

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD**

Minutes of the Special Meeting
held June 6, 2024 via teleconference

The meeting was called to order at 11:32 a.m.

Board Members Present: Matthew Bell, Chair
Bill Christianson
Deborah Ford
Timothy Heling
Tom Klusman
Rudolph Konrad
Nik Kovac

Board Members Not Present: Molly King (excused, but arrived at 11:56 a.m.)

Retirement System Staff Present: Jerry Allen, Executive Director
Melody Johnson, Deputy Director
Dan Gopalan, Chief Financial Officer
David Silber, Chief Investment Officer
Erich Sauer, Deputy Chief Investment Officer
Keith Dickerson, Pension Investment Analyst – Sr.
Aaron Shew, Pension Investment Analyst – II
Thomas Courtright, Pension Investment Analyst – II
Mary Turk, Business Operations Analyst
Jan Wills, Board Stenographer

Others Present: Aaron Chochon, Larry Langer, Cavanaugh Macdonald; Carolyn Stittleburg, Legislative Audit Bureau; Patrick McClain, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc.; six members of the public called in.

Special Meeting

Unfinished Business.

Approval of Funding of 5.8% Employee Pension Contribution Offset Case Judgment – Presentation by Larry Langer of Cavanaugh Macdonald.

As a matter of information, Board members received from Cavanaugh Macdonald a June 3, 2024 memo regarding the "Impact of 5.8% Pension Offset Lawsuit on the January 1, 2024 Actuarial Valuation."

Mr. Langer said at the last Board meeting, they discussed the funding of what Mr. Langer called the lawsuit or the funding of the 5.8% pension contribution judgment. He referenced Cavanaugh

Macdonald's May 20, 2024 letter discussed at the May 28th Board meeting regarding amortizing unfunded liabilities generated by that lawsuit. o He said the discussion at that Board meeting noted that there was a little bit of gray area in terms of how to characterize the liabilities resulting from the lawsuit, and how the liabilities might be amortized over a period of years like a gain/loss incurred in the normal course of business. Mr. Langer said Cavanaugh Macdonald's June 3rd letter updated the previous letter to amortize all the unfunded liabilities as gains/losses over a period of 10 years for the January 1, 2024 valuation, and indicating the contribution amounts attributable to that approach. He said the June 3rd letter, indicates retroactive payment liabilities of approx. \$2.3 million for firemen, and for police, a little over \$1 million dollars. Mr. Langer stated the payment of the unfunded actual accrued liability amounts are virtually the same and would continue for 10 years. He compared the amortization treatment referenced above to that in the May 20th letter where the retro payments are paid off in one year. Instead of a payment of \$3 million in one year, the payment is \$12 million in the first year and then it drops off to about \$2 million per year thereafter. Mr. Langer said Cavanaugh is requesting a decision so they can wrap up the presentation and the reports scheduled to be delivered at the June 25th Board meeting. He said the two alternatives are both reasonable as outlined in either the May 20th letter or the June 3rd letter. Discussion ensued.

It was moved by Mr. Konrad, seconded by Mr. Heling, and unanimously carried, to approve the agenda item titled Approval of Funding of 5.8% Employee Pension Contribution Offset Case Judgment to be paid and amortized over 10 years as outlined in the Cavanaugh Macdonald letter, dated June 3, 2024 a/k/a Proposal #2) .

It was moved by Mr. Klusman and seconded by Ms. Ford to adjourn the meeting.

There being no further business, Mr. Bell adjourned the meeting at 12:03 p.m.

Bernard J. Allen
Secretary and Executive Director

(NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)