

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

Minutes of the Regular Meeting
held October 28, 2025 via teleconference

The meeting was called to order at 9:00 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
 David Silber, Chief Investment Officer
 Daniel Gopalan, Chief Financial Officer
 Erich Sauer, Deputy Chief Investment Officer
 Keith Dickerson, Pension Investment Analyst - Senior
 Thomas Courtright, Pension Investment Analyst – II
 Mary Turk, Business Operations Analyst
 Jan Wills, Board Stenographer

Others Present: Evan Goyke, City Attorney; Robin Pederson, Deputy City Attorney; Patrick McClain, Assistant City Attorney; Lauren Albanese, Financial News; Terry Siddiqui, DS Consulting, Inc., seven members of the public called in to the meeting.

Approval of Minutes.

Regular Meeting Held September 24, 2025. It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Regular Meeting Held September 24, 2025.

Special Board Meeting Held October 1, 2025. It was moved by Mr. Bell, seconded by Mr. Christenson, and unanimously carried, to approve the Special Board Meeting Held October 1, 2025.

Special Board Meeting Held October 2, 2025. It was moved by Mr. Bell, seconded by Ms. Ford, and unanimously carried, to approve the Special Board Meeting Held October 2, 2025.

Chief Investment Officer Report. Mr. Sauer noted the Fund value as of September 30, 2025 was \$6.31 billion. He said the Fund return of 1.7% in September, net of fees, underperformed the blended benchmark by approximately 1.3%. Mr. Sauer said the primary relative performance drivers were Manager Selection with Private Equity detracting 117 basis points and Public Equity Style Bias detracting 24 basis points, primarily US Value and Small Cap. Mr. Sauer said the Fund

outperformed the benchmark over the 5-, 10-, and 15-year time periods, while underperforming over the year-to-date, one- and 20-year time periods. He stated through October 27, 2025, the Fund is up 1.3% month-to-date, which brings the year-to-date return to up 11.5%, net of fees, and the Fund value to \$6.39 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 \$681.5 million, received contributions of \$242.6 million, and paid out benefits and expenses of \$388.4 million. He said the monthly withdrawals are \$3.8 million from AQR, and \$7.7 million from MFS. Discussion ensued.

Mr. Silber noted the Investment team is happy with the Fund's performance and the markets have been cooperating. He noted the next Investment Committee Meeting is Thursday, November 6 and Callan will be providing a Fixed Income Structure Review and a Real Estate update. Mr. Silber said the tentative due diligence plans for 2026 will be discussed and a quarterly performance update will be provided to the Investment Committee. Discussion ensued.

The Chair took the meeting out of order to V.E. Unfinished Business.

Unfinished Business.

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following item (V.E.), 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.

Discuss Executive Director Candidate Interviews and Possible Approval of Selection of Finalist Candidate.

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

The Board convened in closed session at 9:11 a.m.

The Board reconvened in open session at 10:04 a.m.

The Chair returned the meeting to order to III.A. New Business.

New Business.

Fiduciary Education Training – Assistant City Attorney Patrick McClain. Mr. McClain first introduced City Attorney Mr. Goyke and Deputy City Attorney Mr. Pederson who introduced themselves to the Board members. Mr. McClain noted he started with the City in 2015 and has worked with the ERS the last nine years, and served as General Counsel the last five years. As a matter of information, Board members received from Mr. McClain the Fiduciary Duty Refresher Training 2025 document, which is on file with the Board Secretary and is incorporated

as part of these minutes. Mr. McClain provided an introduction on “What is a Fiduciary and why do we care?” He also gave a presentation on the following topics: “Sources: Where do the legal obligations come from?,” “Who is a Fiduciary? Who owes who?,” “Duties: Loyalty, Prudence, Communication,” and “Modern Challenges: Looming Fiduciary questions.” Mr. McClain discussed Cryptocurrency as one of the modern challenges. Discussion ensued.

The Chair called for a break at 11:30 a.m.

The Chair resumed the meeting at 11:40 a.m.

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

Administrative Withdrawal	\$34,183.23
Full Refund	\$58,543.76
Active Death Benefits reported	\$0.00
Deferred Death	\$0.00
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$0.00
Retired Death Benefits reported	\$15,442.35
Survivor Death – Termination Benefits reported	\$10,526.28
Refund of Member Contributions paid	\$64,806.85

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

Conference Requests – October 28, 2025 Board Meeting. Mr. Allen presented the conference requests for October.

Erich Sauer,	Harrison Street Due Diligence
Keith Dickerson	
Sponsor:	Harrison Street
Location:	Chicago, IL
Date(s):	December 9, 2025
Estimated Cost:	\$100.00 per person

Erich Sauer	Visions, Insights & Perspectives Conference
Sponsor:	Institutional Real Estate, Inc.
Location:	Carlsbad, CA
Date(s):	January 26-29, 2026
Estimated Cost:	\$2,250.00

It was moved by Mr. Bell, seconded by Mr. Kovac, and unanimously carried, to approve the Conference Requests – October 28, 2025 Board Meeting.

Medical Reports.

All Duty & Ordinary Disability Applications & Re-examinations (October 2025).

Mr. Petropoulos presented certifications (October 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>
Herbert Davis	Approval
Angela July	Approval
Tracy Martinez	Approval
Matthew Murray	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Cassandris Smith	Approval
<u>Fire – Applications – Duty</u>	<u>Recommendation</u>
Eric Mc Lain Effective 09/06/2024	Denial
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Kyle Dannies	Approval
John Elliott	Approval
Christine Porter	Approval
Mark Tesch	Approval
<u>Fire – Applications – Ordinary</u>	<u>Recommendation</u>
Eric Mc Lain Effective 09/06/2024	Approval

<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Wendylu Cox	Approval

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

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Mr. Allen said in his Executive Director report he disclosed to the Board that the ERS has been contacted by the Housing Authority (HACM) that it is having difficulty in honoring its agreement to make quarterly installments against its 2024 employer contribution which was due at the end of 2024. He noted the first two quarterly payments were made at the end of March and July, but due to the federal shutdown, HACM is unable to meet its obligations at this point in time. Mr. McClain said this opinion was requested after dealing with HACM’s first issue related to delinquent contributions and the opinion request was much more general and discussed the feasibility of drafting an ordinance related to collections similar to what is in effect for the City. He stated they broadened the scope of the analysis to address the recurrence of a potentially delinquent contribution from HACM a second time. Mr. McClain said currently there is no written product for the Board due to how quickly this is developing, but there is verbal guidance to pass along. He stated HACM has a legal obligation to pay its contribution under 36.08, 6.e., as participating employers are required to include their budgets and pay the amounts calculated by the actuary to ERS. Mr. McClain noted due to the city charter revisions for Act 12, technically, the 2024 plan year contribution, will not be delinquent until December 31st. He said the actuarial rate of interest is accruing on the outstanding amount at this point. Mr. McClain said the Board has a fiduciary obligation to collect contributions when owed. He stated there is no specific guidance from the fiduciary perspective or the Internal Revenue Code plan qualification perspective as to what action specifically is required for the Board to take. Mr. McClain said the Board’s process must be prudent and exercise an appropriate level of due diligence considering all relevant factors, including the funding level of the Plan, market conditions, long-range funding of the Plan, and the possible effects of making one decision over another. He said HACM’s ability to pay in a lump sum or over a schedule is a proper consideration for the Board to consider, but only to the extent that it maximizes a favorable outcome for the beneficiaries. Mr. McClain said the Board can consider HACM’s ability to pay as it relates to maximizing any potential recovery for the benefit of the beneficiaries. He noted the same logic applies under the Internal Revenue Code and that consultation was done with ERS’ retained tax counsel Ice Miller LLC regarding any potential plan qualification issues of collecting a delinquent contribution payment. Mr. McClain said that Ice Miller confirmed that as long as ERS is making reasonable efforts to collect the contribution and is applying interest to the contribution that it collects, the Plan remains compliant with the Internal Revenue Code. He stated this remains true even after the legal due date for the contributions has passed. Mr. McClain noted while the due date is important, it does not trigger an automatic legal obligation for the Board to do anything in particular, other than continuing to make reasonable effort to collect the contributions. He said there are two options. Mr. McClain stated if HACM fails to pay its required contributions by the statutory deadline, the Board could consider proceeding immediately to litigation, as they have defaulted on the previously-stated installment plan, but he said, there are substantial risks with

immediately proceeding to litigation as it costs money, diminishing potential recovery. He said option 2, which he is recommending also on behalf of the City Attorney, is to continue to work with HACM to implement another installment plan that accounts for issues with their cash flows as a result of the federal shutdown. Mr. McClain said there are two reasons why this is advisable: the first being that HACM does appear to be acting in good faith as they have represented to the City Attorneys that they are willing and able to make the contribution as soon as their cash flow problems abate. He said the second reason is that it is reasonable to conclude that this course of action will get to the same result as litigation with less expense. Mr. McClain said they are recommending to the Board that they direct Staff to get in touch with HACM to develop a new installment schedule, but with a couple of additional safeguards that were not present last time. He said HACM should provide information to the ERS about how it intends to satisfy these installment obligations and ERS should request that HACM acknowledge its legal obligation to pay the required contribution and acknowledge the consequences of further default which could include litigation. Mr. McClain said HACM has expressed its desire to continue making payments and this is the most prudent course of action and that litigation would be premature at this point. Discussion ensued.

Pending Legislation Report. Mr. Allen noted there are no updates to provide this month on Pending Legislation.

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.

Pending Litigation Report.

The Board did not convene in closed session as noticed. Mr. McClain stated there has been no change since the last report related to these items. He said the cases at the Court of Appeals remain pending and there is an oral argument next week and briefs due after that in the Benjean Lara case and the Kurt Lacina case, but there have been no significant developments.

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 Investment Committee Meeting Held September 4, 2025.
- 4) Minutes of the Administration & Operations Committee Meeting Held September 18, 2025.

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

- 5) Report on Bills.
- 6) Deployment of Assets.
- 7) Securities Lending Revenue and Budget Report.
- 8) 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. Christianson to adjourn the meeting.

Mr. Bell adjourned the meeting at 12:08 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.)