

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

Minutes of the Regular Meeting
held May 27, 2026 via teleconference

The meeting was called to order at 9:01 a.m.

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

Retirement System Staff Present: Patrick McClain, Executive Director
 Daniel Gopalan, Chief Financial Officer
 Gust Petropoulos, Deputy Director
 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., six members of the public called in to the meeting.

Approval of Minutes.

Regular Meeting Held April 29, 2026.

It was moved by Mr. Bell and seconded by Mr. Christianson to approve the minutes for the Regular Meeting Held April 29, 2026. The motion was adopted by unanimous consent.

At this point, the Chair took the meeting out of order to the Investment Committee Report.

Investment Committee Report. Mr. Heling said at its May 7th meeting, Callan provided a presentation on the Fund's Real Estate allocation, and also went over its Assessment of the Fund's stock and bond investment managers. He said part of the Real Estate presentation took place in closed session for competitive or bargaining reasons. In addition, Mr. Heling said Callan provided a presentation on the Fund's Public Equity Structure, focusing on the importance of doing the Structure, showing how much market capitalization-weighted indices have changed in recent years, and explaining the historical rationale for the small cap and value biases that the Fund's Public Equity allocation has intentionally incorporated for the past 30 years. He noted Callan presented three Alternative structures for the Committee to discuss, and compared them to the Structure that was selected back in 2022 and to the Current Targets. Mr. Heling stated that after a good discussion, the Committee selected Alternative 2 within Callan's presentation, which strives to maintain similar Value, Small, and North American allocations compared to what was approved

in the 2022 Structure. He said that finally, Staff went over the Fund's 1st quarter 2026 performance report, and the Committee approved updates to the Real Estate Investment Policy Statement that incorporated the changes made earlier this year to the Fund's Real Assets allocation. Mr. Heling stated that the Investment Committee recommended approval of the following items: 1. Approval of Real Estate Investment Policy Statement Update; and 2. Approval of Public Equity Structure (which was identified as Alternative 2 within Callan's presentation).

Approval of Real Estate Investment Policy Statement Update. It was moved by Mr. Bell and seconded by Mr. Heling to approve the Approval of Real Estate Investment Policy Statement Update. The motion was adopted by unanimous consent.

Approval of Public Equity Structure. It was moved by Ms. Ford and seconded by Mr. Allen to approve the Approval of Public Equity Structure (which was identified as Alternative 2 within Callan's presentation). The motion was adopted by unanimous consent.

The Chair returned the meeting to order at the Chief Investment Officer Report.

Chief Investment Officer Report. Mr. Sauer noted the Fund ended the month of April with a value of \$6.66 billion. He said the Fund return of 3.4%, net of fees, underperformed by approximately 31 basis points. Mr. Sauer said for the main relative performance drivers, Public Equity detracted 65 basis points in total, with 41 basis points from Manager Selection and 24 basis points from Style Bias. He said within Manager Selection, April was a strong snapback month for markets so most of the managers in our public equity portfolio underperformed their benchmarks a bit. Mr. Sauer noted within Style Bias, it was primarily value that detracted. He stated there was some offsetting performance within Manager Selection elsewhere in the portfolio. Aptitude added 13 basis points, Loomis Sayles added nine basis points, and Private Equity and Real Estate added five basis points each. Mr. Sauer said the Fund underperformed over the one-, 15-, and 20-year time periods, while outperforming or in-line in all other time periods. He said through May 26, the Fund was up 1.1% month to date, which brings the year-to-date return to 4.7%, and the Fund value to \$6.73 billion. Mr. Sauer noted seven out of the Fund's 12 active mandates are outperforming year-to-date. He said Absolute Return asset class is exceeding its benchmark year-to-date, net of fees. Mr. Sauer said year-to-date, the Fund had a change in the value of investments of \$310.4 million, received contributions of \$220.3 million, and paid out benefits and expenses of \$175.7 million. He said Mr. Silber would talk on cash activity in his comments.

Mr. Silber talked about the Public Equity Structure that was approved at the May Investment Committee Meeting and by the Board, and said small steps have been taken already to implement it. He said a lot of the investment managers whose target weights declined as a result of the new Structure happen to be in mandates in which the ERS invests in the manager's commingled or mutual-fund-type vehicle. Mr. Silber noted these vehicles have billions of dollars in them, which means that when the ERS sets up a transaction of tens of millions of dollars, while it is a lot of money for the Fund, it does not have as big of an impact on the vehicle's transaction costs. He noted that because of this, the ERS may be able to complete the implementation of the new Structure sooner than it otherwise would have been able to. Mr. Silber also said that there is one thing about some of the commingled and mutual fund mandates that is preventing him from making quicker progress to implement the new Structure, and that has to do with one or two of these vehicles having policies that state that transactions can only take place on specific dates once or twice a month. Mr. Silber said because of this, initial progress on implementing the Structure has been a little slower than he would prefer because the ERS has to work within the confines of the transaction schedules of these vehicles. He noted there are two ways to implement the new

structure, one way is to redeem money from the overweight managers, and the other way is to add money to the underweight managers. Mr. Silber stated because of how well the Fund's Public Equity allocation has done this year, the Fund was almost 2% overweight to Public Equity when the new Structure was approved in early May. He said he is prioritizing getting the Public Equity asset allocation closer to its 36% target first, which means that more withdrawals from managers are happening in May. Mr. Silber said that once the Fund's Public Equity allocation is closer to target, there will likely be more flows between any remaining overweight and underweight managers. Mr. Silber then discussed the monthly cash withdrawals slide showing the list of managers and flows which are scheduled to happen or already have happened. He said that the next Investment Committee Meeting is Thursday, June 4 where a couple of equity investment managers, DFA and Earnest, will be presenting virtually. Mr. Silber concluded that there will be a couple of approval items also.

New Business.

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

Administrative Withdrawal	\$7,969.81
Full Refund	\$108,325.48
Active Death Benefits reported	\$0.00
Deferred Death	\$54,186.53
Deferred Death-Member Only Refund	\$555.78
Ordinary Death Benefits reported	\$160,102.26
Retired Death Benefits reported	\$33,021.88
Survivor Death – Termination Benefits reported	\$39,971.52
Refund of Member Contributions paid	\$46,115.07

It was moved by Mr. Bell and seconded by Mr. DeCleene to approve the Retirements, Death Claims, and Refunds report for April 2026. The motion was adopted by unanimous consent.

Conference Requests – May 27, 2026 Board Meeting. Mr. Bell presented the conference requests for May and welcomed Mr. Allen back to the team.

Jerry Allen	NCPERS Public Pension Funding Forum
Sponsor:	NCPERS
Location:	Chicago, IL
Date(s):	August 17-19, 2026
Estimated Cost:	\$1,500.00

It was moved by Mr. Bell and seconded by Mr. Christianson to approve the Conference

Requests – May 27, 2026 Board Meeting. The motion was adopted by unanimous consent.

Appointment of Jerry Allen to the Annuity and Pension Board. Mr. McClain stated that Mr. Allen has been appointed as a Trustee to the Annuity and Pension Board and the ERS is happy to have him back. He noted that he is personally grateful that Mr. Konrad, who had a deep well of knowledge about this Plan and its history, is being replaced by another individual who has an equal, if not deeper, well of knowledge about this Plan and its history. Mr. McClain welcomed Mr. Allen on behalf of the ERS. Mr. Allen said it is great to be back and the Board will be able to look out for the best interests of its members and beneficiaries because the Board is sworn to do so.

Approval of Resolution for Retiring Deputy Director Melody Johnson. Mr. Bell read Ms. Johnson's Resolution.

WHEREAS, Melody Johnson served at the City of Milwaukee with integrity since 1995 for over 31 years, including at the Employees' Retirement System (ERS) for over 25 years, progressing steadily in responsibilities; and

WHEREAS, Melody Johnson served as the ERS' Deputy Director from 2017 to June 2026, and in that capacity provided oversight for the administration of staff, served as the ERS's Human Resources Manager, guided the organization and its staff and managers through a myriad of challenges, and delivered critical assistance in the development and management of office protocols during COVID; and

WHEREAS, Melody Johnson served as the ERS's Chief Financial Officer between 2009 and 2017, and during that time managed and issued ERS's annual financial statements, ensured the accuracy of pension payrolls, prepared annual budgets for the department, reconciled departmental expenditures, supervised personnel in the accounting division, and served as a key liaison with the actuary and with the internal and external auditors; and

WHEREAS, Melody Johnson served as the ERS's Pension Accounting Manager, and prior to that, as a Calculation Specialist from 2000 to 2009, and in those roles oversaw that the estimates and calculations were performed in an accurate and timely manner, provided expertise during the development of MERITS, and aided in general ledger reconciliations; and

WHEREAS, Melody Johnson served as a Management Accountant from 1995 to 2000 in the City of Milwaukee Comptroller's Office providing general ledger and accounting expertise; and
WHEREAS, Melody Johnson's retirement from the ERS, effective June 2026, will be a great loss for the ERS and the City of Milwaukee; therefore be it

RESOLVED, that the Annuity and Pension Board and staff of the ERS are grateful for Ms. Johnson's diligent and long-tenured service at the ERS and express their deep and sincere appreciation for her invaluable, selfless, and loyal service, and wish her the very best in her retirement; 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 Melody Johnson in recognition of her exemplary service.

Mr. Bell said this Resolution is adopted today by the Annuity and Pension Board.

Mr. Allen stated Ms. Johnson was a dream employee in almost every way. He noted he supervised Ms. Johnson longer than anyone else and she was a consummate professional and a real pleasure to work with. Mr. Bell said this Resolution does not show everything she contributed, but it does mention the highlights. He said it struck him that she was here for that long and provided essential service to the members.

It was moved by Mr. Allen and seconded by Mr. Bell to approve Approval of Resolution for Retiring Deputy Director Melody Johnson. The motion was adopted by unanimous consent.

Medical Reports.

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

Mr. Petropoulos presented certifications (May 2026) of the Fire and Police Medical Panel Physicians and the Medical Council relative to Duty & Ordinary Disability Retirement benefits as follows:

<u>Police – Application – Duty</u>	<u>Recommendation</u>
Lafayette Turman Effective 9/12/2025	Approval
<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Kurt Lacina	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Matthew Drought	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Tony Jones	Approval
John Schmaelzle	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Michael Jasso	Approval
Cory Kilsdonk	Approval
<u>General City – Re-examinations – Duty</u>	<u>Recommendation</u>
Thomas Weir	Approval
<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Stephen Leisher	Approval

Mr. Petropoulos noted on the Medical Panel report page that Mr. Schmaezle's actual disability date/retirement date is 08/26/2013, instead of 05/01/2026 as shown on the report. He said for the Medical Council's Approvals Report that there is one new application for Lafayette Turman who is recommended for approval for Duty Disability. Mr. Petropoulos noted there are no denials for either the Medical Panel or the Medical Council reports.

It was moved by Mr. Bell and seconded by Mr. Barmore to approve the Duty & Ordinary Disability Applications & Re-examinations for May 2026. The motion was adopted by unanimous consent.

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Ms. Rollings stated the three items for the Legal Opinions and Service Requests Report are all in progress.

Pending Legislation Report. Mr. McClain said only Part 1 has items listed and the first two items are for the appointment of Jerry Allen and the reappointment of Deborah Ford. He thanked Ms. Ford for her willingness to continue to serve on the Board. Mr. McClain said both files for Mr. Allen and Ms. Ford were approved on May 12, 2026. He stated for the third item regarding the "Substitute resolution relation to pension cost recovery associated with reimbursable overtime and extra-duty contracts," it is included to err on the side of over-inclusion on the report. Mr. McClain noted that as the Board knows, the Annuity and Pension Board was given the authority in Chapter 36 to carry out work related to the Wisconsin Retirement System's coverage of new employees to the City of Milwaukee and that is what this item relates to. He said the Common Council has asked various departments to consult about how to cover overtime duty costs associated with special events and the ERS has been involved in that a little bit over the last few months and expects to be involved in consulting on that a little bit more. Mr. McClain said it is a little bit of over-inclusion but it is to keep the Board apprised of the fact that there is work going on related to the Wisconsin Retirement System and he thanked Chief Financial Officer Mr. Gopalan for staying on top of that.

Pending Litigation Report. Ms. Rollings said she did not anticipate the need to go into closed session, but if anyone had questions to necessitate that, a motion could be entertained. She said the only item she had an update on this month is under Part 2., Frank Lockett; Administrative Case No. 1591. Ms. Rollings said there was an appeal hearing held on May 12, 2026 and the hearing examiner has requested post-hearing briefing from both parties to be submitted to the hearing examiner simultaneously. She said those briefs are due June 8, 2026 and the City is working on its brief.

The Board did not convene in closed session as noticed.

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.

Updated Committee Appointments for 2026. Mr. Bell stated he appointed the following Board members to serve on the committees listed for 2026. He said the A&O Committee is chaired by Mr. Christianson with Mr. DeCleene as Vice Chair. Mr. Bell said Mr. Allen was added and Mr. Heling is also a committee member. Mr. Bell noted the Investment Committee is a Committee of

the Whole and is chaired by Mr. Heling with Ms. Ford as Vice Chair, as well as all the other Board members on that. He stated the Legislative Committee is chaired by Ms. Ford, Mr. Allen was added, and Messrs. Barmore, Bell, Christianson, DeCleene, Heling, and Kovac are on the committee. Mr. Bell said the Litigation Committee will be appointed when necessary.

Informational.

- 1) Conferences.
- 2) Class Action Income 2026 YTD.
- 3) Minutes of the Investment Committee Meeting Held May 7, 2026.

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 asked if there were any due diligence meetings coming up in the Fall and Mr. Sauer noted there would be some additional due diligence meetings scheduled for the Fall and Winter and there is a list for 2026 that was included in the November 2025 Board Packet.

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. The motion was adopted by unanimous consent.

Mr. Bell adjourned the meeting at 9:46 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.)