporation Counsel, to the County Executive requesting the contributions. Motion by Mr. Leonard, seconded by Ms. Funck.

6. Appeals - Louvenia Wilson - Appeal of Judge Gerlach's Decision[1]

In open session, Attorney Aaron Dekosky addressed the Board and introduced himself as the legal representative for Ms. Wilson.

Mr. Dekosky then summarized his understanding of the history of events surrounding Ms. Wilson's appeal of Judge Gerlach's decision to deny granting Ms. Wilson an ADR pension benefit. Ms. Wilson began her employment with Milwaukee County as a corrections officer for the Sheriff's Office in January 2008. On September 19, 2012, while on duty at the Sheriff's Office, Ms. Wilson sustained a knee injury after an inmate kicked her in the knee. To accommodate her work restrictions after sustaining her knee injury, Ms. Wilson was assigned light duty positions in the Sheriff's Office. In October 2013, Ms. Wilson was removed from the Sheriff's Office after the Sheriff's Office made the determination that Ms. Wilson had a permanent disability which could not be accommodated. Ms. Wilson subsequently enrolled in the Milwaukee Job Relocation program and filed an application with ERS for an ADR pension on October 28, 2013. Upon reviewing her ADR application, the Medical Board initially denied granting Ms. Wilson an ADR pension on December 24, 2013. In July 2014, the Pension Board agreed to accept the Medical Board's recommendation to deny Ms. Wilson's ADR application. Ms. Wilson subsequently filed an appeal of the Pension Board's denial with Judge Gerlach. In November 2014, Judge Gerlach reviewed the decision of the Medical Board and subsequently determined that the Medical Board's decision was made in error. Judge Gerlach determined that Ms. Wilson did have a permanent disability which prevented her from performing her duties as a corrections officer. However, Judge Gerlach also determined that because Ms. Wilson could perform some duty for the County, she was not entitled to an ADR benefit and reaffirmed the Pension Board's denial. During this time, the County held a Personnel Review Board ("PRB") hearing for Ms. Wilson. The County determined at its PRB hearing that Ms. Wilson was permanently

[1] At the time Ms. Wilson filed an appeal of Judge Gerlach's decision regarding her application for an accidental disability retirement ("ADR"), Ms. Wilson stated that she was a member in ERS. However, upon further review of its records and subsequent to the July 15, 2015 Pension Board meeting, the Retirement Office discovered that Ms. Wilson requested and received a refund of her employee contributions from ERS in November 2014. According to ERS, this means Ms. Wilson thus ceased to be a member of ERS in November 2014 when her previously earned service credit in ERS was cancelled. As a result, if Ms. Wilson is not a member in ERS, she is not eligible to receive an ADR benefit from ERS. The Pension Board was not aware of Ms. Wilson's apparently changed membership status in ERS during its July 15, 2015 review of Ms. Wilson's appeal and took action based on the apparently incorrect assumption that Ms. Wilson was still a member in ERS.

disabled and could not perform the duties of a corrections officer. The County also determined that Ms. Wilson was mentally and physically unqualified to perform any other jobs with the County. The County subsequently submitted an application to discharge Ms. Wilson from County employment because she had a permanent disability. Ms. Wilson believed that she was entitled to an ADR benefit based on the County's PRB hearing results.

Mr. Dekosky then suggested that Judge Gerlach misinterpreted the statute when he rendered a judgement on Ms. Wilson's appeal. Mr. Dekosky summarized how he believes Judge Gerlach should have interpreted the statute. The statutory language provides that a member shall be eligible for an ADR benefit if his employment is terminated prior to his normal retirement age, by reason of total and permanent capacity, for any duty as the natural and proximate result of an accident. Mr. Dekosky interpreted the statute to mean that if an employee becomes injured and is unable to perform any of the required duties that are essential to their job, the employee then becomes eligible for a disability retirement. Once it is determined that an employee is unable to perform any of the required duties that are essential to their job, the next step is to review whether the employee is qualified for some other job. If it is determined that the employee is not qualified for some other job, the employee is then entitled to an ADR benefit. Mr. Dekosky suggested that Judge Gerlach misinterpreted the statutory language to mean if an employee can perform any duty in any job, they are then not qualified to receive an ADR. However, Mr. Dekosky argued that such interpretation of the statute would eliminate the possibility of anyone in the history of ERS ever being granted an ADR. Under Judge Gerlach's interpretation, if an employee lost both legs in a work-related accident and subsequently could not perform the duties of their former job, but could still sit at a desk, they would not be entitled to an ADR benefit. Mr. Dekosky stated that he believes this is the flaw with Judge Gerlach's interpretation and asked that the Pension Board reverse Judge Gerlach's decision on Ms. Wilson's appeal.

Mr. Dekosky then called for questions from the Board members.

In response to a question from Mr. Leonard, Mr. Dekosky stated that before he can appeal to a higher judicial authority, he is first required to ask the Pension Board to reverse its prior decision.

Mr. Grady confirmed that the County Ordinance contains a final step that requires the Pension Board to review the hearing examiner's decision before Mr. Dekosky can file the matter in circuit court.

In response to a question from Ms. Braun, Mr. Dekosky stated that Ms. Wilson did not appear for a highway safety dispatcher exam arranged by Ms. Chase because Ms. Wilson already took and failed the same exam when she was originally referred to the job relocation program. After initially failing the exam, Ms. Chase recommended that Ms. Wilson enter a training program so she could later retake and pass the exam. Ms. Wilson subsequently signed up for the training program, but was advised by the County there was a waiting list to enter the training program. Approximately two or three days before she was allowed to retake the dispatcher exam, Ms. Wilson was suddenly notified that she was approved for the training program. Ms. Wilson then requested that Ms. Chase extend the testing time period so she could receive the training before retaking the exam. Ms. Chase denied Ms. Wilson's request for an extension. Ms. Wilson then decided against retaking the exam because she knew she would fail the exam without the opportunity to receive additional training.

Mr. Dekosky added that Ms. Wilson applied for several other County positions and was most recently rejected for the job of parking checker on July 2, 2015. In addition to County positions, Ms. Wilson has also applied for other security positions. Ms. Wilson is currently enrolled in school and is training for another job as part of the job relocation program. Ms. Wilson was first referred to the dispatcher exam and approved for training in April 2014. Ms. Wilson was also approved and subsequently applied for a program through the Department of Workforce Development in which she was granted the opportunity to enroll in school.

In response to a question from Ms. Braun, Mr. Dekosky stated that Ms. Wilson in currently studying culinary arts at MATC.

The Chairman concluded by calling for additional questions from the Board.

The Chairman then thanked Mr. Dekosky and Ms. Wilson for appearing before the Board. The Chairman indicated that the Board will next discuss the matter in closed session and will communicate its decision to the parties in a timely fashion.

Mr. Dekosky thanked the Board in return for considering Ms. Wilson's appeal.

Ms. Braun then moved that the Pension Board adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(f) with regard to item 6 for considering the financial, medical, social or personal histories of the listed persons which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of those persons, and may adjourn into closed session under the provisions of Wisconsin Statutes section 19.85(1)(g) with regard to items 6, 7 and 8 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 unanimously agreed by roll call vote 8-0 to enter into closed session to discuss agenda items 6 through 8. Motion by Ms. Braun, seconded by Ms. Funck.

The Pension Board discussed the matter in closed session.

After returning to open session and, having been told Ms. Wilson is a member of ERS, the Pension Board voted 7-1, with Mr. Smith opposed, to accept Judge Gerlach's decision regarding Ms. Wilson's medical determination, and to reverse the previous decision of the Pension Board by granting Ms. Wilson whatever accidental disability pension to which she is entitled from ERS. Motion by Mr. Leonard, seconded by Ms. Van Kampen.

7. Pending Litigation

(a) *Tietjen v. ERS*

The Pension Board took no action on this item.

(b) *Angeles v. ERS*

The Pension Board took no action on this item.

(c) *Trapp, et al v. ERS*

The Pension Board took no action on this item.

(d) *Baldwin v. ERS*

The Pension Board took no action on this item.

8. Report on Compliance Review

The Pension Board took no action on this item.

9. Reports of ERS Manager & Fiscal Officer

Ms. Ninneman left the meeting to attend another meeting.

(a) Retirements Granted, June 2015

Ms. Lausier presented the Retirements Granted Report for June 2015. Twenty-four retirements from ERS were approved, with a total monthly payment amount of $45,648. Of those 24 ERS retirements, 20 were normal retirements and 4 were deferred. Seventeen members retired under the Rule of 75. Ten retirees chose the maximum option, and 6 retirees chose Option 3. Ten of the retirees were District Council 48 members. Eleven retirees elected backDROPs in amounts totaling $2,700,489.

Ms. Lausier then stated that she is expecting similar backDROP figures for the month of July 2015.

(b) ERS Monthly Activities Report, June 2015

Ms. Lausier reported that the June 2015 ERS Monthly Activities Report was not ready for presentation because she did not receive a completed Activities Report due to current staffing issues. ERS continues to review candidates for the open ERS Manager position, as well as the three additional open positions for Retirement Specialist, Clerical Specialist and Assistant Fiscal Officer. It is anticipated that all four vacant positions should be fully staffed by early August 2015.

In response to a question from Ms. Braun regarding the specific methods for gathering the information for the Monthly Activities Report, Ms. Lausier stated that the information for the report is not automatically generated by the system, but compiled manually by ERS staff.

In response to a follow-up question from Ms. Braun regarding any specific reasons for the relatively high turnover rate of ERS staff, Ms. Lausier stated that she believes part of the reason is due to the stressful nature of the job. To help deal with the additional workload, temporary staff has been hired to assist the Fiscal Officer and in the records room. Ms. Lausier also confirmed that the two temps are related to the additional fees recently paid to Accountemps.

Ms. Braun then questioned whether staffing fees for Accountemps are being charged to the Pension Fund or to the Retirement Office. Ms. Lausier answered that she believes expenses appearing on the check register are charged to the Pension Fund. Therefore, it would appear that the Accountemps fees are being charged to the Pension Fund.

Ms. Braun continued to question why expenses related to ERS personnel staffing issues should be charged to the Pension Fund when salary expenses are charged to the Retirement Office. After continued discussion among the Board, Ms. Lausier stated that she will do some further investigation and follow-up with the Board on the matter at a later date.

(c) Fiscal Officer

Ms. Lausier discussed the June 2015 portfolio activity report. Benefits and expenses for June were funded by liquidating $18 million from the total U.S. equity fund.

Ms. Lausier continued with a discussion of the June 2015 cash flow report. The Fund received approximately $36 million in dividends for the month of June which, in addition to March 2015, was one of the highest amounts this year. The funds previously approved for third quarter funding should be sufficient to cover benefits through the remainder of the third quarter.

In response to questions from Mr. Smith and Ms. Braun, Ms. Lausier confirmed that the funds currently remaining for the third quarter should be sufficient to cover benefits and expenses through September 2015. Although the cash flow report shows zero funds remaining at the end of September, there is an additional $6 million available in the Wells Fargo account if the need for any additional cash flow should arise. That additional $6 million is not listed on the cash flow report.

Mr. Leonard then expressed concern that the additional $6 million held in the Wells Fargo account is not reflected on the cash flow report, noting that the Wisconsin State Legislature recently learned the University of Wisconsin ("UW") system was holding cash reserves. Although there was a reasonable rationale for the UW reserve funds, the Legislature was critical of the UW system for holding cash in accounts. Mr. Leonard suggested that the additional cash should somehow be labeled and routinely reported on the monthly fiscal reports.

Mr. Smith stated that the additional cash is a responsible liquidity management tool that needs to be in place should something such as a large unexpected backDROP payment appear in any given month.

Ms. Lausier stated that she would like to see the $6 million in Wells Fargo reduced to around $1 million. Ms. Lausier noted that when she became

Fiscal Officer in January 2015, there was $12 million in the Wells Fargo account and she has been working to reduce that amount to a more appropriate level.

Ms. Braun suggested that the cash flow report is misleading by stating there are zero funds at the end of September when there is an additional $6 million available in the Wells Fargo account.

Ms. Lausier answered that the zero balance remaining at the end of September only relates to the amount of funds previously approved by the Pension Board for third quarter funding.

Mr. Smith suggested adding a footnote to the cash flow report that would state the amount of additional funds in the Wells Fargo account, while also noting those additional funds are held for purposes of liquidity management.

The Chairman and Ms. Braun agreed with Mr. Smith's suggestion, noting that it would provide additional transparency.

Mr. Smith and the Chairman then requested that additional discussion on the matter and the potential for the development of a formal liquidity policy be included on the future topics list.

Ms. Lausier concluded with a discussion of the annual audit update. Ms. Lausier stated that she has provided Baker Tilly with a copy of Buck's valuation report and she believes that Baker Tilly now has all the information they have requested from ERS necessary to complete the annual report.

The Chairman reminded Ms. Lausier that the Board members have expressed a desire to review the draft version of the annual report.

In response to a question from the Chairman regarding the format of the draft annual report for purposes of review, the Board members and Ms. Lausier confirmed that an electronic PDF version of the draft report would be acceptable.

Ms. Westphal and the Chairman also reminded Ms. Lausier that a request was made last month to hold a special Audit Committee meeting to review the draft annual report once a draft version of the report is distributed to the Board members for review.

10. Administrative Matters

The Pension Board discussed additions and deletions to the Pension Board, Audit Committee and Investment Committee future topic lists.

The Chairman noted the earlier request for additional discussion and review of a liquidity funding policy and questioned whether it would be more appropriately listed as a future topic under the Pension Board or Investment Committee.

Mr. Smith suggested obtaining additional guidance from Ms. Ninneman and listing the liquidity funding policy as a general future topic for the time being.

Ms. Westphal requested that a future topic regarding the clean-up of census data be scheduled for an Audit Committee meeting. Ms. Westphal noted that Buck has been discussing the census data integrity issues in general terms, but the issues have never been discussed in detail with the Pension Board or Audit Committee. Ms. Westphal indicated that she would like to receive a more detailed explanation of those data issues, as well an additional explanation or report on the current status of the census data.

Ms. Westphal next requested that a discussion topic related to the OBRA administrative expenses be added to the future topics lists.

Mr. Smith then suggested that the future discussion topic related to OBRA expenses be expanded to include a broader discussion regarding the current funded status of OBRA.

The Chairman and Ms. Westphal agreed.

Mr. Smith then suggested an additional future topic related to review of the check register expenses. Excluding the asset managers, Buck Consultants and outside counsel, it would be beneficial to review the ten largest vendors, such as Mailcom, Vitech and Joxel, to obtain a better understanding of the services these vendors are providing on an annual basis.

Ms. Westphal also requested that Ms. Lausier provide the check register, cash flow and portfolio activity reports in advance of the Pension Board meeting because that information is difficult to review and absorb during the meeting.

Ms. Lausier stated that she can provide the check register in advance, but the cash flow and portfolio activity reports are typically not complete in time for advance distribution. Ms. Lausier noted that she does not typically receive the necessary data from BNY Mellon to complete those reports until after the advance Pension Board meeting materials have been distributed.

Ms. Braun stated that she understands the difficulties with providing advance copies of the cash flow and portfolio activity reports, but reminded Ms. Lausier that she did already make a previous request for advance distribution of the check register.

Ms. Lausier stated that she will ensure the check register is included with the advance materials for the next Pension Board meeting.

Mr. Smith requested a status update on the replacement Medical Review Board and Ms. Aikin noted that ERS is currently reviewing possible candidates.

In response to a follow-up question from Ms. Braun, Ms. Aikin stated that there is currently no Medical Review Board and there have been no responses to the request for information. The physician from Aurora that was previously assisting with risk management services is also no longer with Aurora.

Mr. Carroll added that Aurora is no longer an available option because they have now outsourced their risk management services to an outside vendor.

The Chairman then called for requests for attendance to any forums, symposiums or educational seminars that would require Pension Board approval.

Ms. Braun reported that she received an invitation to attend the 2015 Public Funds Forum held in Laguna Beach, California on September 8-10, 2015. Ms. Braun stated that the Forum is focused on information related public fund issues and would be particularly beneficial to the Board. Ms. Braun noted that she does not know if she will be able to attend but wanted the other members to be aware of the opportunity.

Mr. Leonard agreed with Ms. Braun, noting the 2015 Public Funds Forum appears to be very germane to the Pension Board, as opposed to some of the other conferences offered by other associations.

In response to a question from Ms. Funck, Mr. Huff stated individual approval for the Forum is not necessary because the Board would approve attendance in advance for any interested Pension Board member.

Mr. Smith also noted the Merrill Lynch Alternate Investment Forum will be held in Chicago on July 16, 2015, and the Marquette Associates 2015 Investment Symposium will be held in Chicago on October 16, 2015. Because there is no registration fee for either conference, costs should be minimal.

The Pension Board unanimously approved the attendance of any Pension Board member at the 2015 Public Funds Forum held in Laguna Beach on September 8-10, 2015, the Merrill Lynch Alternate Investment Forum in Chicago on July 16, 2015, and the Marquette Associates 2015 Investment Symposium in Chicago on October 16, 2015. Motion by Mr. Gedemer, seconded by Ms. Funck.

11. Adjournment

The meeting adjourned at 12:30 p.m.

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