



**Milwaukee County Employees' Retirement System Pension Board
February 8, 2022 Investment Committee Meeting
MINUTES**

Call to Order

Investment Committee Chairperson Ron Nelson called the Investment Committee to order at 10:05 a.m. on Tuesday, February 8, 2022. The meeting was held virtually due to Milwaukee County's and the City of Milwaukee's Stay Safe MKE initiative limiting gatherings in light of the COVID-19 pandemic.

Committee Members Present:

Nicole Best
Ron Nelson
Himanshu Parikh
Rob Worzalla

Others Present:

Brett Christenson, Marquette Associates Inc.
Chris Caparelli, Marquette Associates Inc.
Erika Bronikowski, Retirement Plan Services
Tina Lausier, Retirement Plan Services
Annamarie Kirsanoff, Retirement Plan Services
Judd Taback, Office of Corporation Counsel
Marcin Szaida, BPEA

Other Pension Board Members Present:

David Robles
Keesha Hobson

1. Topic: Chairperson's Report

Committee Chairperson Nelson offered initial comments by welcoming everyone to the meeting.

2. Topic: Election of Investment Committee Chairperson

Ms. Bronikowski explained that the Committee elects a new Chair at the first meeting of even years. In accordance with the Pension Board and Committee Charter, the Committee appointments will be reassigned in 2022 and a new Chair will be elected at the first meeting of 2022.

Trustee Best nominated Trustee Nelson to be Committee Chair. Trustee Parikh seconded the motion. The motion passed unanimously.

3. Topic: Investment Manager Update

Mr. Caparelli explained that the ERS has invested \$24 million in the BPEA 2020 vintage fund. Today's presentation from BPEA is on how the existing investment has been doing and what they're seeing in the market.

Ms. Szaida presented an update on BPEA's Fund V performance and noted that the team has been stable over time while continuing to add talent to the organization. Their funds generally include an investment of 40% of capital to fund managers and 60% to companies directly. Their focus is primarily on the business services and software, consumer, healthcare, and industrial sectors.

In response to a question from Committee Chairperson Nelson, Mr. Szaida confirmed that BPEA is not focusing on investing in real estate like other private equity firms have been doing lately.

Mr. Szaida continued, adding that they are looking to raise a new fund in 2022, Fund VI.

Mr. Christenson noted that one of the advantages of direct exposure to companies is that Milwaukee County avoids management fees that exist when investing in funds.

Committee Chairperson Nelson asked how much is currently invested in BPEA and where the Plan is in terms of private equity exposure. This was discussed under the next item, Market Update and Report on Plan Assets.

4. Topic: Market Update and Report on Plan Assets

Mr. Christenson explained that in 2020 the Board hired two venture managers, Fairview and Greenspring as well as Barings for small buyout. BPEA was also hired as a small buyout manager.

Currently, the fund is overweight in private equity. He noted that the Committee may want to continue to maintain exposure to different vintage years. Mr. Christenson offered to conduct a private equity commitment and cash flow model for the Committee for consideration.

In response to a question from Committee Chair Nelson, Mr. Christenson confirmed that private equity is slightly impacted by rising interest rates.

Mr. Caparelli reviewed market data and investment manager performance for December 2021 as well as for January 2022. 2021 was a great year for equity investments. The pension fund ended around \$1.96 billion with approximately 16.4% returns, though some managers have not reported their end of year statements yet. At the end of 2021, we saw interest rates starting to increase. Inflation was 6 to 7%. The Fed may move interest rates up at a faster pace than planned in response to inflation.

Mr. Caparelli continued by reviewing the January 2022 market report. In January, equity markets went down 5.5%.

In response to a question from Committee Chair Nelson, Mr. Caparelli provided an update on the private debt manager contracts, which are currently under review with Counsel.

The Committee entered closed session under Section 19.85(1)(e), Wis. Stats., with regard to Item(s) 5 and 6 for considering the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session.

5. Topic: Adams Street 2009 Direct Fund extensions 9/18/2021 – 9/18/2023

- a. Adams street 2009 U.S. Fund extension through 12/31/2022**
- b. Adams street 2009 Non-U.S. Developed Markets Fund extension through 12/31/2022**
- c. Adams street 2009 Non-U.S. Emerging Markets Fund extension through 12/31/2022**

The Committee discussed Item 5 in closed session. Upon returning to open session, no action was taken.

6. Topic: Assumed Rate of Return

The Committee discussed Item 6 in closed session. Upon returning to open session, no action was taken.

7. Topic: Administrative Matters

a) RPS Team Update

Ms. Bronikowski explained that the RPS Fiscal Officer, Tina Lausier, has taken on a new role at Milwaukee County as the Director of Accounting.

Ms. Lausier thanked the Committee for their work and stated that she enjoyed working with the Committee, service providers, and staff of the pension system. A memo from Ms. Lausier to the Committee has been attached to these minutes.

Ms. Bronikowski explained that the vacant position was posted in January and her team is preparing to conduct interviews shortly.

8. Topic: Adjournment

Meeting adjourned at 11:50 a.m.