

**Milwaukee County Employees' Retirement System (ERS)  
Investment Committee Meeting  
MINUTES**

**Call to Order**

Chairperson Patti Van Kampen called the Investment Committee to order at 2:34 p.m. on Monday, September 12, 2016 in 212B of the Milwaukee County Courthouse, 901 N. 9<sup>th</sup> Street, Milwaukee, WI 53233.

**Board Members Present:**

Patti Van Kampen  
Daniel Byrne  
Michael Harper

**Others Present:**

Brett Christenson, Marquette Associates  
James Carroll, Assistant Corporation Counsel  
Marian Ninneman  
Tina Lausier

**Presenters from Vertas:**

Chris Carmody  
Steve Malinowski

Since the representatives from Vertas were present, Mr. Christenson requested to start the discussion with the Vertas Capital Brokerage Costs and Transition Management Presentation – Topic 2.

2. **Topic: Vertas Capital Brokerage Costs and Transition Management - Presentation:**

Transition management is used for trades or when transferring money from one investment manager to another.

Chris Carmody and Steve Malinowski from Vertas introduced themselves and provided their background with pension systems, investment management and the transitional process. They continued with brief explanations of the terms used in transitional management, use of technology in trading, and the current requirements. The benefits of having a managing broker include increased communication, cost effective processes, and lower risk. The risk would be moved off of the consultants, committees, staff and board, and are put on the transaction manager. Independent third party oversight and accountability enhances the process – questions to ask:

- What is the % trades made against what exchange? If 50% is in one exchange there is likely low best practice processes.
- Explain your routing processes. This helps to get a better idea if best practice is being followed.

Most managers are efficient with buy/hold trades and are not as adept at transaction management. Vertas takes holdings in-kind, which can eliminate the selling and re-purchase of some stocks in a transfer of managers.

In response to a question by Mr. Harper, they discussed how operational costs are improved by a transition manager.

In response to a question by Ms Van Kampen, Vertas charges a flat fee – 6-12 basis points which is performance based.

Vertas will send a post-trade mock analysis to Mr. Christenson, which could be reviewed by the committee members.

3. **Topic: Portfolio Review - Discussion:**

Mr. Christenson provided the monthly update through July 31, 2016 – the August information was not yet available. Not much happened in the markets – all were pretty flat. Year-to-date annualized performance (net of fees) for the total fund composite is 4.3%. It is still a very challenging market. Three managers remain on alert at this time.

1. **Topic: JP Morgan Fixed Income - Discussion:**

Mr. Christenson provided some background on JP Morgan and the committee discussed their organizational challenges. Consideration was given to performing a core bond search with active managers and index alternatives.

The next Investment Committee meeting is scheduled for Monday, October 10, 2016, at 2:30p.m., in Room 212B of the Milwaukee County Courthouse at 901 North 9<sup>th</sup> Street, Milwaukee, WI 53233.

Meeting adjourned at 4:35 p.m.