

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

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

The meeting was called to order at 9:06 a.m.

Board Members Present:	Matthew Bell, Chair Bill Christianson Justin DeCleene Timothy Heling Thomas Klusman Rudolph Konrad
Board Members Not Present:	Deborah Ford (excused) Nik Kovac (excused; arrived 9:40 a.m.)
Retirement System Staff Present:	Jerry Allen, Executive Director Melody Johnson, Deputy Director Daniel Gopalan, Chief Financial Officer Gust Petropoulos, Deputy Director - Disability David Silber, Chief Investment 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: Patrick McClain, Alex Foundos, Assistant City Attorneys; John Barmore, Trustee-Elect (Retirees); Lauren Albanese, Financial News; Terry Siddiqui, DS Consulting, Inc., six members of the public called in to the meeting.

Approval of Minutes.

Regular Meeting Held October 28, 2025. It was moved by Mr. Bell, seconded by Mr. DeCleene, and unanimously carried, to approve the Regular Meeting Held October 28, 2025.

Chief Investment Officer Report. Mr. Sauer noted the Fund value as of October 31, 2025 was \$6.31 billion. He said the Fund return of 0.7% in October, net of fees, underperformed the blended benchmark by approximately 26 basis points. Mr. Sauer said the primary relative performance driver was Public Equity Style Bias which detracted 26 basis, primarily from the Fund's Value Bias in the U.S. 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 November 24, 2025, the Fund is down 0.3% month-to-date, which brings the year-to-date return to up 10.5%, and the Fund value to \$6.29 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 \$628.4 million, received contributions of \$245.1 million, and paid out benefits and expenses of \$431.8 million. He said the monthly withdrawals are \$3.9 million from AQR.

Mr. Silber noted the next Investment Committee Meeting is Thursday, December 4. He said some of the important topics to be discussed are the Investment Policy Statement, which will be listed as an approval item, as well as the Core Fixed Income search follow-up. Mr. Silber stated they will talk more about performance at the Investment Committee Meeting as well. He stated he is happy with how the Fund is performing in a volatile, uncertain November environment. Mr. Silber emphasized the role that asset allocation has in the Fund's outcomes. He said Callan projects that the Fund's existing asset allocation targets can generate a 7.1% return over the next 10 years, net of fees, on average, not counting alpha from active managers. Mr. Silber noted that 7.1% exceeds the 6.8% discount rate. He said that when people talk about market volatility, they are often referring to the stock market. Mr. Silber noted that the Fund's 36% target to Public Equity is likely less than many of our peers, and noted that the Committee spent a lot of time earlier this year, working with Staff and Callan, to identify the existing asset allocation that is expected to generate an acceptable long-term return at what will hopefully be less volatility than many of our peers.

Investment Committee Report. Mr. Klusman stated at its November 6th meeting, Callan provided presentations on the Fund's Fixed Income and Real Estate asset classes. He said for Fixed Income, Callan provided some Structure options and explained that the current Structure worked very well but needs to be updated given the Fund's higher allocation to the Fixed Income asset class. Mr. Klusman said after some discussion, the Committee approved Alternative 1 within Callan's presentation. He said for Real Estate, Callan provided an update on the allocation in both open and closed sessions, and the allocation continues to perform relatively well in a challenging environment. Mr. Klusman said Callan also recommended modifying the Fund's Real Estate structure, and the Committee approved Callan's recommendation. He said the new Fixed Income structure will result in a search for a new Core Fixed Income manager, which Callan will lead, and the new Real Estate structure does not result in any manager changes. Mr. Klusman noted the Committee went into closed session to discuss a revision to the Neuberger Berman NB Secondary Opportunities Fund VI LP Side Letter, that the Committee had previously approved in September. He said the Committee then went into open session to approve the Side Letter, and 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 under Board Rule VII.G.2.b. Mr. Klusman said the Committee also approved an Amendment to the Adviser Compliance Associates, L.L.C. Contract that extends the term for an additional year. He said that Staff, Callan, and the City Attorney's Office continued the conversation that Callan initiated in June about updating the Fund's Statement of Investment Policy. Mr. Klusman stated that the topics focused on at this meeting were rebalancing, reporting, and performance comparisons. He said the Committee was told to expect an approval item on the December agenda that considers comprehensive updates to the Statement of Investment Policy document. Finally, Mr. Klusman commented that, Staff went over the Fund's 3rd quarter performance report and shared its tentative 2026 Due Diligence Schedule. He said there are three approval items listed on the agenda and the Investment Committee recommends approval of the following items: Approval of Fixed Income Structure (Alternative 1); Approval of Real Estate Structure; and Approval of Adviser Compliance Associates, L.L.C. Contract Amendment.

Approval of Fixed Income Structure. It was moved by Mr. Klusman, seconded by Mr. Heling, and unanimously carried, to approve the Approval of Fixed Income Structure.

Approval of Real Estate Structure. It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Real Estate Structure.

Approval of Adviser Compliance Associates, L.L.C. Contract Amendment. It was moved by Mr. DeCleene, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Adviser Compliance Associates, L.L.C. Contract Amendment.

New Business.

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

Administrative Withdrawal	\$22,300.55
Full Refund	\$62,230.24
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	\$93,693.26
Survivor Death – Termination Benefits reported	\$11,283.19
Refund of Member Contributions paid	\$87,563.57

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

Conference Requests – November 25, 2025 Board Meeting. Mr. Allen presented the conference requests for November.

Keith Dickerson	Apogem Annual General Meeting
Sponsor:	Apogem
Location:	Miami, FL
Date(s):	February 2-4, 2026
Estimated Cost:	\$600.00

Mr. Sauer, who attended this meeting last year, added that the cost is low because Apogem

covers flights and hotel because CMERS is a member of their limited partnership advisory committee.

It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Conference Requests – November 25, 2025 Board Meeting.

Approval of Legislative Audit Bureau Invoice for the 2024 Audit. Mr. Gopalan said their invoice is for the 2024 Financial Statement Audit that the Legislative Audit Bureau (LAB) completed earlier this year. He said the LAB quoted a maximum fee of \$145,000 and the final invoice came in at \$139,842.50. He said CMERS is required under Act 12 to pay the fee. Discussion ensued.

It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Legislative Audit Bureau Invoice for the 2024 Audit.

Proposed 2026 Board and Committee Meeting Dates. Mr. Bell asked if there were any comments or questions on the 2026 Board and Committee Meeting Dates. He said if any conflicts come up, they can be addressed throughout the year.

Pension Board Election Results. Mr. Allen said the election was held on the first Friday in November. He noted Mr. Barmore prevailed by a narrow margin with 2,113 votes in the Retiree Election and Mr. Wagner, came in a close second with 2,085 votes. Mr. Allen stated Mr. Barmore will take the oath of office and also file a Statement of Economic Interests with the Ethics Board. He said in the Active Member Election, Mr. Bell had 1,096 votes and his opponent Mr. Justin-Szopinski had 390 votes. Mr. Allen said Mr. Bell will also be taking his oath of office and filing his report. Mr. Bell thanked all the Staff who participated and Mr. Allen for putting the election process through the proper channels and everyone who counted the ballots in a time-consuming day.

It was moved by Mr. Konrad, seconded by Mr. Klusman, and unanimously carried, to approve and certify the Annuity and Pension Board Election Results for the Retiree Member Election that Mr. Barmore won the election regarding the Retiree Board Member Election.

It was moved by Mr. Christianson, seconded by Mr. Heling, and unanimously carried, to approve and certify the Annuity and Pension Board Election Results for the At Large Member Election that Mr. Bell won the election regarding the At Large Member Election.

Medical Reports.

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

Mr. Petropoulos presented certifications (November 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>
Alejandro Arce	Approval
Deana Martinez	Approval
Michaela Wielder	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Francis Galloway	Approval
Darcie Trunkel	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Mark Ashworth	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Christopher Kietzke	Approval
<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Chesterfield Hall	Approval
Adamu Nosakhene	Approval
Kathy Wilder	Approval

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

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Mr. McClain said there will be a brief update on the sole pending legal opinion during the Executive Director's report. He said the City Attorneys' office is continuing to work on that opinion and there are a lot of things happening behind the scenes. Mr. Allen briefly discussed the Service Requests.,

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 as of last month, there is a holding pattern on all of ERS' pending litigation. He

said oral arguments were wrapped up in the Lara case and filed the last remaining brief for the respondents in the second Kurt Lacina case listed on the report. Mr. McClain said they are at the mercy of the Court of Appeals waiting for decisions on all three of the cases. He said as of yesterday afternoon regarding the first case between the MPA and Kurt Lacina versus the City of Milwaukee is now the 14th longest pending case out of District 1 and the 29th longest pending case in the entire Court of Appeals out of about 2500 cases. Mr. McClain said that early next year there will be a decision on that case. Mr. Klusman asked Mr. McClain who would be succeeding him. Mr. McClain said he is discussing that with the City Attorney and noted it would be the City Attorney's determination. He said everyone who has been proposed would be a good fit and he will have an answer by the next Board meeting.

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 stated the ERS is working to fill the vacancy for the Disability Specialist Senior position held by Michelle Carr who has been promoted. Mr. Allen mentioned the HACM item listed under Administration and HACM has pledged to pay \$250,000 for the 3rd quarter installment for the 2024 contribution. He said their quarterly installments are roughly \$500,000, but they were not able to pay the 3rd quarter installment due to the government shutdown which is now ended. Mr. Gopalan said based on the Board's direction at the last Board meeting, the ERS sent a letter to HACM requesting that they send a letter indicating they intend to pay their employer contributions for plan year 2024 and beyond. He said the unpaid balance continues to accrue interest at 6.8% and requested HACM to provide budgetary documents showing that it intends to pay the employer contributions. Mr. Gopalan said the letter was sent and requested HACM respond within 30 days.. He also sent an email to the interim CEO Kenneth Barbeau asking for an update on the payment arrangements. Mr. Gopalan said Mr. Barbeau responded to his email message that he is meeting with the finance director to go over their cash to see how much they are going to pay. They are hoping to pay as much as possible and will let the ERS know as soon as possible. He said HACM is also going to work on the letter the ERS requested. Mr. McClain said further action can be evaluated after ERS receives HACM's response. Discussion ensued.

Approval of Appointment of Patrick McClain to fill the position of ERS Executive Director and Secretary, effective for the first full payroll period beginning January 2026. Mr. Allen stated Mr. McClain accepted and signed the written offer to accept employment as the next Executive Director. He said the discussion was held in closed session and he checked with ACA Peter Block who advised, just to be cautious, that the Board approve the appointment in open session, and make sure the appointment is duly recorded in the minutes.

It was moved by Mr. Bell, seconded by Messrs. Konrad and Heling, and unanimously carried, to approve the Approval of Appointment of Patrick McClain to fill the position of ERS Executive Director and Secretary, effective for the first full payroll period beginning in January 2026. Mr. McClain stated he extends his gratitude to the Board for the confidence they are placing in him. He thanked Mr. Allen who he has had the pleasure of working with for the past decade and he has left some big shoes to fill and is a tough act to follow. Mr. McClain said he is looking forward to the challenge and is excited to get started. He thanked everyone for everything and is looking forward to it.

Mr. Klusman pointed out that the active population is at 38.6% and the retired population is 61.4%, nearing two-thirds and a mature Fund.

Informational.

- 1) Conferences.
- 2) Class Action Income 2025 YTD.
- 3) Adjusted Quarterly Cost Basis of Equity.

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

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

Mr. Bell adjourned the meeting at 10:04 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.)