

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

Minutes of the Regular Meeting
held February 26, 2026 via teleconference

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

Board Members Present: John Barmore
 Matthew Bell, Chair
 Bill Christianson
 Justin DeCleene
 Deborah Ford
 Timothy Heling
 Rudolph Konrad
 Nik Kovac

Retirement System Staff Present: Patrick McClain, Executive 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: Lauri Rollings, City Attorney's Office; Lauren Albanese, Financial News; Terry Siddiqui, DS Consulting, Inc., seven members of the public called in to the meeting.

Appointment of Committees for 2026.

Administration & Operations Committee. Mr. Bell said he would like to nominate Mr. Christianson to be the Chairman of the Administration & Operations Committee. Mr. Christianson stated he would love to be the Chair of the Committee as he said it aligns with his duties as Comptroller. He thanked Mr. Bell for the nomination.

Investment Committee. Mr. Bell said that appointment had already been made for Mr. Heling.

Legislative Committee. Mr. Bell said that appointment had already been made for Ms. Ford.

Litigation Committee. Mr. Bell said that the Litigation Committee is a Committee of the Whole and would be determined on an as-needed basis.

Approval of Minutes.

Annual Meeting Held January 28, 2026. Mr. McClain noted he had one correction to make to the minutes on page six, under the Suspension of Duty Disability retirement item. He stated the very last sentence of the main paragraph should read that if the member is under suspension for one year, the “Board,” not “he,” would have the option to cancel his benefit altogether. Mr. McClain wanted to clarify that it would be the Board that has the authority to permanently revoke a benefit. Mr. Bell stated that the change can be made.

It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the minutes for the Annual Meeting Held January 28, 2026, as amended.

Chief Investment Officer Report. Mr. Sauer noted the Fund value as of January 31, 2026 was \$6.67 billion. He said the Fund return of 1.9%, net of fees, for the month outperformed the blended benchmark by approximately 43 basis points. Mr. Sauer said the main driver of relative performance was Public Equity Style Bias which added 39 basis points, primarily from the Fund’s Small Cap and Value Biases. He noted Manager Selection added 11 basis points. Mr. Sauer said 10 out of 14 active managers outperformed. He said the Fund underperformed over the one- and 20-year time periods, while outperforming or in-line in all other time periods. He stated as of February 25, 2026, the Fund return is 1.5% month-to-date, which brings the year-to-date return up 3.4%, and the Fund value to \$6.77 billion. Mr. Sauer noted eight out of the Fund’s 13 active mandates are outperforming year to date. He said the Public Equity Asset Class, along with the Total Fund, are exceeding 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 \$221.4 million, received contributions of \$210.8 million, and paid out benefits and expenses of \$44.0 million. He said the following monthly withdrawals would be made: \$12.4 million from Brandes, \$7.7 million from DFA US Small Cap, \$7.3 million from Earnest, \$7.1 million from DFA International Small Cap, and \$4.2 million from AQR’s Emerging Market Strategy. Mr. Silber said the ERS benchmarks its Public Equity allocation to the ACWI IMI, which is up 5.27%, year-to-date. He said the Fund’s Public Equity portfolio over the same period is up over 7% to start the year. Mr. Silber also referenced the S&P 500, which is up 1.65% year-to-date, and noted that the Fund’s Public Equity style bias and diversification, things that Staff and the Committee emphasize in the Public Equity structure, have benefitted the Fund in recent months.

Mr. Silber said he would be making a comment before the Board went into closed session. Mr. Silber said the ERS has several categories of investments and investment managers that manage the Fund’s investments on the Fund’s behalf. He said one of these categories is Public Equity. Mr. Silber said Public Equity Investment Managers manage investments that are publicly traded on the stock market. He stated one of the current investment managers has had some investment developments that Staff feels are notable and would like to discuss with the Board and request direction from the Board. Mr. Silber said these discussions need to be done in closed session for competitive reasons so Staff is requesting that the Board now convene in closed session to discuss the matter.

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following item (III.A.), as provided in Section 19.85(1)(e), Wisconsin Statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other

specified public business, whenever competitive or bargaining reasons require a closed session. The Board may then vote to reconvene in open session following the closed session.

Consider, Discuss, and Potentially Approve Recommendation regarding Public Equity Investment Manager.

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

The Board convened in closed session at 9:42 a.m.

The Board re-convened in open session at 10:07 a.m.

It was moved by Mr. Bell, seconded by Mr. Heling and unanimously carried, to approve the Recommendation regarding Public Equity Investment Manager.

Investment Committee Report. Mr. Heling said that at its February 12, 2026 meeting, “Board Chairman Matt Bell announced that his appointment for Committee Chair for 2026 was myself, Tim Heling. After that, the Investment Committee unanimously elected Deborah Ford as its Vice-Chair.” Mr. Heling said Callan gave a presentation on their 2026 capital market assumptions, which included a slide that shows the Fund’s existing strategic asset allocation target is projected to generate an annualized 7.03% return over the next 10 years. He said Callan also modeled a scenario that replaced the Fund’s existing 3.3% Liquid Real Assets target with additional Core Real Estate, and Callan projects that making this change would increase the Fund’s annualized expected return to 7.06% and decrease projected volatility from 11.57% to 11.53%. Mr. Heling stated the Committee then went into closed session on items related to the Core Fixed Income Investment Manager Search, the Morgan Stanley Prime Property Fund consent to Restructure, and the contemplated Real Assets Structure Changes. He said the Committee then came back into open session and approved the Fixed Income Manager Search Finalists and the Recommendation regarding Morgan Stanley Prime Property Fund, LLC consent to Restructure. Mr. Heling noted, in addition, after Callan provided their Real Assets Benchmark and Structure Changes Update in open session, the Committee Approved the Real Assets Structure recommended within the Callan memo. He said the approved Real Assets Structure replaces the 3.3% Liquid Real Assets allocation with additional Core Real Estate, resulting in a 12% target to Core Open End Private Real Estate. Mr. Heling said after that, the Committee approved updates to the Fund’s Statement of Investment Policy that incorporated the new Real Assets Structure. He said the inception date for the Fund’s new benchmark will be April 1, 2026. Mr. Heling said finally, Staff went over the Fund’s 4th quarter 2025 performance report, and also presented the annual Value Add Analysis. He said the Value-Add Analysis estimates that the ERS has been able to add an additional \$929 million to the Fund’s value, net of fees, over the past 31 years by implementing the Fund’s Stock, Bond, Private Equity, and Absolute Return allocations in a way that has outperformed low-cost passive benchmarks. Mr. Heling noted that \$282 million of that additional value is estimated to have been generated in the past 10 years. He said the Investment Committee recommends approval of the following items: 1. Approve Fixed Income Manager Search Finalists; 2. Approve Recommendation regarding Morgan Stanley Prime Property Fund, LLC consent to Restructure; 3.

Approval of Real Assets Structure; 4. Approval of Statement of Investment Policy Update. Mr. Heling concluded that the scheduled April 16, 2026 Investment Committee meeting will be an in-person meeting. He stated the Fixed Income Manager Search Finalist Interviews are set for that day and the finalists have been invited to present in person.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following items (IV.A. and IV.B.), as provided in Section 19.85(1)(e), Wisconsin Statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Board may then vote to reconvene in open session following the closed session.

The Board did not convene in closed session as noticed.

Consider, Discuss, and Potentially Approve Fixed Income Manager Search Finalists.

It was moved by Mr. Konrad, seconded by Ms. Ford, and unanimously carried, to approve the Fixed Income Manager Search Finalists.

Consider, Discuss, and Potentially Approve Recommendation regarding Morgan Stanley Prime Property Fund, LLC consent to Restructure. It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Recommendation regarding Morgan Stanley Prime Property Fund, LLC consent to Restructure.

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

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

New Business.

Retirements, Death Claims, and Refunds (January). Mr. McClain presented the following activity for the month of January 2026.

Administrative Withdrawal	\$19,140.74
Full Refund	\$99,719.94
Active Death Benefits reported	\$0.00
Deferred Death	\$53,408.20
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$0.00
Retired Death Benefits reported	\$17,608.57

Survivor Death – Termination Benefits reported	\$8,519.01
Refund of Member Contributions paid	\$41,190.39

It was moved by Mr. Barmore, seconded by Mr. Bell, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for January 2026.

Conference Requests – February 26, 2026 Board Meeting. Mr. Bell presented the conference requests for February.

Erich Sauer	Harrison Street Annual Investor Conference
Sponsor:	Harrison Street
Location:	Boulder, CO
Date(s):	May 4 - 7, 2026
Estimated Cost:	\$2,250.00

It was moved by Mr. Bell, seconded by Mr. DeCleene, and unanimously carried, to approve the Conference Requests – February 26, 2026 Board Meeting.

Medical Reports.

All Duty & Ordinary Disability Applications & Re-examinations (February 2026).

Mr. Petropoulos presented certifications (February 2026) 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>
Andrew Wilkiewicz	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Stephanie Ramskugler	Approval
Katrina Warren	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Andrew Korducki	Approval

It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations for February 2026.

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Ms. Rollings said there are no pending legal opinions or service requests.

Pending Legislation Report. Mr. McClain said the Legislative Committee voted on the two proposed rule amendments earlier today before the Board meeting. He said the Board can expect to see those items on next month's agenda for final approval. Mr. McClain said there has been no change on the three proxy voting bills that are pending in the state legislature. He said staff will continue to track them.

Mr. Bell said he needed to address one issue under New Business, V.A. Retirements, Death Claims, and Refunds (January). He said there was a motion to approve payroll by Mr. Barmore, but there was no second so Mr. Bell said he would make that second and he asked if there were any objections regarding. He asked Mr. McClain if a new motion should be made. Mr. McClain said for clarity, a new motion and second should be made. Mr. Bell went back to item V.A. Retirements, Death Claims, and Refunds (January) and asked for a motion to approve payroll for February 2026. It was moved by Mr. Barmore, seconded by Mr. Bell, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for January 2026.

Pending Litigation Report.

Mr. Bell 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.

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

Mr. DeCleene recused himself from a portion of the discussion on VII.C.

The Board convened in closed session at 10:22 a.m.

The Board re-convened in open session at 11:21 a.m.

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.

Approval of 2026 A&O Committee Audit Charter. Mr. McClain said there was a request to bring back a redline version for the Trustees' review. He noted the only things changing from last year to this year are the dates on the charter and everything else remained the same. He noted Mr. Gopalan and his team have worked hard with the Legislative Audit Bureau to get this charter

in a place that balances the ERS' unique, new statutory obligations under Act 12 as well as maximizing this Board's governance control over the process. Mr. McClain said he misspoke last month when he indicated that the charter authorizes Staff to execute the engagement letter. He clarified that the charter instead authorizes Staff to execute the representation letter.

It was moved by Mr. Barmore, seconded by Mr. Bell, and unanimously carried, to approve the Approval of 2026 A&O Committee Audit Charter.

Informational.

- 1) Conferences.
- 2) Class Action Income 2026 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) 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. Kovac and seconded by Mr. Heling to adjourn the meeting.

Mr. Bell adjourned the meeting at 11:29 a.m.

Patrick J. McClain
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.)