EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
MINUTES OF THE APRIL 20, 2022 PENSION BOARD MEETING

1. Call to Order

   The Chair called the meeting to order at 8:34 a.m. 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.

2. Roll Call

Members Present	Members Excused
Nicole Best	
Jeffrey Gollner	
Kessha Hobson	
Jeremy Lucas (items 6-18)	
Ronald Nelson (Vice Chair) (items 4-18)	
Himanshu Parikh	
David Robles (Chair)	
Rob Worzalla	

   Others Present

   Jacob Augustine, Senior Compliance and Research Analyst - Retirement Plan Services
   Erika Bronikowski, Director - Retirement Plan Services
   Annamarie Kirsanoff – Retirement Plan Services
   Jennifer Folliard, Director of Audits - Office of the Comptroller
   Turkessa McCoy, Member Engagement-Project Manager - Retirement Plan Services
   Stephanie Sasscer, Paralegal - Office of Corporation Counsel
   Judd Taback, Assistant Corporation Counsel
   Supervisor Peter Burgelis, Milwaukee County District 15
   Christopher Caparelli, Marquette Associates, Inc.
   Jessica Culotti, Reinhart Boerner Van Deuren s.c.
   Geoff Bridges, Segal
   Patryk Tabernacki, Segal
   Dawn Maldonado, Interpreter, Milwaukee County
   Kevin Johnson, ERS member
   Ofelia Ramos, ERS retiree
   Lauren Albanese, Financial Investment News

3. Chairperson's Report

The Chair called the April 20, 2022 Pension Board meeting to order. He stated the Board has a full agenda, so his report will be very short. The Chair noted Ms. Bronikowski recently circulated information regarding the upcoming education sessions. He explained this will be a good way for the Trustees to maintain and comply with the Board's training requirements.

4. Minutes

(a) Meeting Minutes – February 16, 2022

The Chair stated the minutes of the February 2022 Pension Board meeting were distributed to the Board and called for any comments, questions, additions or corrections. Seeing none, the Chair stated he would entertain a motion to approve the minutes.

The Pension Board voted by voice vote to approve the minutes of the February 16, 2022 Pension Board meeting. Motion by Ms. Best, seconded by Mr. Gollner.

5. Investment Report

(a) Monthly Update

The Chair welcomed Mr. Caparelli from Marquette Associates and asked him to present his report.

Mr. Caparelli began with a review of the markets. He stated it was a very active first quarter, but the returns were not great, especially considering the three prior calendar years of strong returns. Mr. Caparelli explained that the big story continues to be inflation. As a result of higher than expected inflation rates, the Fed has communicated that more aggressive interest rate increases are likely. Mr. Caparelli noted that the market has reacted to that. He explained that in looking at the yield curve, at the beginning of the year, the 10-year treasury bond was paying an interest rate of approximately 1.5%. At the end of the quarter, that rate was 2% to 2.5%, and as of this morning, it is up to 2.9%. Mr. Caparelli stated that this shows the aggressive move upward in interest rates from what the market controls. He explained the Fed controls the short end and have raised rates once so far. From a historical context, interest rates are still pretty low, but they have come up quite a bit from where they were and that has impacts on the markets. For ERS' purposes, this affects the Fixed Income returns. The Aggregate Index is down 5.9% year-to-date, which is one of the worst returns in more than 4 years. Mr. Caparelli explained that what is also unusual is that the equity markets are also down. Year-to-date the S&P 500 is down 4.6%. These forces together make it difficult to generate returns.

Mr. Caparelli stated there are some bright spots in the Portfolio in the alternative asset classes. Real Estate, Infrastructure and Private Equity are helping to buffer those losses. Mr. Caparelli noted that on top of inflation, the Russian invasion of

Ukraine has also added to the market challenges. He explained that Russia is not a big player in the overall global market cap, only about 3% of the Emerging Market Index which is about 25% of the Global Index, but Russia is an outsized producer of energy. Mr. Caparelli stated that as a result, energy was one of the sectors that had a really strong first quarter because oil and gas prices dramatically increased.

Mr. Caparelli continued by reviewing the quarterly flash report. He noted Marquette prepared an additional page in the report that reflects the redemption status for the handful of redemptions that the Board has approved in the last several months. The ERS Portfolio at the end of March was $1.864 billion. Mr. Caparelli explained there are a number of under and overweights. Fixed Income is underweight by about 6%, which translates to approximately $100 million. Private Debt is also underweight as the Board brings on two new managers over the next few months. Mr. Caparelli stated that while there are more areas that are outside of the targets than normal, by the middle of summer, those should be corrected and fairly close to target.

Mr. Caparelli next reviewed the ERS Portfolio returns. He stated there have been strong returns over the last 1-, 3-, and 5-years with the overall ERS 10-year return at 8.8%. 2022 however has gone in the opposite direction. Mr. Caparelli noted that the Portfolio is down 2.9% year-to-date. He explained that while negative returns are never good, the Portfolio's return is actually a good return given the current issues in the market.

In response to a question from the Vice Chair, Mr. Caparelli stated that Private Equity is generally on a one quarter lag except for the end of the year when they complete their annual audits. Mr. Caparelli explained that for the end of the year results, it is more of a 5-6 month lag. Accordingly, ERS' 2021 returns are not yet final. Mr. Caparelli noted that Private Equity should continue to have a positive effect on the 2021 returns.

Mr. Caparelli continued by reviewing the first quarter returns for ERS. Fixed Income was down 6.2%. Mr. Caparelli stated TCW in emerging market debt has been a tough asset class because of the Russia-Ukraine conflict and the high interest rate environment. As the 10-year treasury and US interest rates start to move up, the relative attractiveness of emerging market debt decreases because it is easier to earn more on high quality US debt without having to take on outsized risks of investing in emerging market economies. With regard to US Equity, ERS is down 4.5% versus the 4.9% benchmark. Boston Partners outperformed the benchmark slightly. Mr. Caparelli clarified that as the Board has discussed, the growth side of the market had been dramatically outperforming value, but that has changed significantly year-to-date. The Russell 1000 is down .7% whereas the overall market was down 5.3%. Accordingly, the value side is holding up quite a bit better. Given this environment, Boston Partners was able to add some excess return. Mr. Caparelli stated that on the other side is Silvercrest, which is also a value manager but with a different structure. Silvercrest is underweight to energy, which was a significant component of the recent returns. Accordingly, there is some underperformance from Silvercrest. Mr. Caparelli noted that Marquette does not have major concerns or any recommendations at this time with regard to Silvercrest. On the International Equities side, the Fund is down 5.7% year-to-date. Mr. Caparelli stated that the Northern Trust index underperformed the actual index, which is odd. He explained that it came down to pricing discrepancies at the end of the month, so it is expected to reverse itself at the beginning of the next quarter. A bright spot in International Equity is QMA up approximately 4% ahead of the benchmark. In the Alternative Investment Composite, ABS is down 4.4% ahead of the benchmark and Parametric is down 1.7% capturing only about a quarter of the equity market's downside, which is what they should do in this environment. Real Estate is a bright spot in the Portfolio with 5.9% returns. Mr. Caparelli stated he does not have Private Equity returns to discuss because of that lag from the end of the year.

Supervisor Burgelis questioned whether the Board would be comfortable divesting from Russian investments if the County Board adopted a resolution requiring such divestment. The Chair explained that question is more appropriate for closed session and it is not on the Board's agenda. Accordingly, that issue can be addressed at Investment Committee, which will give Marquette an opportunity to review ERS' Portfolio with this in mind.

6. Draft 2020 Valuation Report Review

The Chair welcomed Mr. Bridges and Mr. Tabernacki from Segal. Mr. Bridges stated he is going to discuss the preliminary results of the January 1, 2022 actuarial valuation. He clarified that Segal's review is of the numbers as of January 1. It does not reflect any of the experience of 2022 so far. Mr. Bridges also reminded the Board that Segal will be conducting the five-year experience study this year and will be making recommendations to the Board on the assumptions later this year.

Mr. Bridges began with an overview of the valuation process and the purposes of the valuation, including to calculate ERS' liabilities, determine the budget contribution for 2023 and the member contribution rates. He explained that in order to achieve these purposes, Segal gathers all of the relevant data, including information related to active members, retirees and deferred vested members, and then Segal uses the assumptions to project the benefit out for each possible member for each possible benefit. As an example, when looking at active members, Segal is incorporating the probability that an individual will work until normal retirement age, the possibility that the individual might terminate before then, or that the individual might die in active service, or become disabled. All of these possibilities are considered in the valuation and Segal uses the actuarial assumptions to do this. Economic assumptions include investment returns, inflation and salary raises. Demographic assumptions include death, disability and turnover rates. These assumptions are applied to provide a total liability and assign liabilities to service. Then Segal applies the funding policies to determine the actual funding contribution and budget contribution.

Mr. Bridges next explained the two types of assumptions – demographic and economic. On the demographic side, the assumptions include when people retire and how often they become disabled or die in active service. On the economic side is one of the most important assumptions, the assumed rate of investment return, but it also includes salary increases and inflation. Overall, actuaries make assumptions as to when and why a member will leave and estimate how long they will receive a benefit. Mr. Bridges stated Segal then discounts that back to present day to determine what the assets should be and does cross-calculations. Mr. Bridges clarified that investment gains and losses are recognized over several years, which is actuarial smoothing. ERS uses a 10-year smoothing method, which means each year, ERS only recognizes ⅒ of what happened in the prior year. That ⅒ then gets spread over each of the next 10 years. This smoothing mechanism helps avoid volatility in the contribution rates. In addition to smoothing, when there are unfunded liabilities, they generally cannot be paid in one year because it is too expensive, so they are amortized over time. ERS' amortization period is 21 years, and the most recent period began July 1, 2015.

Mr. Bridges continued by reviewing the valuation highlights. He stated that Segal is finishing its report and will present the final report at the May meeting. On the asset return side, Segal calculated the 2021 returns to be 17.6%. Mr. Bridges explained that because of the 90% deferral, there is a 9.2% return on the actuarial value of assets. The ERS funded ratio has increased from 75.3% to 76.6%. The actual funding contribution for 2022 is $72.5 million compared to the 2022 budget contribution of $74.2 million. The budget contribution for 2023 is a bit lower at $72.1 million. Mr. Bridges clarified that this is based on one set of assumptions and the actual experience will not exactly reflect the assumptions. Accordingly, there will be variances that appear as actual experience emerges. With regard to the employee contribution rates, the public safety contribution rate will decrease from 9.9% to 9.8% and the general employee contribution rate will remain at 6.1%.

In response to a question from the Chair, Mr. Bridges stated that as part of the valuation, Segal includes a probability that a member will elect a backDROP. The amount of that payment is included in the projected payments. Because the backDROP is frozen, those instances are decreasing and while the member receives a lump sum up front, they have a reduced benefit going forward. That is reflected in the valuation.

In response to a question from Mr. Gollner, Mr. Bridges stated that to do a valuation, Segal calculates a number that is called the "expected working lifetime." Segal is essentially looking at the liabilities for the people that are here now. Mr. Bridges stated that the expected working lifetime is approximately 8.5 years.

Mr. Tabernacki next reviewed ERS' demographics, assets and liabilities. In this year's valuation, there were 3,325 active members, which is a decrease of 5.8% compared to last year. The average age of the active members is 44.7 years, and average benefit service is approximately 9.6 years. Mr. Tabernacki noted these are both slightly higher than last year. Total pay decreased by about 1.3% from $204.8 million to $202.1 million, and average pay increased by about 4.8% per active member. With regard to retirees and beneficiaries, the number of retirees and beneficiaries decreased by approximately 1% from 7,886 to 7,829. The total annual benefits and the average monthly benefits increased by .5% and 1.6% respectively.

Mr. Tabernacki then reviewed the last 10 years of participant data with the Board. He noted the active employee numbers have been steadily decreasing since 2013 and the retirees have been steady. Mr. Tabernacki further noted that the retirees more than double the active employees, which is important because this is the ratio of plan maturity.

The Chair commented that the retirees peaked between 2016 and 2017 and now appears to be treading downward. He questioned whether this trend is likely to continue. Mr. Bridges stated that he does not have any specific data on this, but because the active employee population has been decreasing, that will eventually translate into a reduction in retirees.

Mr. Tabernacki continued and discussed with the Board the historical salary and benefit information. He noted that the average salary has been steadily increasing since 2013. Mr. Tabernacki commented that as the active employees are on a decline, the higher average salary means that more experienced active employees are staying in County employment while employees with less experience are experiencing higher turnover. Mr. Tabernacki explained that the retiree population has been getting older and the average monthly benefits are increasing each year.

Mr. Tabernacki next reviewed ERS' financial information. He stated the market value of assets increased from $1.79 billion as of the end of 2020 to $1.97 billion as of the end of 2021. Segal calculated an investment return of 9.2%, which is net of expenses, and compared to the assumed rate of return of 7.5%. The actuarial value of assets increased from $1.74 billion to $1.76 billion. Mr. Tabernacki explained that the actuarial value of assets is the smoothing method that gradually adjusts to the market value. Under this method, the full value of market fluctuation is not recognized in a single year, but is recognized over a 10-year period. Accordingly, asset gains and losses are recognized at 10% per year over 10 years. In this case, there is a total of $206.9 million of deferred net investment gains that will be recognized in future years.

In response to a question from Mr. Gollner with regard to the decrease in active employees but an increase in salary, Mr. Bridges stated this is common across all plans right now. He explained that a portion of it is pandemic-related because some employees may have only worked for a year or were relatively new in their careers when the pandemic started, whereas the long-term employees were more likely to stay in their positions during the pandemic. Mr. Bridges stated all plans are seeing much more turnover at the junior levels and this has an impact on the average salary numbers.

Mr. Tabernacki continued with the financial information. He stated that the 5-year average annual return on market assets is 11.25% and the 10-year average is 9.5%. Similarly, the average annual return on actuarial assets is 7.97% for the 5-year term and 7.74% for the 10-year term. For this year, the employer and member contributions totaled approximately $75 million, which is slightly lower than last year. Benefit payments totaled about $202 million, which is unchanged from the prior year. Net investment income totaled $304 million, which is much higher than the prior year.

The Chair commented that the 10-year average annual return on actuarial assets was 7.74%, which is a bit higher than ERS' 7.5% assumed rate of return. The Chair asked Mr. Tabernacki to confirm that this puts ERS in a good position. Mr. Tabernacki stated that ERS will be seeing more gains in the next 10 years because there have been significant deferred gains from the last 9 years. This results in a cushion in actuarial value. Mr. Bridges commented that the Chair is correct that in looking at historical returns, they have exceeded the actuarial assumptions. He noted that in setting the prospective assumption, it is important to look forward to what the markets are doing now.

Mr. Tabernacki continued by reviewing the development of the actuarial value of assets. He started with the market value of assets at the end of 2020, which was $1.793 billion. The net cash flow for 2021 was a negative $127 million. The expected investment return based on the assumed rate of return is $130 million, so the expected market value of assets is $1.970 billion. Mr. Tabernacki explained that the excess is the difference between the two numbers ($174 million), and this is where the smoothing comes in. 90% of this excess is deferred, which results in an unrecognized amount of $174 million that is deferred. Mr. Tabernacki noted that in looking at a graphic view of historical asset returns, the Board can see how smoothing works and how it results in more stable returns from year to year. The Board also reviewed a graph showing the contributions versus the benefits. Mr. Tabernacki commented that since 2012, benefit payments have slightly increased but remained relatively stable the last few years. Contributions have increased since 2014. Mr. Tabernacki next explained the net cash flow, calculated as contributions minus benefit payments, and reviewed the historical metrics with the Board. He noted that net cash flow is important because the more negative the number is, the more the plan relies on investment returns to cover benefit payments. Mr. Tabernacki clarified that negative cash flows are not uncommon for a mature plan like ERS. Mr. Tabernacki then explained that taking all of these figures into account provides the funded ratio. Last year, ERS had a funded ratio of 75.3% and this increased to 76.6% this year.

Mr. Bridges next discussed the actual funding contribution. He stated the contribution is broken up into a few different pieces. First is the normal cost, which is the cost of the benefits that members are accruing. Last year that was about $18.9 million, and this year, it is $19.2 million. Mr. Bridges clarified that this number is expected to grow over time as it is partly a function of the demographics and partly a function of salaries. He stated the next piece is the amortization of the unfunded actuarial accrued liability. Last year, this was $55.1 million and that has gone down to $53.3 million. Mr. Bridges stated the actual funding contribution for this year is approximately $72.5 million, which compares to the budget of $74.2 million. He stated this is primarily being driven by the investment returns in 2021. Mr. Bridges explained that when Segal creates the budget contribution, they build in an expectation for how much the normal cost will increase. For next year, the budget contribution is $72.1 million, but that does not include any assumption changes. To the extent the experience study results in assumption changes, that will affect the budget contribution.

In response to a question from the Chair, Mr. Bridges stated that after the experience study, Segal develops a set of recommended assumptions and calculates the liability impact and the impact on contributions. To the extent that the next year's actual funding contribution varies from the budget, it will create a contribution variance. Mr. Bridges clarified that a contribution variance is acceptable and there are avenues to address a variance.

Mr. Bridges continued by reviewing the budget reconciliation. He stated the budget for this year was $74.2 million, and the biggest driver changing that to $72.5 million is the investment return figure. Mr. Bridges then reviewed the OBRA summary. He noted OBRA is much smaller than ERS. Mr. Bridges explained that the OBRA actuarial accrued liability increased from $4.4 to $4.6 million. The assets also increased from $4.2 million to $5.2 million. He noted that there is still an actual funding contribution amount for OBRA in order to fund the normal costs.

Mr. Bridges next briefly reviewed some updates on public plan topics. He stated there is a revision to the Actuarial Standards of Practice that will be effective for measurements after February 15, 2023. For ERS, the biggest change is that there is a requirement for Segal to disclose the Low-Default-Risk Obligation Measure (“LDROM”). This measurement is based on the entry age normal actuarial cost method, which is already the method that Segal uses. Accordingly, there is no change there, but it does require the use of a very low interest rate that is based on the interest rate that would be used if the plan was invested in high-quality bonds. Mr. Bridges explained that those bonds would have a lower expected return than ERS’ actual investment portfolio. He stated the first way to interpret this is the difference between the LDROM and the actual accrued liability measures the reduction in taxpayer liability from investment in a diversified portfolio. However, there are some who will look at this number and state this is the real cost of the plan. Mr. Bridges explained that this is a concern that will need to be addressed and the Board should be aware of it.

Mr. Bridges next summarized the risks inherent with pension plans. He explained that as noted earlier, the assumptions made will be wrong because actual experience will vary from the assumptions to some degree. Mr. Bridges stated Segal previously did some models for the County related to possible scenarios and it will be further discussed as part of the experience study.

The Chair thanked Mr. Bridges and Mr. Tabernacki for their presentation. He stated this was a draft report and once finalized, it will be presented to the Board for approval.

7. Investment Report (continued)

The Chair stated that he wanted to circle back to the Investment Report to discuss the Private Equity investment plan. Mr. Caparelli explained that this was a follow up item for the Investment Committee. He noted that the Committee was looking forward to the 2022 fund commitments. As part of the discussion, Marquette put together a Private Equity model, which suggested considering a \$35 million annual commitment. Mr. Caparelli clarified that this could be accomplished with one fund or more than one fund. He stated this would keep the Private Equity portion of the Portfolio at about 10%. The Chair commented that when it was time to make an investment, Marquette would bring recommendations to the Committee and then to the Board. Mr. Caparelli agreed and stated that it is a topic for the May Investment Committee meeting.

8. Appeals and Rules Committee Report – March 9, 2022

The Chair stated that the Appeals and Rules Committee had a meeting on March 9th, and the minutes have been distributed. He noted the two appeals reviewed by the Committee are on the Board's agenda. Ms. Bronikowski confirmed that Ms. Heins had not called into the meeting, but Ms. Ramos was planning on calling into the meeting.

The Chair continued by stating the Committee also reviewed Rule 1013 with regard to whether an election grace period should be added to the Ordinances and Rules. After having a discussion, the Committee determined that it would like additional information as to what other plans such as WRS include as a grace period. The Committee is going to revisit that issue and discuss potential amendments once the Committee has received additional information.

Finally, the Chair explained the Committee received a report related to the disability retirement workgroup. He noted no recommendations have been finalized yet, but those will come back to the Committee when the workgroup has completed its work.

9. Actuarial, Audit and Risk Committee Report – March 30, 2022

Ms. Best stated that the March Committee minutes were distributed, and the Committee's minutes reflect what occurred at the meeting. She explained that the most notable topic was the initial educational session related to the assumed rate of return review. The Committee discussed the assumed rate of return and peer funds' rates, which appear to be trending lower than ERS' current rate. Ms. Best clarified the Committee is also aware that there is an impact on all stakeholders if the rate is decreased, and the Committee discussed those points and the timeline. She stated that the Committee will be doing some very important work over the next few months and will be receiving an experience study that will be ready for Board review in November. Ms. Best noted that the other items that were discussed are summarized in the minutes.

10. Disability Retirement Deliberation

(a) K. Johnson

The Chair welcomed Mr. Johnson to the meeting. He explained that the Board has received the materials related to his disability retirement application, including the medical evaluation. The Chair stated that if Mr. Johnson would like to present additional information that is confidential or personal in nature, the Board may go into closed session to receive those comments. After Mr. Johnson has made his comments, the Board will go into closed session on its own to discuss his application and other closed session matters.

The Chair asked Mr. Johnson if he would like to provide comments in either open session or closed session. Mr. Johnson explained that he did not have anything new to add, but he wanted to attend the meeting. The Chair stated that the Board will review his materials and once it has concluded its closed session discussion, it will return to open session and vote on the matter.

The Chair then moved that the Pension Board adjourn into closed session under Section 19.85(1)(f), Wis. Stats., with respect to item 11(a) for considering financial or medical information related to the listed persons, which if discussed in public, would be likely to have a substantial adverse effect upon the reputation of those persons, and under Section 19.85(1)(g), Wis. Stats., with respect to items 12(a) through 13(b) 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, and under Section 19.85(1)(e), Wis. Stats., with respect to items 14(a) and 14(b) 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 these matters.

The Pension Board agreed by voice vote of 8-0 to enter into closed session to discuss items 11(a) through 14(b). Motion by the Chair, seconded by Mr. Gollner.

11. Disability Retirement Deliberation

(a) K. Johnson

The Pension Board discussed this item in closed session.

12. Appeals and Rules Committee Closed Session Items

(a) K. Heins

The Pension Board discussed this item in closed session.

13. Counsel Report

(a) Litigation Update

The Pension Board discussed this item in closed session and took no action.

(b) Walker/Ware Case

The Pension Board discussed this item in closed session.

14. Actuarial, Audit and Risk Committee Closed Session Items

(a) Review Procurement Policy

The Pension Board discussed this item in closed session.

(b) Actuarial Services Request for Proposal

The Pension Board discussed this item in closed session.

The Pension Board agreed by voice vote of 8-0 to return to open session.

After returning to open session, the Pension Board had the following discussions and made the following motions.

(a) K. Johnson

The Chair stated Mr. Johnson was lieutenant with the Milwaukee County Sheriff's Department. Based upon the medical evaluation and the application for disability, the Medical Board recommended that Mr. Johnson's application be granted.

The Pension Board voted unanimously to accept the Medical Board's determination to approve the ordinary disability pension application submitted by Mr. Johnson. Motion by the Chair, seconded by Ms. Best.

(b) K. Heins

The Chair stated Ms. Heins was a nurse who worked at the former County Hospital. As a consequence of her employment, she was vested and qualified for a deferred retirement benefit. He explained that Retirement Plan Services

("RPS") sent notices to Ms. Heins around the time of her eligibility to commence benefits, but unfortunately, Ms. Heins had not provided her updated address to RPS. Accordingly, the mail was returned. When Ms. Heins contacted RPS to request an application and submitted the application, it was after her initial eligibility date. The Chair explained Ms. Heins is requesting that her benefit be retroactive to the earlier date because she did not receive the paper work in time to commence her benefit as soon as she was eligible. The Chair further explained that based on the Ordinances and Rules and the requirement that a member submit an application before their pension can commence, the Appeals and Rules Committee recommended that Ms. Heins' appeal be denied.

The Pension Board unanimously voted to confirm the Appeals and Rules Committee's recommendation to deny Ms. Heins' appeal and directed that counsel finalize a decision consistent with the Committee's decision for final approval by the Chair as the written decision of the Board. Motion by Mr. Gollner, seconded by Ms. Hobson.

(c) Review Procurement Policy

The Chair stated the Board has been presented with proposed changes to the Procurement Policy, including changes to the general make up of an RFP evaluation panel.

The Pension Board unanimously voted to approve the changes to the Procurement Policy. Motion by Ms. Best, seconded by Mr. Lucas.

(d) Actuarial Services Request for Proposal

The Chair stated the proposed RFP for actuarial services has been circulated. It was previously reviewed by the Actuarial, Audit and Risk Committee. The Committee recommended that the Board approve the RFP.

The Pension Board unanimously voted to approve the RFP and directed Ms. Bronikowski to proceed with publishing the RFP. Motion by Ms. Best, seconded by Mr. Parikh.

(e) Walker/Ware Case

The Chair stated the Board heard information related to the Walker/Ware case. The case was recently before Retired Judge DiMotto for mediation and is presently before Judge Ashley. The Chair explained that as a consequence of the mediation, the parties have reached a settlement pending approval from the Pension Board and the County Board. Counsel was present in closed session to discuss the case and the settlement with the Board and is now requesting the Board's approval of the outline of the settlement so it may proceed.

The Pension Board unanimously voted to approve the proposed settlement agreed to by the parties in mediation subject to County Board approval. Motion by Mr. Gollner, seconded by the Chair.

15. Appeals and Rules Committee Closed Session Items

(a) O. Ramos

The Chair welcomed Ms. Ramos to the meeting. The Chair explained that the Board has received Ms. Ramos' materials and recent correspondence. He asked if she had any additional information to present and if so, she could present that information at this time.

Ms. Ramos stated that when she made her form of retirement election, there was a language barrier and she did not understand what she was electing.

In response to a question from the Chair, Ms. Ramos stated she worked in food service and then was a nurse's assistant at the Milwaukee County Mental Health complex during her employment. The Chair asked Ms. Ramos if she communicated in English as part of her work. Ms. Ramos stated that she did, but if there was something she did not understand, she could ask her co-workers. She clarified that she does speak English but not perfectly. Ms. Ramos stated that she did not know what she was signing and she feels she is being discriminated against.

The Chair asked Ms. Ramos if she recalled the conversation they had at the Appeals and Rules Committee meeting when he asked her if she wanted her husband to receive a survivor benefit. Ms. Ramos stated she does not recall that and she truly did not understand. The Chair explained that he asked her whether she wanted her husband to have a survivor benefit if she died before him and she replied that she did. Ms. Ramos explained that when she had her interview for her benefits, she was asked if she had a beneficiary and then she was told that they would receive 100% of her benefit. However, she did not see that her benefit would be reduced if she agreed to that. The Chair stated that at the Committee meeting, Ms. Ramos again stated that she wanted her husband to have a survivor benefit.

In response to a question from Mr. Gollner, Ms. Ramos stated that while she was working if she did not understand something, she would ask for help or a translation. Ms. Ramos clarified that in this case it was small print and she did not have her glasses on. She noted she does not want to cause problems, but she just did not understand. Mr. Gollner questioned why Ms. Ramos did not reach out for assistance when she was reviewing her retirement paper work if she did not understand when that is what she would have done at her job. Ms. Ramos stated it was an error and she signed it without looking.

The Chair called for any further questions and seeing none explained that the Board would go into closed session later in the meeting and would then take a vote.

16. RPS Reports

(a) RPS Director Report

Ms. Bronikowski began her report with an update on Milwaukee County's reopening plans. She stated that as part of the Human Resources Department, RPS is planning on opening June 1. The RPS staff will return to a hybrid in-person and telework schedule, but the parameters of that schedule is still being finalized across the Human Resources Department. RPS will continue to have staff onsite as it has for the entire pandemic, but employees may work remotely a day or two each week. Once the plans are finalized, they will be included in the newsletters for active members and retirees. Ms. Bronikowski stated that RPS will also explore whether the Board would like to begin meeting in person or continue virtually.

Ms. Bronikowski then reviewed the current RPS projects. She stated RPS is continuing its work on the pension administration system upgrade. The planned go-live date is in August, and staff is currently testing the different workflows. Ms. Bronikowski noted RPS is anticipating quite a bit of training and transition during the month of August. RPS will use the time that is typically reserved for appointments that month for the training and transition. Accordingly, she explained members will not be able to schedule retirement appointments in the month of August and anyone who contacts RPS will be scheduled in July or September. Ms. Bronikowski clarified that members will still be able to complete an emergency retirement application and retirements will be processed as usual.

Ms. Bronikowski next explained that RPS is continuing with the annual audit and preparing for the annual Pension Board meeting. RPS also plans to have content available for the month of May on the website that includes input from the County Executive, the Pension Board, Marquette, Segal and RPS. RPS is further ramping up its education and communication efforts, including hosting a benefits symposium in May with Empower. In addition, RPS will continue to offer webinars twice a month.

Ms. Bronikowski continued by noting that RPS has felt the effects of the Great Resignation and has had a handful of employees leave. Ms. Lausier has taken a new role at Milwaukee County and two clerical specialists have also left. Additionally, two retirement analysts left during their onboarding. Ms. Bronikowski stated that it appears they realized that this was not the right fit. RPS just recently hired a clerical specialist on Monday and have one more starting on May 2. Ms. Kirsanoff is performing the duties of the fiscal officer and RPS is working with a staffing agency to identify an individual to perform her prior duties.

(b) Retirements Processed

The Chair asked Ms. Bronikowski to present the Retirements Processed Report. Ms. Bronikowski stated she provided the Board with the Retirements Processed for February and March.

In February, 15 retirements commenced, 5 deferred and 10 active retirements. Of the 10 active retirements, 6 received backDROPs ranging from $500,000 to $100,000.

In March, RPS commenced 19 retirements, 4 were deferred and 15 were active retirements. Of the 15 active retirements, 6 received backDROPs. Ms. Bronikowski stated one of the backDROPs was larger, over $800,00, one was approximately $575,000, two were between $325,000 and $225,000 and one was around $35,000.

In April, there are 21 retirements commencing. Ms. Bronikowski stated this is higher than usual, but there were a number of individuals who retired in later February and early March.

The Chair called for questions and seeing none thanked Ms. Bronikowski for her report.

(c) Fiscal Reports

Ms. Kirsanoff stated that the Board received the Portfolio Activity Reports for February and March, the Funds Approved Report and the Preliminary December 31, 2021 Financial Statements and Budget versus Actual.

Ms. Kirsanoff noted the net plan assets held in trust are $1,857,850,002 for February and $1,864,223,556 for March. ERS had an overall decrease of $33.4 million over the two-month period from January 31 to March 31, including a decrease in February of $39.8 million and an increase in March of $6.4 million. Hedged Equity was up $228,000, Real Estate was up $7.9 million and Infrastructure was up $2 million. Fixed Income was down $47.9 million, U.S. Equity was down $23.4 million, International Equity was down $6.5 million and Private Equity was down $5.3 million.

Ms. Kirsanoff stated that in order to have funds available for any capital calls, $35 million was raised from the Northern Trust Agg Bond Index and $27 million was raised from the Northern Trust Russell 3000 Index.

With regard to the Funds Approved Report, in November 2021, $110 million was approved for an estimated first half of 2022 needs. There was a surplus from the second half of 2021 of $1.5 million, for a total available of

$111.5 million. Of that, $17.5 million was required in January, $18.5 million was required in February, $18.5 million was required in March, and $17.5 million is anticipated to be required for April. Ms. Kirsanoff stated this leaves $39.5 million in surplus, which should be sufficient for the remaining first half of 2022 needs.

Ms. Kirsanoff then reviewed the distributions and capital calls in February and March. She stated there were 4 distributions in February totaling $3,370,236, including $1,350,000 from Mesirow Fund VI and $1,341,124 from Siguler Guff Fund III. There were 17 distributions in March totaling $12,333,207 with the largest coming from Adams Street. There was 1 capital call in February for Barings Emerging General Fund GP and there were 2 capital calls in March totaling $875,000 from Fairview and Stepstone.

The Chair called for questions and seeing none thanked Ms. Kirsanoff for her report.

17. Appeals and Rules Committee Closed Session Items

(a) O. Ramos

The Chair explained that the Board previously heard from Ms. Ramos in open session and would now go into closed session to consider her appeal.

The Chair then moved that the Pension Board adjourn into closed session under Section 19.85(1)(g), Wis. Stats., with respect to item 17(a) for the purpose of the Board receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning these matters.

The Pension Board agreed by a voice vote of 8-0 to enter into closed session to discuss item 17(a). Motion by the Chair, seconded by Mr. Gollner.

The Pension Board agreed by voice vote of 7-0 to return to open session. Ms. Hobson was not present for the vote.

Upon returning to open session, the Chair stated that the Board has discussed Ms. Ramos' appeal. He explained Ms. Ramos elected a 100% survivor pension that would provide her husband with a benefit upon her death. She made that election after meeting in person with an RPS representative and having a number of calls with RPS. The Chair stated Ms. Ramos contends that she did not understand her election due to the language barrier. The Chair clarified that at the Committee meeting, Ms. Ramos indicated, through an interpreter, that it was her desire at the time of election to give her husband a survivor benefit. The Chair acknowledged that Ms. Ramos did quickly contact RPS after receiving her check in January of 2021 to request the change. The Chair asked if there were any additional comments or discussion. Seeing none, he stated he would entertain a motion.

The Pension Board voted 7-1 with the Vice Chair disapproving to confirm the Appeals and Rules Committee's recommendation to deny Ms. Ramos' appeal and directed that counsel finalize a decision consistent with the Committee's decision for final approval by the Chair as the written decision of the Board. Motion by Mr. Parikh, seconded by Ms. Gollner.

18. Adjournment

The meeting adjourned at 12:54 p.m.

Submitted by Erika Bronikowski,
Secretary of the Pension Board