

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

Minutes of the Regular Meeting
held December 23, 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
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

Others Present: Patrick McClain, Assistant City Attorney; 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 November 25, 2025. It was moved by Mr. Christianson, seconded by Mr. Heling and unanimously carried, to approve the Regular Meeting Held November 25, 2025.

Chief Investment Officer Report. Mr. Sauer noted the Fund value as of November 30, 2025 was \$6.33 billion. He said the Fund return of 0.9% in November outperformed the blended benchmark by approximately 52 basis points. Mr. Sauer said the main drivers of relative performance within Manager Selection were Private Equity which added 10 basis points, DFA International added seven basis points, and Earnest added seven basis points. He said Public Equity Style Bias added 19 basis points, primarily from US Value. 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 December 22, 2025, the Fund return is 0.6% month-to-date, which brings the year-to-date return up 12.5%, and the Fund value to \$6.37 billion. Mr. Sauer noted seven 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 \$744.5 million, received contributions of \$247.9 million, and paid out benefits and expenses of \$475.7 million. He said the Fund has a sufficient cash balance on hand to pay benefits this month so no Manager withdrawals will be made.

Mr. Silber noted that the ERS accomplished a lot in 2025 and the Fund has had a really good year. Mr. Silber said the Fund would receive over \$200 million dollars in contributions over the next week-and-a-half. He stated the contributions are actuarially required and he has been thinking through scenarios over the last few months about how to deploy the money. Mr. Silber noted that the ERS custodian does not finalize the ERS' books and return calculations until the end of January as the custodian has to wait for Private Equity, Real Estate, and Hedge Fund statements to come in.

Investment Committee Report. Mr. Klusman reported that at its December 4th meeting, Staff presented proposed updates to the Fund's investment policies. He said Staff spent a considerable amount of time going over the proposed changes to the Fund's Statement of Investment Policy, which Callan, the City Attorney's Office, and Staff, had been working to update since first initiating the conversation with the Committee this past June. Mr. Klusman said Staff also presented proposed changes that it worked on with Callan that make sure the Fund's Real Estate and Private Equity policies are up-to-date. He said that after some discussion, the Committee approved the Statement of Investment Policy Update, the Real Estate Investment Policy Statement Update, and the Private Equity Statement of Investment Policy Update. Mr. Klusman noted that Callan went over its 2026 Work Plan and presented a Fixed Income Manager Search and Candidate Profile, which Callan will rely on when it recommends investment manager finalists for the Committee to consider for the Core search that became necessary when the Committee approved a new Fixed Income structure last month. He said after some discussion, the Committee approved the Fixed Income Manager Search and Candidate Profile. Mr. Klusman said the Committee discussed its thoughts on Bitcoin within the context of the Cryptocurrency and Blockchain education Callan provided in September. He said the Committee wanted to provide clear direction to Staff and Callan on the subject going forward. Mr. Klusman noted that after much discussion, the general consensus of the Committee focused on two frameworks to think about Bitcoin, regulatory and investment. He said the City Attorney's Office, utilizing the help of outside legal counsel, was asked to monitor ongoing developments with respect to the regulatory and legal considerations that pension funds need to consider when contemplating an investment in Bitcoin, and to provide the Board with an update at an appropriate time. Mr. Klusman said if the Board ever gets to the point that it's comfortable with the regulatory and legal environment with respect to Bitcoin investing, Callan and Staff will evaluate Bitcoin like any other asset class when it makes asset allocation recommendations as part of the ALM studies it conducts every three to five years. He said Staff then provided a performance update for the Fund, and provided routine due diligence reports on Abbott Capital, Apogem Capital, Principal Global Investors, and Reams Asset Management. Mr. Klusman concluded that the Investment Committee recommends approval of the following items: 1. Approval of Statement of Investment Policy Update; 2. Approval of Real Estate Investment Policy Statement Update; 3. Approval of Private Equity Statement of Investment Policy Update; and 4. Approval of Fixed Income Manager Search and Candidate Profile.

Approval of Statement of Investment Policy Update. It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Statement of Investment Policy Update.

Approval of Real Estate Investment Policy Statement Update. It was moved by Mr. Bell, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Real Estate Investment Policy Statement Update.

Approval of Private Equity Statement of Investment Policy Update. It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Private Equity Statement of Investment Policy Update.

Approval of Fixed Income Manager Search and Candidate Profile. It was moved by Mr. Bell, seconded by Mr. DeCleene, and unanimously carried, to approve the Approval of Fixed Income Manager Search and Candidate Profile.

Mr. Klusman thanked the Board and Staff for being able to lead the Investment Committee for many years.

Administration & Operations Committee Report. Mr. Heling said the Committee met on December 17th with a six-item agenda. He said CliftonLarsonAllen presented the Internal Audit Report, with a Vulnerability Assessment. Mr. Heling stated there were two approval items for the Request For Proposal for Internal Audit and the Request for Quote for Actuarial Services. He noted the Committee received an IT Projects Portfolio update from Mr. Shober with everything being in the green and on schedule. Mr. Heling said the Committee also went through the 2025-2026 Insurance Program Report. He said the meeting ended with the report on the open position for the Benefit Services Coordinator position.

Approval of RFP for Internal Audit. It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Approval of RFP for Internal Audit.

Approval of RFQ for Actuarial Services. It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of RFQ for Actuarial Services.

New Business.

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

Administrative Withdrawal	\$18,942.95
Full Refund	\$104,093.75
Active Death Benefits reported	\$0.00
Deferred Death	\$6,954.44

Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$0.00
Retired Death Benefits reported	\$43,696.51
Survivor Death – Termination Benefits reported	\$5,965.78
Refund of Member Contributions paid	\$53,773.88

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

Conference Requests – December 23, 2025 Board Meeting. Mr. Allen presented the conference requests for December.

David Silber	Callan 2026 National Conference
Sponsor:	Callan Associates
Location:	Scottsdale, AZ
Date(s):	April 20-22, 2026
Estimated Cost:	\$1,800.00

It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Conference Requests – December 23, 2025 Board Meeting.

Approval of Authorization to Sign Vouchers for Incoming Executive Director Patrick McClain. Mr. Allen said this is a housekeeping matter for the January meeting at the end of the month, but since Mr. McClain is starting at the beginning of January, it is appropriate to do it right away so there is authorization to sign vouchers. He also noted Mr. Petropoulos and Ms. Johnson are listed so those authorizations can be completed over the holidays. It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Approval of Authorization to Sign Vouchers for Incoming Executive Director Patrick McClain.

For Referral to Legislative Committee Regarding Proposed Board Rules II.C.6. and VII.G.2.c. Mr. Allen noted any changes to the Board Rules have to be reviewed by the Legislative Committee and approved by the City Attorney's office before they are adopted by the full Board. He said the Legislative Committee is an *ad hoc* committee that will be empaneled next month or as convenient to the Chair. Mr. Silber said the document is a draft developed by the City Attorney's office that is being referred to the Legislative Committee. It was moved by Mr. Bell, seconded by Mr. DeCleene, and unanimously carried, to approve the Referral to Legislative Committee Regarding Proposed Board Rules II.C.6. and VII.G.2.c.

Approval of Resolution for Retiring Annuity and Pension Board Trustee Thomas P. Klusman. Mr. Bell read the Resolution for Thomas P. Klusman.

WHEREAS, MPD Lt. Thomas P. Klusman (retired) served with integrity, vigor and distinction as a Trustee on the Annuity and Pension Board of the Employees' Retirement System

of the City of Milwaukee continuously from January 2014 through December 31, 2025 and faithfully and conscientiously discharged his duty to solely represent the interests of all the Members and Beneficiaries of this System during his tenure of office; and

WHEREAS, MPD Lt. Klusman's (retired) knowledge of pension benefits enabled him to make many valuable contributions to the Annuity and Pension Board and the well-being of the Employees' Retirement System of the City of Milwaukee and its tens of thousands of participants, including and especially, his diligent stewardship in pursuing adequate funding for the System; and

WHEREAS, MPD Lt. Thomas P. Klusman (retired) served on the Investment Committee throughout his tenure on the Board, as Committee Vice Chairman from 2020 to 2021 and as Committee Chair from 2022 through 2025 assisting in the development of the Employees' Retirement System's Strategic Asset Allocation which has generated hundreds of millions of dollars of long-term returns in excess of its benchmark for the exclusive benefit of the System's Members and Beneficiaries; and

WHEREAS, MPD Lt. Thomas P. Klusman (retired) exhibited the courage, discipline and composure necessary to preserve the Board's Investment Policy despite the Global COVID-19 Pandemic Crisis and inflationary aftermath and guide the System safely through perilous times with a steady, unwavering hand; and

WHEREAS, MPD Lt. Thomas P. Klusman (retired) served on the Administration and Operations Committee from 2019 through 2024 and as Chairman from 2019 through 2020; and

WHEREAS, MPD Lt. Thomas P. Klusman's (retired) departure is a great loss to the Annuity and Pension Board and all the Members and Beneficiaries of the Employees' Retirement System; therefore, be it

RESOLVED, by the Annuity and Pension Board that it hereby expresses its deep and sincere appreciation and gratitude to MPD Lt. Thomas P. Klusman (retired) for his invaluable, selfless and loyal service; and be it

FURTHER RESOLVED, that this resolution be recorded in the permanent records of this Board and that a suitably engrossed copy be forwarded to MPD Lt. Thomas P. Klusman (retired).

Adopted December 23, 2025.

Mr. Klusman stated he enjoyed his 12 years on the Board and said he was fortunate to work with everyone and acknowledged that this was the most talented group of people he worked with in his entire life. He noted that even though he is retiring from the Board, he still has a vested interest as a pensioner and is leaving here with a solid confidence. Mr. Klusman said he is happy that Mr. McClain is taking over due to Mr. Allen's retirement. He said he feels really good about the future of the Fund with the Board and Staff, including Staff not attending the meetings, Mr. Klusman commented that the ERS is top quality all the way across. He thanked everyone for the Committees he was assigned to and things he has been asked to do. Mr. Klusman thanked Messrs. Silber and Sauer for making his job easier. Mr. Konrad commended Mr. Klusman for his thorough reading of the packets and if anything seemed off, he would point them out. He said it was a

testament to Mr. Klusman's discipline. Mr. Konrad said Mr. Klusman was not intimidated by expensive suits or fancy degrees because when something was vague, confusing, or incomplete from money managers' presentations, he would not let them get away with it as he would ask them immediately which benefited all of us. Mr. Konrad then thanked Mr. Klusman for his role on the Board and Mr. Klusman received a round of applause from the Board and Staff members. Mr. Bell also commended Mr. Klusman and said based on his reputation of how thorough and knowledgeable he is, he and other Board members appreciated his level of knowledge and detail. He said Mr. Klusman could recall quotes from the early 2000s that were important to Board conversations over the years. Mr. Bell thanked Mr. Klusman for his service on the Board.

It was moved by Mr. Bell, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Resolution for Retiring Annuity and Pension Board Trustee Thomas P. Klusman.

Approval of Resolution for Retiring ERS Executive Director and Secretary Bernard "Jerry" Allen. Mr. Bell read the Resolution for Bernard "Jerry" Allen.

WHEREAS Bernard "Jerry" Allen began his tenure as the Executive Director of the Employees' Retirement System of the City of Milwaukee on February 18, 2008; and

WHEREAS Jerry Allen diligently and conscientiously served as the Secretary for the ERS Annuity and Pension Board and as a Fiduciary for the Plan and its members; and

WHEREAS during Jerry Allen's tenure, the ERS fund income was over \$8.0 billion in investment returns and contributions, and pension payments exceeding \$6.9 billion were issued; and

WHEREAS Jerry Allen was instrumental in cultivating and managing relationships with trade professionals, the Common Council, the City Administrators, and Plan Sponsors on behalf of the Plan; and

WHEREAS Jerry Allen successfully managed the ERS office by providing deep expertise in all aspects of the ERS operations, published annual financial reports with unqualified audit opinions, issued pension checks with no lapse in monthly payroll runs, navigated the staff through the global financial crisis and the COVID-19 crisis, implemented the mandates of several legal changes, including the establishment of a new tier of pension benefits and 2023 Wisconsin Act 12; and

WHEREAS under Jerry Allen's oversight, improvements were made to the ERS Information Technology infrastructure, including the management and enhancement of the MERITS computer system, strengthening of the network security infrastructure, and the availability of technology tools to consistently manage all contributions and payments; and

WHEREAS Jerry Allen enabled the ERS staff to advance their careers via promotions and education; and

WHEREAS after providing unparalleled expertise and service for over 51 years in benefits and retirement plan administration, Jerry Allen has decided to retire on December 31, 2025; therefore be it

RESOLVED, that this Board, including former Board members, on behalf of the membership that it represents, and the ERS staff, express their deep and sincere appreciation and gratitude to Bernard “Jerry” Allen, for his invaluable, selfless, and dedicated service; and be it

FURTHER RESOLVED, that this resolution be recorded in the permanent records of this Board and that a suitably engrossed copy be forwarded to Bernard “Jerry” Allen.

Mr. Allen thanked the Board members and Chair and said serving the ERS and working with the Staff and all the Trustees has been an honor and a privilege of a lifetime. He stated he came here after a long corporate career just to give some public service for about four or five years which ended up being almost 18 years. Mr. Allen said even though he served on corporate pension boards, this is the most expert Staff and Board he has had the privilege of working with, with a lot more engagement than in the private sector. He added that he cannot be more delighted to have Mr. McClain as his successor. Mr. Konrad said he first met Mr. Allen in 1974 when they were both working as summer interns at the Northwestern Railroad Law Department. He said he met him at the final party for the interns and did not meet him again until he took the job here. Mr. Klusman noted that Mr. Allen has touched the Fund in every way and has had the hardest job. He welcomed him to the retiree group after 51 years. Mr. Klusman said the retirees think the world of him as Mr. Allen had come to their meetings and talked to them. He said they were shocked when Mr. Allen announced his retirement, but the ERS was doing a national search to find someone with his attributes, but found someone here with Mr. McClain whom Mr. Allen had endorsed. Mr. Klusman thanked Mr. Allen for everything he did. Mr. McClain said when he first got assigned to ERS, he asked around about the assignment, and another attorney told him years ago that he would love Mr. Allen and he found it to be completely true, along with everybody else. He said doing Mr. Allen’s job or any job in city government is difficult to go a whole career and end up in a way that everybody thinks fondly of him. Mr. McClain stated he will miss Mr. Allen and their daily phone calls. He thanked Mr. Allen for everything and said he was really appreciative. Mr. Bell noted Mr. Allen welcomed new Trustees with open arms and did not hide, but shared information. He said Mr. Allen, like others on the Board, could remember the data and the information and could bring up things from decades ago, which was amazing. Mr. Bell said the true measure of a person is how they act when things get difficult such as COVID, or certain issues with financial groups. He said if decisions are based on integrity and what is hoping to be accomplished based on integrity, Mr. Bell stated that never wavered in Mr. Allen as he always had integrity at the forefront of his decision-making. Mr. Bell thanked Mr. Allen who thanked Mr. Bell for his stewardship on the Board.

It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Resolution for Retiring ERS Executive Director and Secretary Bernard “Jerry” Allen.

Medical Reports.

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

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

<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Claude Hunter	Approval
<u>General City – Applications – Duty</u>	<u>Recommendation</u>
Santoasha Harris	Denial
<u>General City – Applications – Ordinary</u>	<u>Recommendation</u>
Santoasha Harris Effective Date 05/09/2025	Approval
<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Adonis Ford	Approval

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

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Mr. McClain said this report is caught up after today's meeting. He noted the first item regarding Collection of Delinquent City Agency Employer Pension Contributions has been on the report for some time, but is an ongoing issue. Mr. McClain said they do not have a written legal opinion, but the matter is being actively monitored and discussed in the City Attorney's office. He added the City Attorney's office will continue to consult with ERS staff and at some point will have a product to present when appropriate. Mr. Allen commented on the Service Requests and stated the City Attorney's office has been busy as the Statement of Investment Policy Review was finalized today. He said the Internal Audit Services RFP and Actuarial Services RFQ also involved the City Attorney's Office and the Board dealt with those issues today.

Pending Legislation Report. Mr. Allen discussed the item under the Pending State Legislation regarding the Shareholder Proxy Voting Practices of Wisconsin Public Pension Trusts. He said there is one item coming up before the State Legislature which is a departure from a long-held practice that shareholders get unimpaired vote for the Boards of Directors of the companies that they vote shares in and also any shareholder proposals. He said he would get into more detail in his report but it is a proposal before the State Legislature so it is a significant and serious matter.

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 noted there were no substantive changes from last month; all of the litigation cases remain in a holding pattern. He stated the three items listed are all at the Court of Appeals and they are fully briefed. Oral argument occurred in one case, and was not requested or given in the remaining two. Mr. McClain said they are just awaiting the decision from the Court of Appeals. He concluded there was an additional administrative appeal hearing request after the reports were generated so the Board can expect to see two hearings listed next month.

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 said he received a request from the City Administration to comment on a multi-state Legislative proposal that includes the State of Wisconsin that would significantly infringe on the securities ownership rights of the CMERS Trust. He said they are targeting the CMERS, the WRS, and the County pension plans in the state of Wisconsin. Mr. Allen stated this would affect the ability of the systems to vote the shares in annual meetings of corporations for the selection of their boards of directors and for any issues that come before the shareholder proposals. He noted he and Staff only received two days to look this over, but made some comments on the proposed statute and passed it along to the administration lobbyists on this. Mr. Allen said the Legislative Committee of the City Council did not take this matter up, so it is still an open matter and he suggested the Board continue to look at this further in 2026 and hold a CMERS Legislative Committee to decide what, if any, position the Board would like to take on this and comment to the City Administration. He said the City Administration has the obligation to lobby for all City managers as the Board does not lobby the State Legislature. Mr. Allen noted the pension systems can still vote their shares, but there would be some strings that do not currently apply. He stated there would be a safe harbor for any votes from the pension systems if the pension systems vote in favor of the company shareholder proposals. Mr. Allen said if votes are against the company board of directors proposals, then the state will do a back test after three years to see how the shares fared. He noted there is potential for mischief there and the statute also allows the members of the Fund to bring an action against the Fund depending on the outcome of the reports of the state back test. Mr. Allen stated it is beginning to look like state capitalism with control and ownership in major corporations. Discussion ensued.

Mr. Kovac left the meeting at 10:05 a.m.

Discussion About Proposed In-Person Quarterly Board Meetings. Mr. Bell said this was asked to be put on the agenda for discussion on how the stakeholders want to have meetings in 2026. Mr. Heling agreed to a once-a-quarter in-person meeting and Mr. Konrad said the proposal is for discussion and the Board got into this because of COVID. Mr. Allen noted the meetings are hybrid now and those that can, can meet in person, and those who are out of the office can call in. Mr. Bell thought two of the Investment Committee Meetings having a robust schedule could be in

person. Mr. McClain said remote meetings provide flexibility, but in-person meetings are important and useful and thought it was a good idea to have quarterly meetings in person if that is the temperament of the Board. He said if that is working out, in-person meetings could be more frequent, but in-person meetings should also be kept hybrid for beneficiaries or interested persons who want to access the discussions of the Board. Ms. Ford said she liked the flexibility of hybrid, but likes the idea of periodically meeting in person since she said there are several Trustees she has never seen. She said it is much more efficient and the attendance is better with remote meetings because of the time spent driving there, finding parking, and leaving. Ms. Ford said she likes the idea of periodically meeting in person, but to keep the hybrid meetings. Mr. Bell said the attendance is incredible with hybrid, but said he likes having both hybrid meetings and in person. He said he will contact Messrs. McClain and Silber in January to select those meetings that are unique and would be better done in person. Mr. Konrad asked Mr. Silber about the money managers' attendance for meetings. Mr. Silber said he believes most managers are doing in person meetings now. Mr. Sauer added that with the Fixed Income search coming up, if the candidates are asked to come in person, they absolutely will. Discussion ensued.

Informational.

- 1) Conferences.
- 2) Class Action Income 2025 YTD.
- 3) Minutes of the Investment Committee Meeting Held November 6, 2025.

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.

Mr. Bell wished everyone a great break for the holidays.

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 10:28 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.)