



Memorandum

To: Carol Eady, Sr. Director, Benefits, Pension & Compensation
From: John Jackson, Callan LLC
 Michael Joecken, Callan LLC
Date: January 28, 2022
Subject: Milwaukee Board of School Directors Post-Employment Benefits Trust & Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Trust

This memo provides a recommendation on the Milwaukee Public Schools in response to actions taken by BMO Financial Group (“BMO”).

Background

BMO provides administrative services as well as investment advisory services for a portion of the aforementioned plans for the Milwaukee Public Schools (“MPS”). MPS received a letter from BMO dated December 2, 2021 advising that BMO would no longer be able to provide investment management services to municipal clients after December 31, 2021. This was the first notice of the termination of investment management services provided. Jim Carroll, Assistant City Attorney, requested, on behalf of Milwaukee Public Schools, that an extension be granted. BMO agreed to extend the termination date to February 28, 2022.

The approximate value of each plan appears below with BMO managing 2-4% of each Trust.

Directors' Plan		
Fund Investments	Approx MV	% Total
SWIB Core (11/30/2021)	50,125,631	89%
SWIB Variable (11/30/2021)	4,092,053	7%
BMO (12/31/2021)	2,040,289	4%
Total	56,257,972	100%

Teachers' Plan		
Fund Investments	Approx MV	% Total
SWIB Core (11/30/2021)	176,078,720	90%
SWIB Variable (11/30/2021)	14,718,158	8%
BMO (12/31/2021)	3,856,068	2%
Total	194,652,943	100%

The BMO accounts hold fixed income investments. Historically, BMO has used a combination of proprietary funds and index funds as an investment solution. After the termination date, BMO proprietary funds will no longer be available.

Recommendation

Although BMO can no longer provide investment management after February 28, the Baird Intermediate Bond Fund (ticker BIMIX) is an intermediate duration actively managed fund that is on BMO's approved fund platform. Callan would support this fund as an alternative that meets the guidelines as outlined in the Investment Policy Statement of each Trust. Note that Staff may be required to direct BMO as trustee to invest and redeem in the fund as necessary to meet Trust obligations.

Fund	Cusip	Performance (Annualized)			Expense Ratio
		3 Year	5 Years	10 Years	
Baird Intermediate Bond Fund - Institutional Shares	BIMIX	4.27%	3.21%	2.96%	0.30%
Benchmark (Int Govt/Credit Index)		3.86%	2.91%	2.38%	