EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD

Minutes of the Regular Meeting
held June 24, 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 Timothy Heling
Board Members Not Present:	Deborah Ford (arrived 9:18 a.m.) Nik Kovac (arrived 9:05 a.m.)
Retirement System Staff Present:	Patrick McClain, Executive Director Daniel Gopalan, Deputy Director 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 Robin Hayes, Pension Accounting Manager Mary Turk, Business Operations Analyst Jan Wills, Board Stenographer

Others Present: Larry Langer, Aaron Chochon, Cavanaugh Macdonald (CavMac); Lauri Rollings, City Attorney’s Office; Terry Siddiqui, DS Consulting, Inc., six members of the public called in to the meeting.

Approval of Minutes.

Regular Meeting Held May 27, 2026.

It was moved by Mr. Bell and seconded by Mr. Barmore to approve the minutes for the Regular Meeting Held May 27, 2026. The motion was adopted by unanimous consent.

Chief Investment Officer Report.

Approval of BlackRock Institutional Trust Company, N.A. Contract Amendment.

Mr. Sauer provided some of the CMERS history with BlackRock and said this is the ACWI ex. U.S. Growth Index Strategy for CMERS and is a strategy that the Fund used in the past when it was necessary to index some of the Fund’s International Equity. He said in the past it had a fee schedule that was more favorable than the one in place right now. Mr. Sauer said the reason BlackRock gave Staff this fee schedule was when Staff initially added this more recently, Staff told BlackRock it was going to be temporary. He said BlackRock told Staff that for a temporary mandate, the fee schedule had to be one basis point higher than the ERS had in the past. Mr. Sauer noted as part of the recent Public Equity Structure, CMERS made the mandate permanent. He then went to BlackRock and said the structure review was permanent, and Staff wanted the old fee schedule. Mr. Sauer said BlackRock accommodated CMERS and they put together a simple amendment and that is what is before the Board. He said BlackRock is lowering the fee on the first $100 million from 8.5 to 7.5 basis points and on the balance from 6.5 to 5.5 basis points. Mr. Sauer said BlackRock also removed the minimum asset level which was something that was added when it was a temporary mandate but CMERS does not have minimum asset levels on any of its permanent mandates. He said Staff did not request this, but on the administrative expenses and PRV compilation fees, they lowered those as well. Mr. Sauer concluded it was a simple amendment and Staff had City Attorney Ms. Rollings look at it to make sure the amendment does what it says it does and she confirmed that. He said Staff recommends that it be approved, with the approval effective July 1, 2026. Discussion ensued.

Mr. Kovac arrived at 9:05 a.m.

It was moved by Mr. Bell and seconded by Mr. Christianson to approve the BlackRock Institutional Trust Company, N.A. Contract Amendment. The motion was adopted by unanimous consent.

Mr. McClain proposed that after the Chief Investment Officer Report that some of the upcoming items are lengthy and requested that the valuation be taken out of order so Cavanaugh Macdonald did not have to keep getting up and down for the closed session items.

Mr. Sauer noted the Fund ended the month of May with a value of $6.73 billion. He said the Fund return of 1.7%, net of fees, underperformed by approximately 22 basis points. Mr. Sauer said for the primary relative performance drivers within Manager Selection, Public Equity detracted 31 basis points in total, and that was broad-based among the managers as May was another strong month for equity markets and that is one of those months where CMERS' managers did fine and did not quite keep up with how strong the markets were moving. He said Private Equity added 25 basis points because the 4th quarter Private Equity statements came in and were reflected in May and being compared to a zero benchmark. Mr. Sauer said the Pubic Equity Style Bias detracted 26 basis points, primarily from Value, with Small detracting as well. He said that is a story heard a lot when there is a strong market and Value and Small have lagged with the AI-driven markets. Mr. Sauer said the Fund is outperforming in the 10-year time period, while underperforming or in-line in all other time periods. He said through June 23, the Fund is down 0.5% month to date, the Fund year-to-date return is up 4.9%, and the Fund value is $6.71 billion. Mr. Sauer noted seven out of the Fund's 12 active mandates are outperforming year-to-date with Public Equity and Absolute Return asset classes exceeding their respective benchmarks year-to-date, net of fees. He said year-to-date, the Fund had a change in the value of investments of $324.2 million, received contributions of $222.9 million, and paid out benefits and expenses of $220.0 million. Mr. Sauer said for cash movements, there were a few redemptions from and contributions to CMERS' Public Equity managers in order to move the Public Equity structure closer to what was recently approved, which is detailed on the cash flow statement page at the back of the Board packets. Discussion ensued.

Ms. Ford arrived at 9:18 a.m.

Mr. Silber said the heavy lifting with the Public Equity Structure implementation will be pretty much done as of the end of June. He noted not every manager is at their new targets now, but going forward, targets can be fine-tuned through the typical process used for making monthly withdrawals for benefit payments. Mr. Silber stated markets are as concentrated as they have ever been and one of the reasons CMERS selected the new structure is because it is much more diversified, and the hope is that the new structure will generate more compelling risk-and-return characteristics going forward. He concluded that today is Mr. Dickerson's last meeting. Mr. Silber said he is departing the ERS and has a great opportunity at a local place. He said they would miss Mr. Dickerson, who made the team better, and it has been great working with him the last couple of years and he wished him the best.

Chairman Bell then took the meeting out of order to New Business item V.A.

New Business.

Presentation by Larry Langer and Aaron Chochon of Cavanaugh Macdonald and Acceptance of 2026 Actuarial Valuation Report and Consider Approval of Updated Funding Policy Reports. As a matter of information, Board members received the "Navigating Your Future" presentation booklet regarding the January 1, 2026 Actuarial Valuation from Cavanaugh Macdonald. Board members also received Cavanaugh Macdonald's "Actuarial Valuation Report of the 88th Annual Actuarial Valuation as of January 1, 2026 for Determining Actuarially Determined Employer Contributions for Plan Year 2027."

Mr. Chochon said he and Mr. Langer will be presenting the results of the January 1, 2026 Actuarial Valuation. Mr. Chochon discussed the CMERS CavMac Team, Actuarial Valuation Purpose and Process, and Past Results. He stated that in 2025, the market return on assets was 12.9% and that credit goes to Messrs. Silber and Sauer. Mr. Chochon stated that under Act 12, because of the prescribed amortization policy, CMERS is projected to be fully-funded by January 1, 2054. He stated that looking at demographics there will be just under 500 active members left as of that date. Mr. Chochon said this is a reminder that these are long-term obligations and when a plan is closed to new hires, there will be active members for decades. Discussion ensued. Mr. Chochon gave a Past Results Commentary and stated the Funded Ratio has fallen from 127% before the Great Recession to 77% as of this valuation. He said CMERS was overfunded before the Great Recession and has a UAAL (Unfunded Actuarial Accrued Liability) of $1.93 billion as of this valuation. Mr. Chochon said no employer contributions were actuarially required for several years before the Great Recession. The current UAAL of $1.93 billion has resulted in a Calendar 2027 employer contribution of $243 million. He said while experience played a role, decreasing the discount rate from 8.50% to 6.80% during this period has been the primary cause. Mr. Chochon concluded that Act 12 increased employer contributions by prescribing the discount rate of 6.80%.

Mr. Langer discussed Current Results for the January 1, 2026 Actuarial Valuation. He said the market return of 12.88% led to an actuarial return of 7.39%, which was greater than the 6.80% assumption. Mr. Langer said that greater than expected salary increases, particularly for Police and Fire, offset the impact of favorable returns. He said there were 40 new active participants during 2025, which included 24 firefighter and 3 police officers. Mr. Langer said as a result, the UAAL was higher than expected and the funded ratio was lower than expected. He said employer contributions were mixed compared to expectations.

Mr. Langer talked about Future Results for Active members for Payroll and noted in 2056, there will still be 323 on the payroll down from 8,296 in 2026, but in 2054 when there are 500 actives, the last payment on unfunded liability will be made. He said benefits will still be increasing 20 years out even though the plan is closed. Mr. Langer stated Act 12 is intended to pay off the unfunded liability 30 years from 2024. He noted there is an employer reserve baked into the amortization projections and the employer reserve will be used to pay contributions at some point in the future. Mr. Langer said the PABF closed in 1947 and the last payment was in 2018 or 2019. He said the initial 2024 UAAL is expected to be paid off by 2054. He said it is expected the UAAL to decline after the 2022 investment return has been fully recognized in 2027. Mr. Langer noted returns since 2022 are expected to decrease employer contributions beginning in Plan Year 2029. He said future results will not be known until the valuations are performed. Discussion ensued.

Mr. DeCleene left at 10:45 a.m.

The Chair returned the meeting to item II. Chief Investment Officer Report for items II. B. and II.C.

Mr. Silber said agenda items II.B. and II.C. are related to the selection of the Fixed Income Manager approved in closed session back in April. To deliberate or negotiate the contract and due diligence items related to this Fixed Income Manager, he said we now need to request that the Board go into closed session for competitive or bargaining reasons.

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following items (II.B. and II.C.), 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.

Fixed Income Manager Due Diligence Report.
Consider, Discuss, and Potentially Approve Fixed Income Manager Contract.

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

The Board convened in closed session at 10:59 a.m.

The Board re-convened in open session at 11:09 a.m.

It was moved by Mr. Bell and seconded by Mr. Barmore to approve the Fixed Income Manager Contract as discussed in closed session. The motion was adopted by unanimous consent.

Investment Committee Report.

Please be 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.

The Board did not convene in closed session as noticed.

Mr. Heling said that at its June 4th meeting, Staff provided the Committee with updates on Fund performance and on the implementation status of the new Public Equity Structure approved in May. He said Staff also presented suggested updates to the Fund's Statement of Investment Policy that included 1.) extending the timeframe to have a 37% maximum invested in Fixed Income from June 30, 2026 until March 31, 2027, 2.) incorporating the new Public Equity Structure weights, and 3.) cleaning up an item within the Staff duties of fiduciaries section. Mr. Heling said the Committee approved all of the suggested Statement of Investment Policy Updates. He said the Committee also heard presentations from two of the Fund's Public Equity investment managers. Mr. Heling stated Dimensional Fund Advisors gave a presentation on the three Value strategies they manage for the Fund, and Earnest Partners gave a presentation on the U.S. mid-cap strategy that they manage for the Fund. He said finally, the Committee went into closed session for three agenda items, one related to a request from Apogem Capital, one related to an Advisor Compliance Associates Contract, and one related to an Asset Services Contract. Mr. Heling noted that in open session, the Committee Approved the Request from Apogem Capital regarding consent to Amend Apogem Private Equity Fund XI LPA. He concluded that the Investment Committee recommends approval of the following items: 1. Approve Request from Apogem Capital regarding consent to Amend Apogem Private Equity Fund XI LPA; and 2. Approval of Statement of Investment Policy Update.

Consider, Discuss, and Potentially Approve Request from Apogem Capital regarding consent to Amend Apogem Private Equity Fund XI LPA.

It was moved by Mr. Bell and seconded by Mr. Christianson to approve the Approve Request from Apogem Capital regarding consent to Amend Apogem Private Equity Fund XI LPA. The motion was adopted by unanimous consent.

Approval of Statement of Investment Policy Update.

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

A&O Committee Report.

Mr. Christianson said at its June 17, 2026 Administration and Operations Committee, the Committee heard three audit reports from CLA the internal auditor, and none of those audits had any findings and they all gave strong indications of the very good internal controls environment. He said the three audits were Benefit Payroll, Investments, and Governance. Mr. Christianson said they also recommended for approval the A&O Committee's Internal Audit Charter and there were no real, major, or substantive changes associated with that item. He noted they went into closed session for discussion of two items: reviewing the results of RFP for Internal Audit Services and Approval of Vendor Selection. Mr. Christianson said a recommendation was made on a particular vendor. He stated the next item was also a closed session item: Approval of Front Desk Security Hardening Project. He said there were two proposals before the Committee, one of which the Committee recommends for approval. He said the remote office lease was also discussed and the justification for it and the rates that are currently in effect. Mr. Christianson said the Committee heard about IT projects, including an update on the Workday project which is a City IT project that does have implications for ERS. He concluded they also got an Organizational and Personnel Update.

Approval of A&O Committee Internal Audit Charter.

It was moved by Mr. Bell and seconded by Ms. Ford approve the Approval of A&O Committee Internal Audit Charter. The motion was adopted by unanimous consent.

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following items (IV.B. and IV.C.), as provided in Section 19.85 (1) (e), Wisconsin Statutes, for deliberating or negotiating 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.

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

The Board convened in closed session at 11:18 a.m.

The Board re-convened in open session at 11:34 a.m.

Review of Results of RFP for Internal Audit Services and Approval of Vendor Selection. It was moved by Mr. Bell and seconded by Mr. Christianson to approve the Approval of Vendor Selection. The motion was adopted by unanimous consent.

Approval of Front Desk Security Hardening Project Proposal. It was moved by Mr. Bell and seconded by Mr. Barmore to approve the Approval of Front Desk Security Hardening Project Proposal. The motion was adopted by unanimous consent.

The Chair called for a break at 11:35 a.m.

The Chair resumed the meeting at 12:09 p.m.

New Business.

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

Administrative Withdrawal	$11,768.66
Full Refund	$79,096.16
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	$35,413.97
Survivor Death – Termination Benefits reported	$14,671.08
Refund of Member Contributions paid	$44,909.72

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

Conference Requests – June 24, 2026 Board Meeting. Mr. Bell presented the conference requests for June 24, 2026.

David Silber	UBS Due Diligence with additional meetings with DFA, BlackRock, MFS, and Neuberger Berman
Sponsor:	UBS
Location:	London, UK
Date(s):	June 27-July 1, 2026
Estimated Cost:	$4,800.00

David Silber	Baird Advisors’ 26th Annual Institutional Investors Conference
Sponsor:	Robert W. Baird
Location:	Kohler, WI
Date(s):	September 14, 2026
Estimated Cost:	$80.00

David Silber	Brandes and DFA Due Diligence
Sponsors:	Brandes and DFA
Locations:	Santa Monica and La Jolla, CA
Date(s):	September 22-24, 2026
Estimated Cost:	$1,950.00

David Silber	2026 LaSalle Americas Investor Summit
Sponsor:	LaSalle Investment Management
Location:	Chicago, IL
Date(s):	October 29-30, 2026
Estimated Cost:	$500.00

David Silber	The Institutional Partnership – Leaders Retreat
Sponsors:	With Intelligence / S&P Global
Location:	Miami, FL
Date(s):	November 15-18, 2026
Estimated Cost:	$2,100.00

Mr. Allen also requested to attend with Mr. Silber the Baird Conference on September 14, 2026 at a cost of $80.00.

It was moved by Mr. Bell and seconded by Ms. Ford to approve the Conference Requests – June 24, 2026 Board Meeting. The motion was adopted by unanimous consent. Discussion ensued.

Approval of At Large Member Election Bulletin No. 201. Mr. McClain said the Active Employee Trustee position currently held by Mr. Heling expires at the end of the year. He stated the Election Bulletin included in the packet essentially publishes the rules for the election and serves as the public announcement for the election and is approved by the Board every time the ERS has an upcoming election. Mr. McClain noted the election day is the first Friday in November and is November 6th.

It was moved by Mr. Bell and seconded by Mr. Barmore to approve the Approval of At Large Member Election Bulletin No. 201. The motion was adopted by unanimous consent.

Medical Reports.

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

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

Police – Re-examinations – Duty	Recommendation
April Hoffman	Approval
Dexter Love	Approval

Jason Mucha	Approval
Frank Vrtochnick	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Audra Finnegan	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Jared Bertsche	Approval
<u>General City – Re-examinations – Duty</u>	<u>Recommendation</u>
Quedell Braylock	Approval
<u>General City – Applications – Ordinary</u>	<u>Recommendation</u>
Allan Rembert Effective 02/28/2026	Approval

Mr. Bell mentioned that Mr. Vrtochnick was a partner of his so Mr. Bell recused himself.

It was moved by Mr. Barmore and seconded by Mr. Heling to approve the Duty & Ordinary Disability Applications & Re-examinations for June 2026. The motion was adopted by unanimous consent, with the exception of Mr. Bell who had recused himself

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Ms. Rollings had an update on the 1% Residency Incentive Pay and stated the City Attorney signed this opinion on June 23, 2026. She said the opinion was too late for inclusion in this packet so it will be included in the next packet for your review. Ms. Rollings said the Investment Management Agreement under Part 3. Service Requests, was approved earlier in this meeting. She concluded the other two items under Part 3 are in progress. Discussion ensued.

Pending Legislation Report. Mr. McClain said there were no comments for this report.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (VI.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. Ms. Rollings did not anticipate needing to go into closed session but if Board members have questions that would require closed session, a motion could be entertained at that time. She said her only update was under Part 2., The Frank Lockett Administrative Case. Ms. Rollings noted both parties submitted post-hearing briefs on June 8,

2026. She said the hearing examiner issued Findings of Fact and a proposed decision for the Board to consider. Ms. Rollings concluded since it was hot off the presses, it did not make it to be included in today's packet, but would be included in next month's packet so the Board has time to read it, ask questions, and deliberate before acting as the final decision-maker. Mr. McClain added that there is a time periods where the parties can file briefs which will have to pass before the Board takes final action on it.

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.

Mr. Bell said that Mr. Dickerson's time at the ERS was not incredibly lengthy but his impact at the ERS was very noticeable so just wanted to thank him for his time.

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 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. Kovac to adjourn the meeting. The motion was adopted by unanimous consent.

Mr. Bell adjourned the meeting at 12:28 p.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 Employes' Retirement System, 789 N. Water Street, Suite 300.)