



The Employees' Retirement System of the City of Milwaukee
Annual Report of the Annuity and Pension Board

86th Edition • December 31, 2023

Dated November 18, 2024

| STATEMENT OF PLAN NET ASSETS FOR THE YEAR ENDED 12/31/2023 | |
|---|---------------------|
| (in thousands) | |
| ASSETS | |
| Cash & Cash Equivalents | \$ 98,448 |
| Investments at Estimated Fair Value | |
| Fixed Income | \$ 1,814,691 |
| Public Equity | 2,266,336 |
| Absolute Return | 443,099 |
| Real assets | 638,165 |
| Private equity | <u>766,408</u> |
| Total Investments | \$ 5,928,699 |
| Receivables and Other Assets | |
| Employer | \$ 109 |
| Member | 986 |
| Actuarially determined contributions | 26,149 |
| Interest, dividends and foreign tax recoverable | 16,377 |
| Investments sold | 68,459 |
| Software & equipment, net of depreciation | 593 |
| Securities lending collateral | 335,751 |
| Lease assets, net of amortizations | 1,609 |
| Subscription-based IT arrangements, net of amort. | <u>357</u> |
| Total Receivables and Other Assets | \$ 450,390 |
| TOTAL ASSETS | \$ 6,477,537 |
| LIABILITIES | |
| Benefits payable | \$ 1,164 |
| Unearned contributions | 29,368 |
| City of Milwaukee | 1,198 |
| Securities lending obligation | 333,086 |
| Investments purchased | 314,173 |
| Lease liability | <u>1,776</u> |
| TOTAL LIABILITIES | \$ 681,035 |
| NET POSITION RESTRICTED FOR PENSIONS & OTHER GOV'TS | \$ 5,796,502 |

| STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED 12/31/2023 | | |
|--|----------------------------|----------------------------|
| (in thousands) | | |
| | <u>2023</u> | <u>2022</u> |
| ADDITIONS | | |
| Contributions | | |
| Employer | \$ 171,042 | \$ 121,571 |
| Member | <u>32,688</u> | <u>32,204</u> |
| Total Contributions | \$ 203,730 | \$ 153,775 |
| Investment Income (Loss) | | |
| Net (depreciation) appreciation in fair value of investments | \$ 477,961 | (646,750) |
| Interest, dividends, and other investment income | 130,427 | 115,668 |
| Less: Investment expense | (64,612) | (65,499) |
| Securities lending income | 18,886 | 6,822 |
| Less: Sec. Lending expenses | <u>(16,784)</u> | <u>(4,616)</u> |
| Net Investment Income | <u>\$ 545,878</u> | <u>\$ (594,375)</u> |
| TOTAL ADDITIONS | \$ 749,608 | \$ (440,600) |
| DEDUCTIONS | | |
| Administrative expenses | \$ (8,015) | (7,181) |
| Benefits paid | (466,604) | (452,407) |
| Refund of contributions | <u>(4,444)</u> | <u>(5,211)</u> |
| TOTAL DEDUCTIONS | <u>\$ (479,063)</u> | <u>\$ (464,799)</u> |
| FUND BALANCE CHANGES | | |
| Net (decrease) increase before fund balance transfers | \$ 270,545 | \$ (905,399) |
| Fund balance transfers | - | - |
| Net (decrease) increase after fund balance transfers | <u>\$ 270,545</u> | <u>\$ (905,399)</u> |
| Net position held in trust for pensions benefits & other governments | | |
| Beginning of year | <u>\$5,525,957</u> | <u>\$6,431,356</u> |
| End of year | <u>\$5,796,502</u> | <u>\$5,525,957</u> |

| ACTUARIAL BALANCE SHEET as of January 1, 2024 | | | |
|--|---------------------|----------------------------------|---------------------|
| (in thousands) | | | |
| ASSETS | | LIABILITIES | |
| Market value of assets | \$ 5,796,502 | Present value of future benefits | |
| Market adjustment | <u>211,984</u> | Annuitants | \$ 5,757,572 |
| Actuarial value of assets | \$ 6,008,486 | Inactive members | 206,858 |
| Unfunded actuarial accrued liability | 1,820,885 | Active members | <u>2,827,279</u> |
| Present value of future anticipated contributions | <u>962,338</u> | TOTAL LIABILITIES | \$ 8,791,709 |
| Financial resources for actuarial accrued liability | \$ 8,791,709 | | |

| MEMBERSHIP STATISTICS as of 12/31/2023 | | |
|---|----------------------|----------------------|
| | <u>2023</u> | <u>2022</u> |
| Active members | 10,108 | 9,800 |
| Retired, disability, and Survivorship | 13,867 | 13,853 |
| Deferred status members | <u>6,136</u> | <u>5,960</u> |
| TOTAL MEMBERSHIP | <u>30,111</u> | <u>29,613</u> |

See Notes to the Basic Financial Statements

Section 36.15 (9) of the Milwaukee City Charter provides that the Annuity and Pension Board “shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the assets of the system, and the financial condition of the system as disclosed by an actuarial valuation of the retirements system.”

The Annuity and Pension Board submits herewith its annual report for the year ending December 31, 2023.

ANNUITY AND PENSION BOARD

as of 12/31/2023

Elected Representatives – Active Members

Matthew Bell
James Campbell
Molly Christianson

Elected Representatives – Retirees

Thomas Klusman, Retired

Appointed by the President of the Common Council

Nik Kovac, City of Milwaukee
Budget & Management Director
Deborah Ford, Retired
Rudolph Konrad, Retired

Ex-Officio Member

Aycha Sawa, City of Milwaukee
Comptroller

ADMINISTRATIVE PERSONNEL

as of 12/31/2023

Bernard J. Allen - Executive Director and Secretary

Melody Johnson - Deputy Director

David M. Silber, CFA, CAIA – Chief Financial Officer

Daniel Gopalan, CPA – Chief Financial Officer

G. Spencer Coggs – Custodian of Funds, City of Milwaukee Treasurer

Tearman Spencer – Legal Advisor, City of Milwaukee Attorney

INVESTMENT MANAGERS

Abbott Capital Management LLC
Almanac Realty Investors, LLC
Apogem Capital LLC
Apollo Global Real Estate Management, L.P.
AQR Capital Management, LLC
BlackRock Investments, LLC
Brandes Investment Partners, LP
Bryanston Realty Partners LLC
CastleArk Management LLC
Colony Capital, LC
Deutsche Asset Management
Dimensional Fund Advisors LP
Drawbridge Realty Partners Holdings, LP
Earnest Partners LLC
Fortress Investment Group
Goldman Sachs Asset Management
Greenfield Multi-State Partners, L.P.
H/2 Capital Partners
J.P. Morgan Investment Management Inc.
LaSalle Investment Management, Inc.
Loomis, Sayles & Company, L.P.
M&G Real Estate
Mesirow Financial, Inc.
MFS Investment Management
Morgan Stanley Real Estate Advisor, Inc.
Neuberger Berman
Northern Trust Securities, Inc.
Polen Capital Management, LLC
Principal Asset Management
Prologis, LP
Reams Asset Management
Standard Life
Stockbridge Capital Partners, LLC
UBS Hedge Fund Solutions, LLC
Walton Street Capital, L.L.C.
William Blair Investment Management, LLC

A list of investments held by the Employees’ Retirement System as of December 31, 2023 is available for inspection at the System’s office. The financial records of the Employees’ Retirement System have been audited by the Wisconsin Legislative Audit Bureau for the year ending December 31, 2023. Complete audited Basic Financial Statements are available for inspection at the System’s office or online at www.cmers.com

CONSULTANTS

Bernstein Litowitz Berger & Grossman LLP
Callan LLC
Cavanaugh Macdonald Consulting, LLC
CliftonLarsonAllen LLP
Foley & Lardner LLP
Global Trading Analytics, LLC
Ice Miller LLP
The Northern Trust Company
Reinhart Boerner Van Deuren
State of Wisconsin Legislative Audit Bureau
Wells Fargo Bank Wisconsin, NA

MEDICAL COUNCIL

Gregory Brotzman, M.D.
David L. Drury, M.D.
William Greaves, M.D.

Please check that your Beneficiary Designation is current.

Change of Beneficiary Designation forms are available at the ERS office at 789 North Water Street, Suite 300, Milwaukee, WI 53202 or by calling 414-286-3557 or 1-800-815-8418 or online at www.cmers.com