

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

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

The meeting was called to order at 9:01 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  
Jeff Shober, Chief Technology Officer  
Gust Petropoulos, Deputy Director – Disability  
Mary Turk, Business Operations Analyst  
Jan Wills, Board Stenographer

Others Present: Jennifer Falkenholm, Sara Schmidt, Ryan Young, Brown & Brown; Larry Langer, Cavanaugh Macdonald; Jason Ellement, Mike Joecken, John Jackson, Adam Lozinski, Callan; Lauren Albanese, Financial News; Patrick McClain, Travis Gresham, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., six members of the public called in to the meeting.

**Approval of Minutes.**

**Regular Meeting Held July 22, 2025.** It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Regular Meeting Held July 22, 2025.

**Special Board Meeting Held September 11, 2025.** It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Special Board Meeting Held September 11, 2025.

**Chief Investment Officer Report.** Mr. Sauer noted the Fund value as of August 31, 2025 was \$6.25 billion. He said the Fund return of 2.0% in August outperformed the blended benchmark by approximately 50 basis points. Mr. Sauer said the primary relative performance drivers, Public Equity Style Bias added 24 basis points, Primarily US Small Cap Bias, and within Manager

Selection, Private Equity added 22 basis points. He said a few Private Equity reports came in early enough to be reflected in August and the benchmark does not report in August and that dynamic added 22 basis points to our relative returns this month. Mr. Sauer said the Fund outperformed the benchmark in the year-to-date and longer time periods while underperforming over the one-year time period. He stated through September 23, 2025, the Fund is up 1.2% month-to-date, which brings the year-to-date return to up 9.7%, net of fees, and the Fund value to \$6.33 billion. Mr. Sauer noted six out of the Fund's 14 active mandates are outperforming year to date. He said the Fixed Income and Absolute Return asset classes are outperforming their respective benchmarks year to date, net of fees. Mr. Sauer said year to date, the Fund had a change in the value of investments of \$577.7 million, received contributions of \$238.8 million, and paid out benefits and expenses of \$343.8 million. He said the monthly withdrawals are \$7.7 million from Brandes, \$6.9 million from DFA US SCV, \$6.0 million from DFA Int'l SCV, \$5.1 million from the S&P 500 Index, \$3.9 million from AQR, and \$2.9 million from Polen. Discussion ensued.

Mr. Silber said Staff is pleased with how the Fund is doing year-to-date. He said from an asset allocation standpoint, which is the main way the ERS tries to manage the risk and return of the portfolio, the Public Equity and Fixed Income asset classes are pretty close to target. Mr. Silber said the allocations to those asset classes are liquid and thus easier to manage than the Alternative asset classes, which are less liquid. He noted from a liquidity standpoint, with the withdrawals that are being made at the end of September, he expected the Fund's cash balance to be pretty close to the amount needed to cover projected benefit payments between now and the end of the year. Mr. Silber concluded the markets just need to cooperate the rest of the year.

**Investment Committee Report.** Mr. Klusman noted at its September 4<sup>th</sup> meeting, Callan presented the 2026 Private Equity Pacing and Reinvestment Presentation. He stated Callan discussed the Private Equity market, performance of the Fund's Private Equity program, which ranks in the 2<sup>nd</sup> quartile since inception, and their pacing analysis that projects the amount of future commitments necessary to maintain the Fund's Private Equity target allocation in 10 years. Mr. Klusman said that this year, Callan incorporated the de-risking analysis that was approved earlier this year following much consideration and deliberation by this Committee that projects the Fund's Private Equity target should be 4% when the funded status reaches 90%. He said ultimately, and consistent with the de-risking plan, the Committee approved the Recommendation to make no new Private Equity re-investments in 2026.

Mr. Klusman stated Staff went over the Fund's 2<sup>nd</sup> quarter performance report and provided routine due diligence reports on BlackRock and Neuberger Berman. He said with respect to Neuberger Berman, the Committee went into closed session to discuss the Approval of Neuberger Berman NB Secondary Opportunities Fund VI LP Side Letter, which was an investment approved as part of last year's Private Equity pacing study. Mr. Klusman stated the Committee then went into open session to approve the Side Letter. He mentioned since delaying approval of the Side Letter would have put the Fund at risk of missing the deadline to achieve first close fee savings, Staff utilized its authority to execute an investment-related contract approved by the Investment Committee as provided for under Board Rule VII.G.2.b.

Mr. Klusman noted the Committee also approved a new Investment Consultant Contract with Callan. He said the new contract is an evergreen contract, which is similar to the contracts the Board enters into with investment managers. Mr. Klusman said rather than having a fixed term,

the contract can be terminated at any time with 60 days' notice by the Board or 120 days' notice by Callan. He said Staff noted that they intend to propose to incorporate, before the end of this year, an annual Consultant review along with an every other year staff visit to Callan's offices, into the Fund's Statement of Investment Policy, Board Rules & Regulations, or both, in recognition of this change to Callan's contract.

Finally, Mr. Klusman said Callan provided the Committee with a Cryptocurrency and Blockchain Education presentation, following the introduction of this topic by Trustee Heling earlier this year. He said discussion during the presentation evolved into Bitcoin-specific thoughts. Mr. Klusman said Callan, Staff, and legal counsel all raised process, complexity, volatility, liquidity, valuation and fiduciary concerns in response to suggestions that the Fund establish an allocation to Bitcoin. He said this discussion will continue at an Investment Committee meeting in the near future. Mr. Klusman stated there are two items for approval. 1. Approval of 2026 Private Equity Commitment Pacing and Reinvestments Presentation and 2. Approval of Callan LLC Investment Consultant Contract.

**Approval of 2026 Private Equity Commitment Recommendation.** It was moved by Mr. Klusman, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of 2026 Private Equity Commitment Recommendation.

**Approval of Callan LLC Investment Consultant Contract.** It was moved by Mr. Klusman, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Callan LLC Investment Consultant Contract.

**Administration & Operations Committee Report.** Mr. Heling said the A&O Committee met Thursday, September 18 and had a five-item agenda. He said the first was a presentation by CliftonLarsonAllen who did an internal audit status update on two specific items: Business Continuity Planning Audit and he noted the Committee went into closed session for the IT General Controls Audit due to security reasons. Mr. Heling said both those audits were clean and are at a defined, mature status. He said the second item was a presentation by Mr. Gopalan of the 2024 Annual Comprehensive Financial Report. Mr. Heling said there was a sheet in the packet with the numbers and a general overview and also a thick packet of the full report presented by Mr. Gopalan. He said Mr. Shober then presented the IT Projects Portfolio. Mr. Heling noted everything is moving from Windows 10 to Windows 11 and all of Mr. Shober's projects are in the green and on schedule. He concluded his report with the Organizational Personnel Update and stated the ERS is in the process of hiring one assistant. Mr. Heling also said Mr. Gopalan will be put up for Ms. Johnson's spot as the Deputy Executive Director. He said Ms. Johnson plans on retiring early next year so that has to go through the process, but Mr. Heling congratulated Mr. Gopalan. He added that the Board just has to approve the Annual Report for the 87<sup>th</sup> Edition.

**Approval of Annual Report of the Annuity & Pension Board 87<sup>th</sup> Edition, December 31, 2024.** It was moved by Mr. Heling, seconded by Mr. DeCleene, and unanimously carried, to approve the Approval of Annual Report of the Annuity & Pension Board 87<sup>th</sup> Edition, December 31, 2024.

## **New Business.**

The Chair took the meeting out of order to New Business, Item V.B. Approval of Fiduciary Liability and Cyber Insurance Coverages.

**Approval of Fiduciary Liability and Cyber Insurance Coverages.** As a matter of information, Board members received the Fiduciary Liability Insurance Proposal document for Policy Term November 1, 2025 – November 1, 2026. Ms. Falkenholm stated she handles the Cyber Insurance and she stated Mr. Young handles the Fiduciary Liability and will walk through the details handling that renewal. He noted there is a total Fiduciary Liability limit that is purchased of \$50 million dollars that is provided through five \$10 million dollar increments. Mr. Young stated the primary layer had a 2.7% decrease on that primary layer. He said the excess carriers had a roughly 2.0% decrease on their layers also. Mr. Young said they generated a savings of \$7,752.00 dollars which is a 2.3% decrease in premium for that \$50 million limit. Discussion ensued. Ms. Falkenholm gave a presentation on the Cyber Renewal that expires on November 1 and said it has a \$5 million dollar limit. She noted Chubb is the current carrier and Brown & Brown just completed negotiations with Chubb resulting in a significant 49% reduction in the premium. She stated the premium is coming in at the same limit and same retention for \$54,545.00 for a savings of \$53,895.00. Ms. Falkenholm recommended staying with Chubb for the renewal. She mentioned they looked at other carriers but Chubb likes providing this coverage and competed fiercely to keep the ERS as an insured. Discussion ensued.

It was moved by Mr. Bell, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Fiduciary Liability and Cyber Insurance Coverages.

The Chair returned the meeting to order to New Business, Item V.A. Consider Cavanaugh Macdonald Funding Policy Alternatives with Possible Approval of Further Action.

**Consider Cavanaugh Macdonald Funding Policy Alternatives with Possible Approval of Further Action.** As a matter of information, Board members received a memo from Messrs. Langer and Chochon regarding the Pros and Cons of Funding Policy Options and the CMERS' Discussion of Funding Policy from Cavanaugh Macdonald. Mr. Langer provided a presentation and discussion ensued regarding the Current Policy, Alternate #1, and Alternate #2 funding policy options. Mr. Klusman motioned that "we continue our current policy." Mr. Bell asked for a second and Mr. Heling seconded the motion. Additional discussion ensued. Mr. Bell then acknowledged Mr. Kovac's objection to the motion. Mr. Klusman noted his motion stands for the current funding policy. Mr. Kovac reiterated that he objects to the motion. Mr. Konrad read the New Business item which stated "Consider Cavanaugh Macdonald Funding Policy Alternatives with Possible Approval of Further Action." Mr. McClain stated the current policy is already in effect. Mr. McClain recommended that the motion be withdrawn and this item be left as a discussion item for this meeting. Mr. Klusman then withdrew his motion. Mr. McClain noted because there was a second on the motion and put into debate, the motion to withdraw requires a second and a voice vote to approve the withdrawal of the motion is required. Mr. Bell asked if there is a motion to approve the withdrawal of Mr. Klusman's motion regarding the current funding policy. Mr. Heling made the motion and Ms. Ford seconded the removal of the motion. Mr. Bell asked for any objections and there were none.

The Chair called for a break at 11:12 a.m.  
Mr. Konrad left the meeting at 11:20 a.m.

The Chair resumed the meeting at 11:25 a.m.

**Request by Executive Director Candidate to Reschedule Interview Appointment.**

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

It was moved by Ms. Ford and seconded by Mr. Kovac to convene in closed session. The motion prevailed by the following roll call vote: AYES: Ms. Ford; Messrs. Bell, Christianson, DeCleene, Heling, Klusman, and Kovac. NOES: None.

The Board convened in closed session at 11:27 a.m.

The Board reconvened in open session at 11:52 a.m.

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

Administrative Withdrawal	\$16,461.10
Full Refund	\$132,697.21
Active Death Benefits reported	\$0.00
Deferred Death	\$6,363.29
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$0.00
Retired Death Benefits reported	\$146,330.32
Survivor Death – Termination Benefits reported	\$10,404.77
Refund of Member Contributions paid	\$36,187.71

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

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

David Silber	Consultants & Institutional Investors Roundtable
Sponsor:	Institutional Investor
Location:	Chicago, IL
Date(s):	October 7-9, 2025
Estimated Cost:	\$600.00

Thomas Courtright	MFS Global II Conference 2025
Sponsor:	MFS
Location:	Boston, MA
Date(s):	November 3-7, 2025
Estimated Cost:	\$600.00

Keith Dickerson	Pensions and Investments Public Funds Conference
Sponsor:	Pensions and Investments
Location:	Austin, TX
Date(s):	November 18-20, 2025
Estimated Cost:	\$1,500.00

It was moved by Mr. Bell, seconded by Mr. DeCleene, and unanimously carried, to approve the Conference Requests – September 24, 2025 Board Meeting.

### **Medical Reports.**

### **All Duty & Ordinary Disability Applications & Re-examinations (August and September 2025).**

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

<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Nicole Belmore	Approval
Robert Kendziorski	Approval
Matthew Schulze	Approval
 <u>Police – Re-examinations – Ordinary</u>	 <u>Recommendation</u>
Tommy Wilson	Approval
Chad Steppke	Approval

<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
John Kielpinski	Approval
Teresa Macguire	Approval
Walter Price	Approval
Christopher Underwood	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Dennis Kowalski	Approval
Jack Stainback	Approval
<u>General City – Applications – Duty</u>	<u>Recommendation</u>
Frank Lockett	Denial
Effective 01/04/2025	
<u>General City – Applications – Ordinary</u>	<u>Recommendation</u>
Cordelia Harrison	Approval
Effective 10/19/2024	
Frank Lockett	Approval
Effective 01/04/2025	
Delorise Martin	Approval
Effective 03/21/2025	
<u>General City – Re-examinations – Duty</u>	<u>Recommendation</u>
Brad Bratel	Approval
Eugenia Tate Hutchins	Approval

It was moved by Mr. Bell, seconded by Ms. Ford, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations for August and September 2025.

### **Disability Findings – Joel Rodriguez.**

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following items (VI.B.), as provided in Section 19.85(1)(f), Wisconsin State Statutes, for considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations.

The Board did not convene in closed session as noticed.

Mr. Bell read Hearing Examiner Kahn's recommendation.

Hearing Examiner Kahn wrote the following recommendation, "It is this examiner's recommendation that the applications for ordinary disability retirement and for duty disability retirement both be denied."

Mr. Bell noted that neither party filed a brief in response to the Hearing Examiner's decision.

It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Disability Findings – Joel Rodriguez.

### **Unfinished Business.**

**Pending Legal Opinions and Service Requests Report.** Mr. McClain said he did not have any additional comments other than what is in the report, but would answer any questions.

**Pending Legislation Report.** Mr. Allen noted there is no change on the status of any items in the report and there is nothing to report.

### **Pending Litigation Report.**

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

The Board did not convene in closed session as noticed.

Mr. McClain added there is no change to the case of Kurt Lacina v. City of Milwaukee as the case has been pending and awaiting a decision. He said the oral argument for the Benjean Lara v. City of Milwaukee case is scheduled for November 5, 2025, the court will take the case under advisement, and a decision is expected at late next year or the beginning of 2027. Mr. McClain said for the Kurt Lacina v. Employees' Retirement System, the appeal is proceeding and there are hard deadlines. He noted Mr. Lacina filed his brief on September 19, 2025 and CMERS will file its brief by October 14, 2025, and there will be an additional reply period after that. Mr. McClain said there will be a decision in late 2026.

**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.



Mr. Allen noted that Ms. Johnson is retiring early next year and they are planning to fill the vacancy. He said they went through the process for a Section 4-9 promotion for Mr. Gopalan to fill the Deputy Director position and have made arrangements with DER.

**Informational.**

- 1) Conferences.
- 2) Class Action Income 2025 YTD.

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

- 3) Report on Bills.
- 4) Deployment of Assets.
- 5) Securities Lending Revenue and Budget Report.
- 6) 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. Bell and seconded by Mr. DeCleene to adjourn the meeting.

Mr. Bell adjourned the meeting at 12:21 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.)