

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

Minutes of the Regular Meeting
held June 24, 2025 via teleconference

The meeting was called to order at 9:30 a.m.

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

Board Members Not Present: Nik Kovac (excused)

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
 Gust Petropoulos, Deputy Director – Disability
 Mary Turk, Business Operations Analyst
 Jan Wills, Board Stenographer

Others Present: Larry Langer, Aaron Chochon, Cavanaugh Macdonald; Patrick McClain, Alex Foundos, City Attorney's Office; Lauren Albanese, Financial News; Terry Siddiqui, DS Consulting, Inc., 11 members of the public called in to the meeting.

Approval of Minutes.

Regular Meeting Held May 27, 2025. It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Regular Meeting Held May 27, 2025.

Chief Investment Officer Report. Mr. Sauer noted the Fund value as of May 31, 2025 was \$6.08 billion. He said the Fund return of 2.0%, net of fees, underperformed the blended benchmark by approximately 15 basis points. Mr. Sauer said for the primary drivers of relative performance, the main detractor was Public Equity Style Bias, which detracted 28 basis points and that was primarily from the Fund's Value bias. He said the Overall Allocation detracted 18 basis points. Mr. Sauer said Mr. Silber mentioned this at the last Investment Committee meeting that Staff had not changed the weights of the ERS benchmark yet to the new targets. Mr. Sauer noted the Fund was underweight Public Equity and overweight Fixed Income in a month where Public Equities were up which led to the 18 basis points of detraction. He said in Manager Selection, Private Equity

added 14 basis points, due to the private equity benchmark only being reported in quarter-end months while Q4 Private Equity statements came in in May and were slightly positive, so compared to a zero benchmark return, that added 14 basis points. Mr. Sauer said Loomis Sayles outperformed and added nine basis points to the Fund's returns. He said the Fund underperformed the benchmark in the year-to-date and one-year periods while outperforming in the longer time periods. Mr. Sauer stated through June 23, 2025, the Fund is up 0.8% month-to-date in June, which brings the year-to-date return up 4.3%, net of fees, and the Fund value to \$6.13 billion. He noted four out of the Fund's 14 active mandates are outperforming year to date. Mr. Sauer said the Fixed Income asset class outperformed its benchmark year to date, net of fees. He said Public Equity is on the cusp of outperformance versus underperformance. Mr. Sauer said year to date, the Fund had a change in the value of investments of \$263.8 million, received contributions of \$227.8 million, and paid out benefits and expenses of \$214.1 million. He said the monthly withdrawals are \$3.8 million from AQR, \$10 million from BlackRock Global Alpha Tilts and \$25 million from the Transition.

Mr. Silber added that Staff is pleased with the Fund's 2025 performance so far, particularly given all the uncertainties, whether it's economic policy or geopolitical, halfway through the calendar year. Mr. Silber said the ERS believes it is taking less risk and less volatility than many of its peers. He said diversification has benefited the Fund this year. Mr. Silber noted the Public Equity and Fixed Income weights are close to the new targets.

Investment Committee Report. Mr. Klusman stated at its June 5th meeting, Staff provided the Investment Committee with updates on the Fund's performance, upcoming initiatives, and rebalance activity with respect to moving the portfolio's asset allocations closer to the new targets approved in April. He said the Committee also heard presentations from two investment managers. Mr. Klusman noted Neuberger Berman gave a presentation that focused on the Private Equity market and the secondary investments their firm manages for the Fund. He stated MFS gave a presentation that focused on the global equity strategy their firm manages for the Fund. Mr. Klusman said finally, Callan led a Statement of Investment Policy Review. He commented that Callan walked through the document and highlighted suggestions for potentially improving the document. Mr. Klusman said since the Statement of Investment Policy is referenced within many of the Fund's investment manager agreements, Callan, Staff, and the City Attorney's Office agreed to discuss potential changes to the document together as a next step in the review process. He concluded that there were no approval items at this meeting.

Administration & Operations Committee Report. Mr. Heling said the A&O Committee was held on June 11 and there were two items for approval – the CliftonLarsonAllen Contract and the Approval of the DS Consulting Contract. He said Mr. Gopalan explained that the CLA Contract went through an RFQ process and they were the only ones that responded. He said CLA performed the financial audit in the past. Mr. Heling said, if approved, CLA would prepare the employer's schedules pursuant to GASB in the future. He noted the second contract for approval was the DS Consulting Contract which is Mr. Siddiqui. Mr. Heling said Mr. Allen stated how crucial Mr. Siddiqui is to the operation of the ERS system and does everything from the taxes to quality assurance for the MERITS system. He noted that his contract does not expire until next year, but with staff turnovers and planned retirements scheduled, he wanted to this resource as part of the management succession transition for the sake of operational continuity. Mr. Heling concluded

that the A&O Committee approved recommendation of both contracts to come before the Board for its approval.

Approval of CliftonLarsonAllen (CLA) Contract. It was moved by Mr. Konrad, seconded by Ms. Ford, and unanimously carried, to approve the Approval of CliftonLarsonAllen (CLA) Contract.

Approval of DS Consulting Contract. It was moved by Mr. Klusman, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of DS Consulting Contract.

Legislative Committee Report. Ms. Ford said at its Legislative Committee meeting held just prior to this meeting on June 24, the Committee approved the Proposed Amendment to Board Rule II.B.2 which changes the ballot pick-up time deadline time at the post office on election day from 8:00 a.m. to 9:30 a.m. and the same change applies to in-person drop-off at the ERS office or Election Commission. She said the Committee approved the amendment and recommends approval to the full Board.

Approval of Proposed Amendment to Board Rule II.B.2. It was moved by Mr. Bell, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Proposed Amendment to Board Rule II.B.2.

New Business.

Presentation by Larry Langer and Aaron Chochon of Cavanaugh Macdonald and Acceptance of 2025 Actuarial Valuation Report and Consider Approval of Updated Funding Policy Reports.

As a matter of information, Board members received a presentation from Cavanaugh Macdonald, regarding the “City of Milwaukee Employees’ Retirement System January 1, 2025 Actuarial Valuation.” The presentation is on file with the Board Secretary and is incorporated as part of these minutes. Extensive discussion ensued throughout the presentations.

As a matter of information, Board members received from Cavanaugh Macdonald, the “Employees’ Retirement System of the City of Milwaukee Actuarial Valuation Report of the 87th Annual Actuarial Valuation As of January 1, 2025 For Determining Actuarially Determined Employer Contributions for Plan Year 2026.” The valuation report is on file with the Board Secretary and is incorporated as part of these minutes.

It was moved by Mr. Heling, seconded by Mr. Klusman, and unanimously carried, to accept and approve the January 1, 2025 Actuarial Valuation Report from Cavanaugh Macdonald.

The Chair called for a break at 11:25 a.m.

Mr. DeCleene left the meeting at 11:30 a.m.

The Chair resumed the meeting at 11:36 a.m.

As a matter of information, Board members received from Cavanaugh Macdonald, the “City of Milwaukee Employees’ Retirement System Discussion of Funding Policy.” The presentation is on file with the Board Secretary and is incorporated as part of these minutes.

Messrs. Langer and Chochon provided a presentation to the Board and Staff on the Funding Policy. Extensive discussion ensued throughout the presentation.

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

Administrative Withdrawal	\$10,690.73
Full Refund	\$123,927.75
Active Death Benefits reported	\$0.00
Deferred Death	\$15,168.90
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$74,976.20
Retired Death Benefits reported	\$40,926.87
Survivor Death – Termination Benefits reported	\$12,368.37
Refund of Member Contributions paid	\$34,255.12

It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for May 2025.

Conference Requests – June 24, 2025 Board Meeting. Mr. Allen presented the conference requests for June.

Patrick McClain	2025 NAPPA Legal Education Conference
Sponsor:	NAPPA
Location:	Denver, CO
Date(s):	June 24-27, 2025
Estimated Cost:	\$2,505.00

Erich Sauer,	Reams Due Diligence
Keith Dickerson	
Sponsor:	Reams Asset Management
Location:	Indianapolis, IN
Date(s):	August 11-12, 2025
Estimated Cost:	\$700.00 per person

David Silber	Baird Advisors' Institutional Investors Conference
Sponsor:	Robert W. Baird
Location:	Kohler, WI
Date(s):	September 8, 2025
Estimated Cost:	\$80.00

David Silber	Goldman Sachs Alternatives Summit
Sponsor:	Goldman Sachs
Location:	New York, NY
Date(s):	October 20-22, 2025
Estimated Cost:	\$1,950.00

It was moved by Mr. Christianson, seconded by Ms. Ford, and unanimously carried, to approve the Conference Requests – June 24, 2025 Board Meeting.

Approval of Retired Member Election Bulletin No. 199. Mr. Allen noted two Trustee terms are coming to conclusion at the end of this year and the elections are scheduled for the first Friday in November. He said the bulletins are sent to the Retirees for informational purposes. Mr. Allen said the bulletin outlines requirements for nomination papers and other details concerning how the election will be conducted. He stated biographical information, rules on how the election will be conducted, and copy of the ballot will be sent later. Mr. Allen stated the deadline for filing the nomination papers is August 22nd. Mr. Klusman asked if, it could be noted on the bulletin after the Person ID Number, that the Person ID Number can be found on the retirees' check stub. He also requested that the nominations papers be made available online at www.cmers.com. Mr. Christianson requested it be noted ballots can be accepted at the ERS office, and Mr. Allen replied that instruction is normally provided when the ballot materials are sent out. It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Approval of Retired Member Election Bulletin No. 199 with the changes discussed.

Approval of At Large Member Election Bulletin No. 200. It was moved by Mr. Klusman, seconded by Mr. Bell, and unanimously carried, to approve the Approval of At Large Member Election Bulletin No. 200.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item as provided in Section 19.85 (1)(c), for considering employment, promotion, compensation or performance evaluation data of any public employe over which the governmental body has jurisdiction or exercises responsibility. The Board may then vote to reconvene in open session following the closed session.

Mr. Allen stated it was not necessary to go into closed session.

Consider Approval of Management Recruitment Firm Contract. Mr. Allen said the Board selected Korn Ferry as the finalist firm. Mr. Foundos stated he worked with ERS Staff to negotiate the contract with Korn Ferry. He noted when Korn Ferry submitted their proposal, he had included their redlines to the standard contract and many of their edits were accepted. Mr. Allen added that he contacted Mr. Andrew Brown, one of the co-engagement managers for the engagement and he is willing to make himself available to attend the next Board meeting on July 22nd to provide some background education in connection with the current state of the market and general considerations in

connection with the search. Mr. Klusman asked if there could be an A&O meeting before the July 22nd meeting. Mr. Allen said there could be a closed session meeting, but is checking with Mr. Brown for available dates. Ms. Ford noted that if Korn Ferry is talking to other Stakeholders or Staff, she wanted to make sure the Trustees are the final voice.

It was moved by Mr. Ford, seconded by Mr. Heling, and unanimously carried, to approve the Approval of Management Recruitment Firm Contract.

Medical Reports.

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

Mr. Petropoulos presented certifications (June 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 (June).

<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Brandon Baranowski	Approval
Jason Mucha	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Derek Geppert	Approval
Robert Smith	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Daniel Lazarski	Approval
Thomas Weinzierl	Approval
<u>General City – Re-examinations – Duty</u>	<u>Recommendation</u>
Gladys Williams	Approval
<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Stephan Huber	Approval
Craig Maier	Approval
Timothy Williams	Approval

It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations for June.

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Mr. McClain noted the single pending legal opinion regarding collection of delinquent city agency pension contributions which has been on the report for awhile. He stated the emergency conditions that prompted that opinion request have abated and that has allowed the City Attorney's office to put that opinion on the back burner while other pressing concerns related to Litigation and Administrative Appeals and other matters. Mr. McClain said the City Attorney's office is working to complete it as quickly as possible.

Pending Legislation Report. Mr. Allen stated there are no updates to provide. He said a proposed Board rule amendment was approved earlier in the meeting regarding extension of the time to 9:30 a.m. for the deadline of receipt of ballots for the upcoming Fall elections.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (VIII.C.), 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.

Mr. McClain said closed session is not required. The Board did not convene in closed session as noticed.

Pending Litigation Report. Mr. McClain said at the last meeting they moved this item from Informational to Unfinished Business. Mr. McClain said he has prepared an in-depth summary of the pending cases in which two cases are before the Court of Appeals which are in stasis and waiting for a decision. He noted they did get a favorable result in circuit court and a copy of the decision was included in the packet. Mr. Bell thanked Mr. McClain for the case preparation and said it will be held over until July as Mr. McClain suggested.

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.

Informational.

- 1) Conferences.
- 2) Class Action Income 2025 YTD.
- 3) Minutes of the Special Administration & Operations Committee Meeting Held May 22, 2025.
- 4) Minutes of the Special Administration & Operations Committee Meeting Held June 3, 2025.
- 5) Minutes of the Investment Committee Meeting Held June 5, 2025.
- 6) Minutes of the Administration & Operations Committee Meeting Held June 11, 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. Bell accepted and placed the Informational items on file.

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

Mr. Bell adjourned the meeting at 1:07 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.)