

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

Minutes of the Regular Meeting
held February 25, 2025 via teleconference

The meeting was called to order at 10:01 a.m.

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

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

Others Present: Lauren Albanese, Financial Investment News; Patrick McClain, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., eight members of the public called in to the meeting.

Appointment of Committees for 2025.

Administration & Operations Committee. Mr. Bell nominated Mr. Heling, Mr. DeCleene, and Mr. Christianson for the Administration & Operations Committee with Mr. Heling as Chairperson for the Committee.

Investment Committee. Mr. Bell noted this is a Committee of the Whole and he nominated Mr. Klusman as Chairperson for the Committee.

Legislative Committee. Mr. Bell stated the Legislative Committee is a Committee of the Whole and nominated Ms. Ford as Chairperson of this Committee.

Litigation Committee. Mr. Bell said this is an ad hoc committee and committee members would be assigned on an as-needed basis.

Mr. Allen added that committees will elect their Vice-Chairs at their next committee meetings.

Approval of Minutes.

Annual Meeting Held January 28, 2025. Discussion ensued. It was moved by Mr. Klusman, seconded by Mr. DeCleene, and unanimously carried, to approve the Annual Meeting Held January 28, 2025.

Chief Investment Officer Report. Mr. Silber reminded Board members of the Investment Committee Meeting on March 13. He said this meeting will focus again on the de-risking glide path analysis that Callan has been presenting the last couple of meetings. He said the discussion has been important for understanding Act 12 better as well as for determining the risk and return characteristics for the Fund going forward. Mr. Silber said there will be a placeholder on the agenda to approve a glide path in the event the Committee is prepared to make a decision at this upcoming meeting.

Mr. Sauer noted the Fund value as of January 31, 2025 was \$6.13 billion. He said the Fund return of 1.8% in January, net of fees, outperformed the benchmark by approximately 19 basis points. Mr. Sauer said the primary relative performance driver was the Fund's Public Equity Style Bias, adding 15 basis points, primarily from the Fund's International and Large Cap Value Biases. He said the Fund has underperformed the benchmark in the one- and five-year periods, while outperforming over the longer time periods. Mr. Sauer said as of February 24, 2025, the Fund return is 0.4% month-to-date, the Fund return is 2.2% year-to-date, and the Fund value is \$6.16 billion. He noted six out of the Fund's 15 active mandates are outperforming year-to-date. Mr. Sauer said the Public Equity asset class is outperforming its benchmark year-to-date. He said year-to-date, the Fund had a change in the value of investments of \$131.9 million, received contributions of \$214.9 million, and paid benefits and expenses of \$43.6 million. Mr. Sauer concluded this month's withdrawals are \$11 million from Brandes and noted Brandes is off to a strong start with a return over 10%, so it is a good opportunity to keep the cash balance replenished. Discussion ensued.

Investment Committee Report. At its February 13th meeting, Ms. Ford, Vice-Chair, stated Callan presented Phase 2 of the Glide Path Analysis. She said Callan's presentation was updated compared to their Phase 1 presentation to incorporate their new 2025 capital market assumptions along with the feedback that was received at the December meeting. Ms. Ford noted that while no decisions were made, there was very good discussion about Act 12's impact on the Fund. She stated that based on the Committee's feedback, Callan plans to further analyze each of the Glide Paths' contribution sensitivity to market volatility, and to also provide another summary of the Glide Paths at the March meeting. Ms. Ford said some members of the Committee also requested that the March discussion on Glide Paths happen alongside some context on contribution volatility from the Actuary and the City. After that, she commented that Staff went over the Fund's 4th quarter performance report, and provided routine due diligence reports on UBS Hedge Fund Solutions, Mesirow Financial, Polen Capital Management, and Earnest Partners. Ms. Ford concluded there were no approval items at this meeting.

Legislative Committee Report. Mr. Bell commented that the Legislative Committee meeting was at 9:00 a.m. prior to the Board meeting. Mr. Allen added that this meeting was a committee of the whole, also posted as a special Board meeting for and no further action is required at this time.

New Business.

Retirements, Death Claims, and Refunds (January). Mr. Allen presented the following activity for the month of January 2025.

Administrative Withdrawal	\$10,208.03
Full Refund	\$182,225.89
Active Death Benefits reported	\$0.00
Deferred Death	\$23,365.17
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$0.00
Retired Death Benefits reported	\$17,057.64
Survivor Death – Termination Benefits reported	\$16,471.93
Refund of Member Contributions paid	\$46,606.98

It was moved by Ms. Ford, seconded by Mr. Heling, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for January 2025.

Conference Requests – February 2025 Board Meeting. Mr. Bell presented the conference requests for February.

Keith Dickerson,	BlackRock Due Diligence
Aaron Shew	
Sponsor:	BlackRock
Location:	San Francisco, CA
Date(s):	May 27-29, 2025
Estimated Cost:	\$1,700.00 per person

It was moved by Mr. DeCleene, seconded by Mr. Christianson, and unanimously carried, to approve the Conference Requests – February 2025 Board Meeting.

Approval of Independent Reviewer/Hearing Examiner Christopher Foley. Mr. Petropoulos said if the Board approves this item, it would bring the staffing up to four with more capacity to for conducting appeals. He noted Mr. Foley is qualified to service per Mr. McClain.

Mr. McClain added that he conducts a resume review to ensure they meet the minimum qualifications. He said Mr. Foley is qualified for the position. Mr. Bell commended Mr. Petropoulos for his work on adding a fourth person. It was moved by Mr. Konrad, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Independent Reviewer/Hearing Examiner Christopher Foley.

Approval of Suspension for Ordinary Disability Benefits for Angela Algae-Cotton. Mr. Petropoulos noted his memo was for the Board to consider regarding Ms. Algae-Cotton's non-compliance with ERS disability annual re-examination requirements. He said there was a host of attempts to notify her for her obligation to appear at the last two medical councils. Mr. Petropoulos stated she has not updated her contact information and has not returned attempts to contact her via multiple phone calls, e-mails, and multiple residences. It was moved by Mr. DeCleene, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Suspension for Ordinary Disability Benefits for Angela Algae-Cotton.

Request by Firefighters Local 215 for Pension Payroll Deductions for Political Action Committee Contributions and for Union Membership for Retirees. Mr. Allen stated there are laws and rules surrounding this subject with the state law, charter ordinance, and a Board rule that addresses this matter. Mr. McClain presented information on the governing law in regard to pensions and deductions from pension payments. Mr. McClain said the Board is probably aware from last year's litigation that there is a state statute that prohibits the division of ERS pension benefits. He noted the statute is §62.634 and it prohibits the voluntary or elective assignment of any ERS benefits for any purpose except those that are enumerated in the statute. Mr. McClain noted the only exceptions to the anti-alienation provision are for child support and spousal support orders, taxes, and insurance premiums. He said the request is asking the Board to permit payroll deductions that are not authorized by statute. Mr. McClain noted it is not a matter of discretion as the state has already acted in this area and prohibits the type of assignments that are part of this request. Mr. Bell requested Mr. Allen to communicate with Mr. Daun.

Medical Reports.

Mr. Petropoulos presented certifications (February 2025) of the Fire and Police Medical Panel Physicians and the Medical Council relative to Duty & Ordinary Disability Retirement benefits as follows:

All Duty & Ordinary Disability Applications & Re-examinations (February).

<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Bryan Norberg	Approval
Frank Vrtochnick	Approval
<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Sherry Tomasello	Approval

Mr. Petropoulos thanked Mr. McClain for his orientation and presentation to the Medical Council and alternate doctor, who will attend quarterly, at the last Medical Council meeting. He also thanked Ms. Ford and Mr. Klusman for attending the review. Mr. Petropoulos said there was no Medical Panel report this month and only a Medical Council approvals report for three re-examinations. Mr. Bell stated Mr. Vrtochnick was his former police partner when he was in the patrol division, but Mr. Allen said he did not need to recuse himself. It was moved by Mr. Heling, seconded by Mr. Christianson, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations for February.

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Mr. McClain said there are no specific comments to make regarding the Legal Opinion as the City Attorney office is still looking at the issue. Mr. Allen added that for the Service Requests, the Executive Recruiter RFP and Contract was approved at the Legislative Committee meeting this morning.

Pending Legislation Report. Mr. Allen said for the Limited Duty Protocols – Law Enforcement Standards Bureau Requirements item, the City Attorneys’ office could provide guidance and discussion ensued.

Executive Director’s Report – Inventory of ERS Projects. As a matter of information, Staff presented a report on the ERS projects and updated the Board on ERS activities, a copy of which is on file with the Board Secretary and by reference incorporated as part of these minutes.

Amendment of Board Rule II. Mr. Allen stated this was covered adequately previously.

Approval of the Request for Proposal for Management Recruiting Services. Mr. Allen said this item was approved earlier at the Legislative Committee and Special Board Meeting.

Informational.

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following item (IX.A.) as provided in Section 19.85(1)(g), Wisconsin State Statutes, to confer with legal counsel concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Board may then vote to reconvene in open session following the closed session.

The Board did not convene in closed session as noticed.

- 1) Pending Litigation Report.
- 2) Conferences.
- 3) Class Action Income 2025 YTD.
- 4) Adjusted Quarterly Cost Basis of Equity
- 5) Minutes of the Special Legislative Committee Meeting (Committee of the Whole) Held January 28, 2025.
- 6) Minutes of the Investment Committee Meeting Held February 13, 2025.

The following is a list of activities since the last Board meeting, copies sent with meeting notice and attached to minutes:

- 7) Report on Bills.
- 8) Deployment of Assets.
- 9) Securities Lending Revenue and Budget Report.
- 10) Preliminary Performance Report and Asset Allocation.

Mr. Klusman said he will review the Legislative Committee Meeting minutes for his requested revision.

Mr. Bell accepted and placed the Informational items on file.

Mr. Bell added that the Board members financial statements are due this week.

Mr. Allen mentioned the meeting reminders and said there is an Investment Committee meeting on March 13 and there was a request for the Board to consider the funding and contributions issues that grew out of the discussion of the ALM study at the last meeting. He said Mr. Langer and Mr. Chochon will provide a review of the current funding policy and the contributions that may result from that request. Mr. Allen concluded that the Chair has agreed to call a Special Board Meeting for this purpose before the 10 a.m. Investment Committee meeting. He said the A&O meeting is March 19 and the Board meeting is scheduled for March 25.

There being no further business to come before the meeting, it was moved by Mr. Klusman and seconded by Mr. Christianson to adjourn the meeting.

Mr. Bell adjourned the meeting at 10:58 a.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.)