

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
789 N. WATER ST. (Employees' Retirement System)
TUESDAY, FEBRUARY 27, 2024 – 9:00 A.M.**

Special Notice: The meeting will be held remotely via video conference. Instructions on how to observe the meeting will be available on ERS's website (www.cmers.com) prior to the meeting.

Please note and observe the following remote attendance etiquette to ensure a smooth and productive meeting:

- In order to cut down on background noise, participants in the meeting should put their phones on mute when they are not participating.
- At the start of the meeting, the Chairman will announce the names of the members of the Board present on the call, as well as anyone else who will be participating.
- Please request to be recognized by the Chairman if you would like to speak.
- Those participating on the call should identify themselves whenever they speak, and should ensure that the other participants on the call can hear them clearly.

REGULAR MEETING

- I. Appointment of Committees for 2024.
 - A. Administration and Operations Committee.
 - B. Investment Committee.
 - C. Legislative Committee.
 - D. Litigation Committee.
- II. Approval of Minutes.
 - A. Annual Meeting Held January 23, 2024.
- III. Chief Investment Officer Report.
- IV. Investment Committee Report.
 - A. Approval of Loomis Sayles Contract Amendment.
 - B. Approval of MFS Investment Management Guideline Waiver.

Please be advised that the Investment Committee may vote to convene in closed session on the following item (IV.C.) as provided in Section 19.85(1)(e), Wisconsin State 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 Investment Committee may then vote to reconvene in open session following the closed session.

- C. Approval of Recommendation regarding Public Equity Investment Manager.
- V. Administration & Operations Committee Report.
 - A. Approval of Terms of Audit Engagement Letter with the Wisconsin Legislative Audit Bureau.
- VI. New Business.
 - A. Retirements, Death Claims, and Refunds (January).
 - B. Conference Requests – February 2024 Board Meeting.
 - C. Annual Obligation of Trustees and ERS Officers to Submit Annual Statement of Economic Interests.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following items (VI.D. and VI.E.), as provided in Section 19.85 (1)(c), for considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility. The Board may then vote to reconvene in open session following the closed session.

- D. Approval of Recruiting Travel and Relocation Expenses for Pension Investment Analyst – Sr.
- E. Approval of Initial Salary for Pension Investment Analyst – Sr.

VII. Medical Reports.

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

VIII. Unfinished Business.

- A. Pending Legal Opinions and Service Requests Report.
- B. Pending Legislation Report.
- C. Executive Director's Report – Inventory of ERS Projects.
- D. Approval of Cavanaugh Macdonald Book of Survivor Benefit Factors.

IX. Informational.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (IX.A.), 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.

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2024.
- D. Adjusted Quarterly Cost Basis of Equity.
- E. Minutes of the Investment Committee Meeting Held February 8, 2024.
- F. Report on Bills.
- G. Deployment of Assets.
- H. Securities Lending Revenue and Budget Report.
- I. Preliminary Performance Report and Asset Allocation.

MEETING REMINDERS

ADMINISTRATION & OPERATIONS COMMITTEE MEETING

WEDNESDAY, MARCH 20, 2024 – 9:00 A.M.

789 N. WATER ST.

REGULAR MEETING OF THE ANNUITY AND PENSION BOARD

TUESDAY, MARCH 26, 2024 – 9:00 A.M.

789 N. WATER ST.

I.

APPOINTMENT OF COMMITTEES FOR 2024

- A. Administration and Operations Committee.
- B. Investment Committee.
- C. Legislative Committee.
- D. Litigation Committee.

II.

APPROVAL OF MINUTES

- A. Annual Meeting Held January 23, 2024.

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

Minutes of the Annual Meeting
held January 23, 2024 via teleconference

The meeting was called to order at 9:02 a.m.

Board Members Present: Matthew Bell, Chair
 Timothy Heling
 Molly King
 Tom Klusman
 Rudolph Konrad
 Nik Kovac
 Aycha Sawa

Board Members Not Present: Deborah Ford (arrived 9:05 a.m.)

Retirement System Staff Present: Jerry Allen, Executive Director
 Melody Johnson, Deputy Director
 Daniel Gopalan, Chief Financial Officer
 Erich Sauer, Deputy Chief Investment Officer
 Thomas Courtright, Pension Investment Analyst
 Jeff Shober, Chief Technology Officer
 Gust Petropoulos, Deputy Director – Disability
 Karen McElwee, Management Services Analyst
 Mary Turk, Business Operations Analyst
 Jan Wills, Board Stenographer

Others Present: Carolyn Stittleburg, Legislative Audit Bureau; Patrick McClain, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., seven members of the public called in to the meeting.

Annual Meeting.

Officers for 2024.

Election of Chair. Mr. Bell asked for nominations for Chair. It was moved by Mr. Klusman and seconded by Ms. King to nominate Mr. Bell for Chair. There being no further nominations, nominations were closed and a unanimous vote was cast for Mr. Bell as Chair of the Annuity and Pension Board.

Election of Vice-Chair. Mr. Bell asked for nominations for Vice-Chair. Mr. Bell nominated Mr. Kovac for Vice-Chair. It was moved by Mr. Bell and seconded by Mr. Klusman to nominate Mr. Kovac for Vice-Chair. There being no further nominations, nominations were closed and a unanimous vote was cast for Mr. Kovac as Vice-Chair of the Annuity and Pension Board.

Ms. Ford joined the meeting at 9:05 a.m. Mr. Bell confirmed the Chair and Vice-Chair election results for Ms. Ford.

Approval of Minutes.

Regular Meeting Held December 19, 2023. It was moved by Mr. Klusman, seconded by Mr. Heling, and unanimously carried to approve the minutes of the Regular Meeting Held December 19, 2023, as amended.

Chief Investment Officer Report. As a matter of information, Board members received the January 23, 2024 Preliminary Returns Performance Update. Mr. Sauer first noted Mr. Silber was attending a Real Estate Conference. He also said he would have one announcement after his performance report. Mr. Sauer stated as the reports are preliminary, the Staff is waiting on one Hedge Fund manager report and one Private Equity manager report. He said the Fund as of December 31, 2023, had a value of \$5.71 billion. Mr. Sauer said the preliminary Fund return of 3.0% in December, net of fees, outperformed the blended benchmark by approximately 17 basis points. He said the main relative Performance Driver was the Fund's Style Bias which added 28 basis points, primarily from Small Cap Equity exposure. Mr. Sauer said the overall allocation was a detractor as the Fund's overweight to Private Equity detracted 10 basis points. He added the Fund has underperformed the benchmark in the one-year period, while outperforming in the five-, 10-, 15- and 20-year periods. Mr. Sauer said for 2023, the Fixed Income and Real Assets asset classes outperformed their respective benchmarks, net of fees. He said nine out of 16 active mandates outperformed, net of fees. He said the Fund saw an investment change of \$544.7 million, paid benefits and expenses of \$488.7 million, and received contributions of \$189.8 million. Mr. Sauer said as of January 22, 2024, the Fund return is -0.9% month-to-date, and a value of \$5.86 billion. He noted seven of the 13 active mandates that Staff received data for are outperforming year-to-date. Mr. Sauer said the Fund has seen an Investment change of -52.4 million dollars and the Fund has received contributions of \$208.7 million dollars. He said with the contributions, Staff deposited \$54 million into the Fund's U.S. Government Bond Index and the rest was kept in the cash account and are earmarked for benefit payments this month and future months, as well as any capital calls that the pension fund needs to fund in the future. Discussion ensued. Mr. Sauer then announced that the Investment Committee Meeting is February 8 where Fourth Quarter Performance will be reviewed, Callan will provide some education, and some due diligence reports will be presented.

Administration and Operations Committee Report. Ms. Sawa presented the report and stated there was a Special Administration and Operations Committee Meeting on Wednesday, December 20th and the first agenda item was the closed session item as well as two other agenda items, where the IT Projects Portfolio was discussed. She noted all upgrades are on target to be completed by their deadlines. Ms. Sawa noted other upgrades are in progress and there is an IT Vulnerability Audit in progress for improved security. She noted for the Organizational Personnel Update, there is a Pension Investment Analyst – Sr. position that is currently unfilled and an ERS Fiscal Services Assistant posted was posted internally within ERS.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (IV.A.), as provided in Section 19.85(d), Wisconsin State Statutes, to consider “strategy for crime detection and prevention” and in Section 19.85(1)(e), Wisconsin State 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.

It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried to convene in closed session by the following roll call vote: AYES: Mses. Ford, King, and Sawa; Messrs. Bell, Heling, Klusman, Konrad, and Kovac. NOES: None.

The Board convened in closed session at 9:18 a.m.

The Board reconvened in open session at 9:22 a.m.

Approval of CLA Contract Amendment. It was moved by Mr. Heling, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of CLA Contract Amendment.

New Business.

Authorization to Sign Vouchers. Mr. Allen noted this is a routine housekeeping item every year and the persons who have authority to sign the vouchers will have the document circulated to them for signature or electronic signature.

Retirements, Death Claims, and Refunds (December). Mr. Allen presented the following activity for the months of December 2023.

Administrative Withdrawal	\$5,815.33
Full Refund	\$70,559.13
Active Death Benefits reported	\$0.00
Deferred Death	\$61,401.20
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$0.00
Retired Death Benefits reported	\$20,580.27
Survivor Death – Termination Benefits reported	\$3,852.76
Refund of Member Contributions paid	\$35,845.34

It was moved by Mr. Konrad, seconded by Ms. Ford, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for December 2023.

Conference Requests – January 2024 Board Meeting.

David Silber	Callan's 2024 National Conference
Sponsor:	Callan Associates
Location:	San Francisco, CA
Date(s):	April 8-11, 2024
Estimated Cost:	\$2,350.00

It was moved by Ms. King, seconded by Mr. Heling, and unanimously carried, to approve the Conference Requests – January 2024 Board Meeting.

Approval of 2023 Securities Lending Budget. Mr. Allen stated this is an annual item to approve sweeping the securities lending earnings into the combined fund. He said otherwise,

pursuant to the Global Pension Settlement, it will result in being transferred to one of the old retirement plan funds. Mr. Gopalan said the beginning Fund balance was \$791,432.47 with income of \$1,061,173.61, bank fees to Northern Trust of \$207,784.99, an administrative transfer of \$792,000.00, and leaving a fund balance of \$852,821.09. He said the \$852,821.09 would have to be transferred to fund the administrative costs. Mr. Gopalan said if that was not done, it would revert back to the non-consenters retirement fund with around 100 members in that fund. He then discussed the last 10 years of transfers that were done, and said in 2014, the transfer was \$1,530,000, compared to \$853,000 in 2023. Mr. Gopalan said there are two main reasons why the securities lending income has been cut in half. He noted there are a lower number of securities in separate accounts and a lot of the funds are in commingled funds. Mr. Gopalan said if the funds are in a commingled fund, Northern Trust, as our custodian, doesn't custody the securities with the commingled fund and as a result cannot control securities lending activity, reducing the number of securities available to lend to borrowers. He stated the second reason is that the ERS has the highest collateral requirements and cash is required, whereas other lenders may allow borrowers to provide stocks, or similar securities, as collateral. Mr. Gopalan concluded we do not have as many securities borrowers based on the cash collateral requirement. Mr. Allen requested Mr. Sauer discuss the securities lending process. Mr. Sauer said securities lending is a program that Northern Trust runs for the ERS and it is a way to earn extra income from the securities in the ERS portfolio. He said there are a lot of reasons for people to borrow securities and the most common one, with respect to stocks, is to short a stock, where it has to be borrowed to execute the short. Mr. Sauer said bonds are also lent, which is more complicated for Fixed Income arbitrage and hedge funds are the ones who are borrowing the ERS' bonds. He said another reason people would look to borrow stocks is for voting. Mr. Sauer said this is driven by the securities in ERS' separate accounts and money in commingled funds can lend securities as well, with different policies, and the income from that goes to the returns of the Fund. He concluded that whether the ERS is in a separate or commingled fund, the ERS is benefiting from securities lending. Mr. Allen then noted securities lending is a significant form of asset management for the ERS, and there is some risk. He concluded that Northern Trust could make a securities lending presentation to the trustees. Mr. Sauer commented that the ERS demands the highest-quality collateral to participate in this. He noted because of the risk, it has to be done in the lowest-risk way.

It was moved by Ms. Sawa, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of 2023 Securities Lending Budget.

Mr. Gopalan then said approval is needed to transfer \$853,000.00, a little above the \$852,821.09, from the securities lending fund into the combined fund so it is clear that the Board wants to transfer all securities lending returns that may be earned for the year.

Mr. Bell said the Board would go forward with a new motion for approval of the 2023 Securities Lending Budget for the \$853,000.00 transfer.

It was then moved by Mr. Konrad, seconded by Mr. Klusman, and unanimously carried, to approve the 2023 Securities Lending Budget for the \$853,000.00 transfer.

Annual Obligation of Trustees and ERS Officers to Submit Annual Statement of Economic Interests. Mr. Allen said the form for 2023 activity is due February 28, 2024. He said each of the trustees, executive officers of the Fund and his direct reports are required to fill the form out. Mr. Allen said the Ethics Board is serious about the due date and there are penalties for late submissions.

Approval of Baker Tilly Invoice. Mr. Allen stated this is a new item. He said Baker Tilly provided their work papers to the Legislative Audit Bureau for the 2022 audit. Mr. Allen said staff is uncertain if the expired Baker Tilly contract provides the staff with authority to pay the bill. He said they wanted to ask the Board for authority to pay the bill of \$5,382.50 for Baker Tilly to provide their work papers for the 2022 audit to the state Legislative Audit Bureau as part of the 2023 audit. Mr. Bell questioned the hourly wage and wondering if it was typical. Ms. Sawa noted that the \$675.00 was their partner charge hour.

It was moved by Mr. Konrad, seconded by Ms. Sawa, and unanimously carried, to approve the Approval of Baker Tilly Invoice of \$5,382.50.

Medical Reports.

All Duty & Ordinary Disability Applications & Re-examinations (January). Mr. Petropoulos noted the only medical report was the Medical Panel report because the January 19, 2024 Medical Council did not meet due to a water main break which disrupted the water supply for the ERS offices at 789 N. Water St. and other business on January 19, 2024. He said the Medical Council meeting is rescheduled to February 2, 2024. Mr. Petropoulos then presented certifications (January 2024) of the Fire and Police Medical Panel Physicians relative to Duty & Ordinary Disability Retirement benefits as follows:

Police – Re-examinations – Duty

John Fredericks
Dexter Love

Recommendation

Approval
Approval

Fire – Re-examinations – Duty

Thomas Ptak

Recommendation

Approval

Discussion ensued. It was moved by Mr. Heling, seconded by Mr. Kovac, and unanimously carried, to approve the recommendations of the Medical Panel regarding Duty & Ordinary Disability Applications & Re-examinations (January).

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Mr. McClain noted they have reviewed this Optional Joint and Survivor Benefits legal opinion which he issued verbally and it was pending an administrative signature. He said there has been no substantive changes since the opinion was last discussed.

Pending Legislation Report. Mr. Allen said there was nothing new on pending legislation.

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 ERS. Discussion ensued.

Informational.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item 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.

- 1) Pending Litigation Report.
- 2) Conferences.
- 3) Class Action Income 2023.
- 4) Minutes of the Investment Committee Meeting Held December 7, 2023.
- 5) Minutes of the Administration & Operations Committee Meeting Held December 20, 2023.
- 6) Copies of the Board Rules and Regulations and ERS Ethics Policy.

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

- 7) Report on Bills.
- 8) Deployment of Assets.
- 9) Securities Lending Revenue and Budget Report.
- 10) Preliminary Performance Report and Asset Allocation.
- 11) ERS Holdings Report.

Mr. Bell accepted and placed the Informational items on file.

Mr. Klusman requested to go back to Part 3 of VII.B. Unfinished Business - Pending Legislation Report regarding the Pension Contribution Offset. He asked Mr. McClain if it were different or the same and does not remember it being discussed when it came in. Mr. McClain said the 5.8% offset case, the original case, included both the Local 215 and MPSO unions, originated in 2018 and there was an unfavorable Wisconsin Supreme Court decision in Spring 2023. He said subsequent to that, the same attorneys of the MacGillis Wiemer law firm were essentially seeking to collect fees from MPA-covered members as well so they filed litigation essentially as a mechanism to prevent anyone else from coming in to try to collect fees from MPA-covered members. Mr. McClain noted it is class-action litigation that purports to represent all MPA members affected by the original 5.8% lawsuit. He said MacGillis was that he did not need to file a second lawsuit because we were already going to be providing the benefits that they sought through the litigation. But unfortunately the case has persisted, and we have a pending motion to dismiss in that case. Mr. McClain stated there has been a motion to consolidate that case with the original case and the MPA has now moved to intervene and is opposing the motion for fees extending to MPA-covered members in the original case. He said if the motion to dismiss in the new Frank Vrtochnick case is not granted, they will probably move to intervene in that case as well and oppose it. Mr. McClain noted it is the same issue and just an effort to recover attorneys' fees from MPA-covered members. He concluded they are hoping to get a resolution or clarification on the two cases in the next couple of months. Mr. McClain added, in conjunction with our motion to dismiss in the Vrtochnick case, we did file a motion to lift that stay, essentially arguing that because the

only reason for the stay was to seek attorneys' fees and the mechanism they were attempting to use to get attorneys' fees did not apply to the case, the stay was not doing anything else other than harming the innocent members who are waiting on their benefit. Mr. McClain concluded they are very cognizant of and are trying to get the benefits to the members as quickly as possible and hope to get a resolution from the court in short order.

Mr. Heling requested more information on the due diligence trip to London. Mr. Heling and Mr. Bell also requested information on the NCPERS training in Palm Springs.

There being no further business to come before the meeting, it was moved by Ms. King and seconded by Mr. Heling, to adjourn the meeting.

Mr. Bell adjourned the meeting at 10:21 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.)

III.

CHIEF INVESTMENT OFFICER REPORT

Milwaukee Employees' Retirement System - February 27, 2024

Fund as of January 31, 2024

*Fund value of \$5.87b.

*Fund return of -0.1% in Jan., gross of fees, underperformed by approximately 9bp.

*Primary Relative Perf. Drivers:
Public Equity Style Bias -29bp
Primarily Small Cap and Value

Manager Selection
8 of 11 active Public Equity mandates outperformed 17bp

*Fund has underperformed the benchmark in the 1-year period, while outperforming in the 5, 10, 15, and 20-year periods.

Feb. Update (as of 2/20/24)

*Fund return 0.3% MTD

*Fund return 0.2% YTD

*Fund value \$5.89b

*10 out of 15 active mandates outperforming YTD.

*Fixed Income and Absolute Return asset classes outperforming their respective benchmarks YTD.

*Investment Change: \$11.8m

*Benefits & Expenses: 44.5m

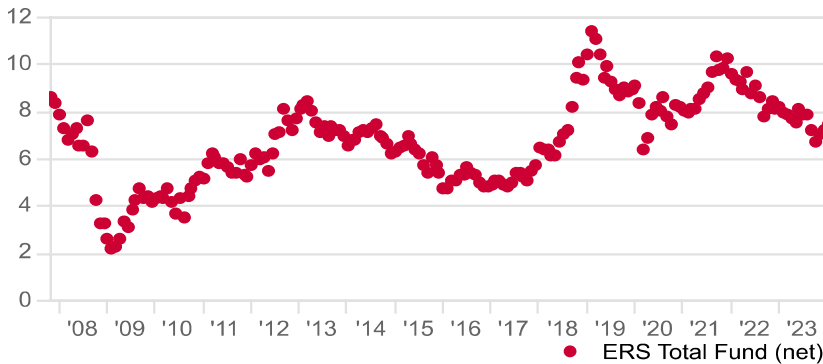
*Contributions: 211.4m

Monthly Withdrawals:

Benefits will be paid from the cash balance this month.

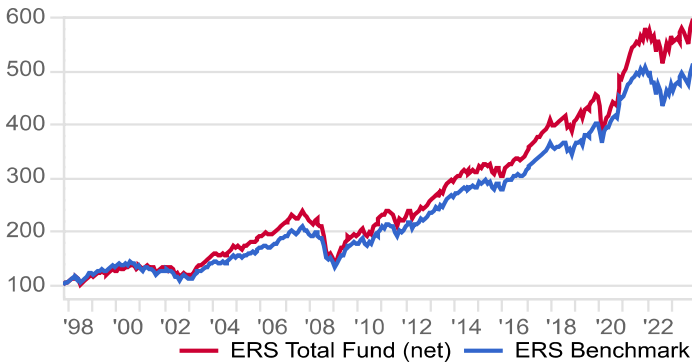
Total Fund - 10-Year Rolling Returns

11/28/1997 to 1/31/2024



Growth of \$100 - Total Fund & ERS Benchmark

11/28/1997 to 1/31/2024



Return Data

Source Data: Monthly Return

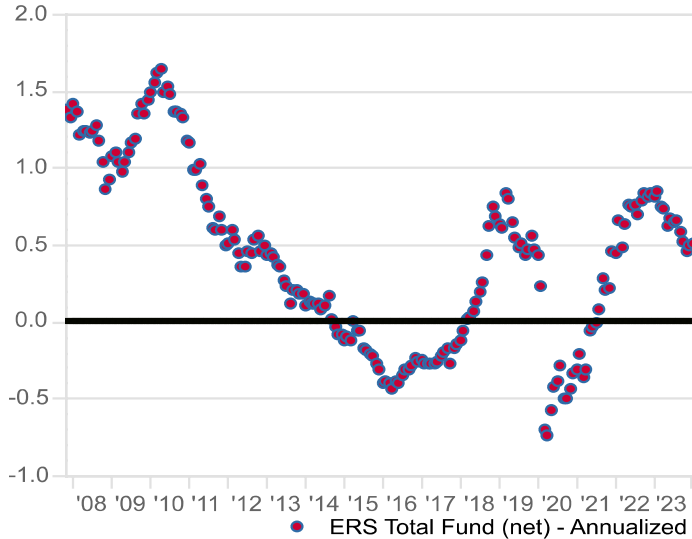
	1 Month	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	-0.1	5.5	8.0	7.4	9.6	7.0
ERS Benchmark	0.0	7.9	7.3	6.9	9.0	6.7

Total Fund - 20-Year Risk & Return Data

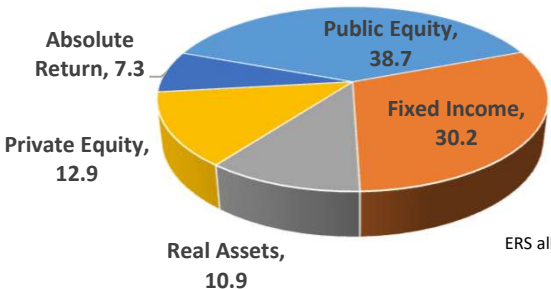
	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.0	10.3	2.5	0.1	0.5	-0.2	1.1
ERS Benchmark	6.7	9.2	--	--	0.6	0.0	1.0

Total Fund - 10-Year Rolling Excess Returns

11/28/1997 to 1/31/2024

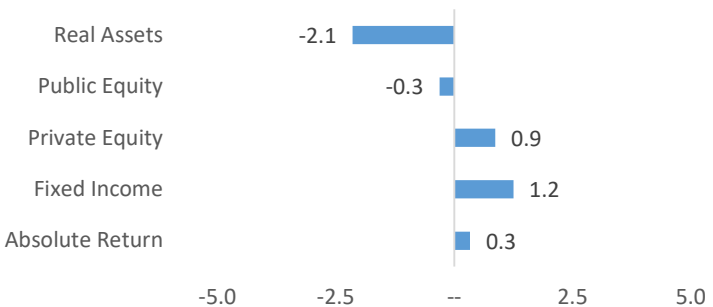


ERS Allocation as of January 31, 2024



ERS allocation weights may not total 100% due to rounding

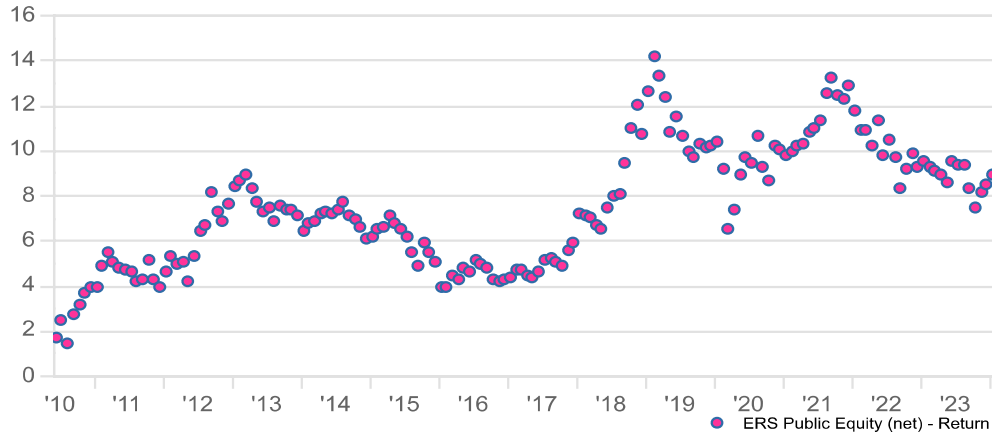
Asset Allocation vs Policy as of January 31, 2024



Milwaukee Employees' Retirement System - February 27, 2024

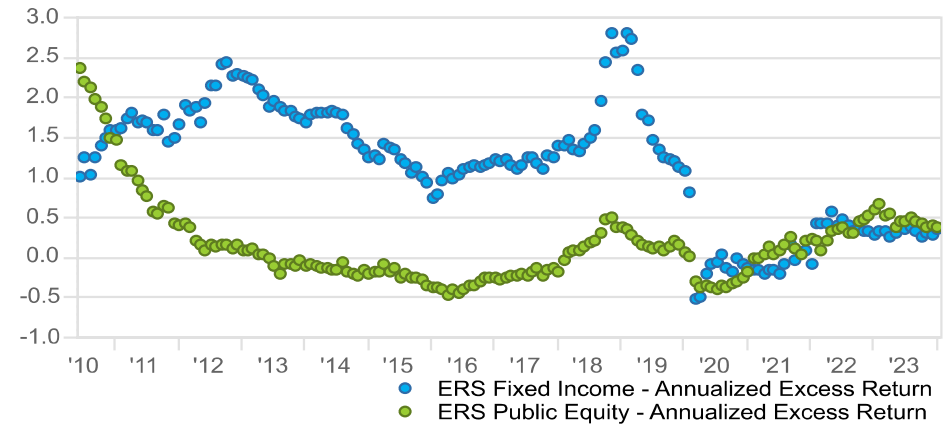
Public Equity - 10-Year Rolling Returns

06/30/2000 to 1/31/2024



Asset Class - 10-Year Rolling Excess Returns

06/30/2000 to 1/31/2024

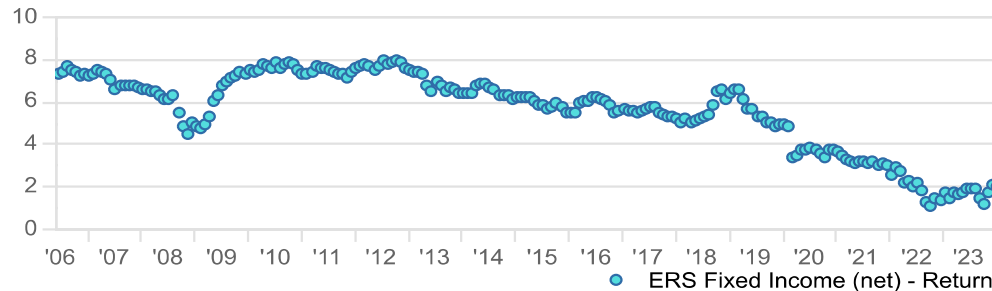


Return Data

	1 Month	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	-0.1	12.4	10.7	9.2	12.2	8.0
Public Equity (net)	-0.1	12.0	10.4	8.9	11.8	7.6
Public Equity Benchmark	0.2	13.5	9.8	8.5	11.4	7.5
MSCI ACWI IMI NR USD	0.2	13.5	9.8	8.2	11.0	7.6

Fixed Income - 10-Year Rolling Returns

06/28/1996 to 1/31/2024

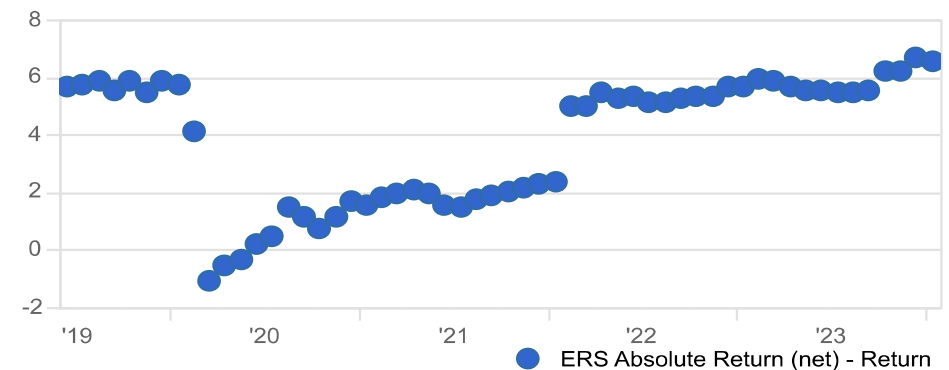


Risk Adjusted Returns (6/30/14 - 1/31/24)

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	8.2	15.7	0.4	-25.3
Fixed Income (net)	1.7	6.6	0.0	-13.6
Absolute Return (net)	5.8	9.5	0.5	-27.1

Absolute Return - 5-Year Rolling Returns

06/30/2014 to 1/31/2024



Return Data

	1 Month	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	-0.1	3.0	1.3	2.1	4.7	4.3
Fixed Income (net)	-0.1	2.9	1.1	2.0	4.6	4.2
Bbg US Agg Bond TR USD	-0.3	2.1	0.8	1.6	2.7	3.1

Return Data

	1 Month	1 Year	3 Year	5 Year	7 Year
Absolute Return (net)	1.5	6.7	13.5	6.5	5.9
90-Day T-Bill + 3%	0.7	8.4	5.6	5.0	4.9

IV.

INVESTMENT COMMITTEE REPORT

- A. Approval of Loomis Sayles Contract Amendment.
- B. Approval of MFS Investment Management Guideline Waiver.

Please be advised that the Investment Committee may vote to convene in closed session on the following item (IV.C.) as provided in Section 19.85(1)(e), Wisconsin State 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 Investment Committee may then vote to reconvene in open session following the closed session.

- C. Approval of Recommendation regarding Public Equity Investment Manager.

**AMENDMENT TO THE AGREEMENT
BETWEEN
THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE
AND
LOOMIS, SAYLES & COMPANY, L.P.**

This Amendment to the Agreement effective _____, 2023 (the "Amendment"), by and between the Employees' Retirement System of the City of Milwaukee ("ERS"), a body politic and corporate organized and existing under the laws of the State of Wisconsin and Chapter 36 of the charter ordinances of the City of Milwaukee, and Loomis, Sayles & Company, L.P. (the "Manager").

WHEREAS, on March 21, 2007, the ERS and the MANAGER entered into an agreement for the provision of investment management services to the ERS; and

WHEREAS, the parties desire to amend the Agreement to reflect changes to allow the Manager to purchase and sell such investments as are contemplated by the objectives and guidelines agreed by the parties;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter stated, the parties do hereby agree to amend the Agreement dated March 21, 2007 as follows:

1. The following language shall be inserted as Section L. under III. Duties of the Manager:

The Manager is hereby appointed as ERS' attorney-in-fact to execute such documentation determined by the Manager, in its capacity as appointed investment manager and fiduciary, to be necessary to facilitate investment in investments for ERS' account, including ISDA Master Agreements, clearing agreements, and agreements and/or account applications with futures commission merchants and any other documentation deemed necessary by the Manager, in its capacity as appointed investment manager and fiduciary, to effect the investments to the extent permitted by this Agreement and any investment guidelines ("Trading Agreements"). The Manager is authorized to execute amendments to the Trading Agreements, including without limitation "protocols" or similar agreements entered into to reflect the adoption of industry-wide standard terms and terms deemed applicable for meeting any regulatory compliance requirements.

ERS acknowledges that the Trading Agreements and the "protocols" referred to in the previous paragraph typically contain provisions under which, for matters arising in connection with those agreements, ERS will agree to waive all immunities (including, sovereign immunity), and to submit to service of process and jurisdiction and to waive any claim based upon improper venue. The Manager is hereby appointed as ERS' attorney-in-fact to consent to these provisions.

2. The following language shall be inserted as Section M under XI. Miscellaneous:

In connection with the Manager's services hereunder related to ERS' account's use of futures contracts, ERS hereby expressly agrees and acknowledges that the risks of futures transactions have been separately disclosed to it and that the account will be treated by the Manager as an "exempt account" for purposes of its compliance with Rule 4.7 under the Commodity Exchange Act, as amended (the "Exchange Act") (which provides an exemption from certain recordkeeping and disclosure obligations under the Exchange Act and the rules thereunder to entities registered as commodity trading advisers with the Commodity Futures Trading Commission). In addition, ERS hereby expressly acknowledges and agrees as follows:

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, A BROCHURE OR ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR ANY BROCHURE OR ACCOUNT DOCUMENT.

3. The existing guidelines attached to the Agreement as Exhibit A are hereby deleted and replaced in their entirety with the guidelines attached hereto.

4. This change constitutes the entire amendment to the Agreement between the parties dated March 21, 2007. All of the covenants, provisions, terms and conditions of the Agreement shall remain in force until further amended by mutual agreement of the parties.

* * * * The remainder of this page has been intentionally left blank.****

IN WITNESS WHEREOF, the Manager and ERS have caused this Amendment to be executed, effective as of the above date.

EMPLOYEES' RETIREMENT SYSTEM

By: _____

Name:

Date:

LOOMIS, SAYLES & COMPANY, L.P

By Loomis, Sayles & Company, Incorporated, its General Partner

By: _____

Name:

Date:

EXHIBIT A

Manager: Loomis, Sayles & Company
Role: Opportunistic Fixed Income

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	<u>Universe</u>	<u>Index</u>
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group. ¹	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Peer Group ¹	Exceed (after fees) the Benchmark Index + 1.0%. ²

Investment Guidelines

- The effective duration of the aggregate portfolio should be no less than 50% and no more than 250% of the Bloomberg Barclays US Aggregate Index.
- Up to 20% of the market value of the portfolio may be issues rated B- by Standard and Poor's and Fitch or B3 by Moody's. If the ratings assigned to an instrument by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these ratings agencies will be used.
- If an instrument is not rated by Standard & Poor's, Moody's, and Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.
- An additional 5% may be invested in issues not rated by Standard & Poor's, Moody's, and Fitch..
- Loomis must notify ERS of the downgrade of corporate, non-corporate and 144(a) securities below B- or B3 by Standard and Poor's, Moody's Investors Service and Fitch within three (3) business days. Loomis must provide quarterly credit updates so long as it retains the security(ies). Corporate, non-corporate and 144(a) securities rated below B- and B3 by Standard and Poor's, Moody's Investors Service and Fitch may not exceed 3% of the market value of the portfolio.
- Asset-backed securities that are downgraded below BBB- or Baa3 by Standard and Poor's, Moody's Investor Services and Fitch must be sold within 90 days following the downgrade. Loomis must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be BBB-/Baa3 or better. U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA/Aaa rated for purposes of average quality calculations.
- No security, except securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, or index derivatives will comprise more than 5% of the portfolio, at the time of purchase.

- Up to 20% of the market value of the portfolio may be invested in total equities (common and preferred) as determined at the time of purchase. Common stock shall be limited to 5% of the market value of the portfolio, as determined at the time of purchase.
- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	50%
Corporates	0%	100%
Mortgage-Backed Securities	0%	50%
Asset-Backed Securities, including a 5% sub-limit in Collateralized Loan Obligations	0%	25%
Investment Grade Yankees and Non-Corporates ⁽³⁾	0%	25%
Non-Investment Grade Yankees and Non-Corporates ⁽³⁾	0%	20%
Non-US Dollar / Non-Canadian Dollar	0%	20%
144(a) Securities	0%	65%
Individual Bank Loans*	0%	15%
Canadian Dollar Issues	0%	20%
Eligible derivatives include currency forwards (deliverable and non-deliverable) ⁽⁴⁾ and US Treasury Futures ⁽⁵⁾	N/A	N/A
Long-only (sell protection) Index Credit Default Swaps	0%	30% ⁽⁶⁾

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non-Corporates	B-/B3
Asset-Backed Securities	BBB-/Baa3
Collateralized Loan Obligations	BB-/Ba3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

¹ As measured by the Callan Core Opportunistic Fixed Income Peer Group

² As measured by the Bloomberg Aggregate Index

³ Canadian issued bonds do not count towards the Yankee limit.

⁴ Currency forwards may be used for hedging purposes only.

⁵ US Treasury Futures may be used for both hedging and non-hedging purposes. Derivatives used to manage duration, interest rate and yield curve strategies may require notional amounts in excess of the portfolio's market value. US Treasury Futures will be limited by the duration restriction of the portfolio.

⁶ Notional limit of 30%. Index credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guideline purposes. Liabilities resulting from CDX must be fully collateralized by cash, cash equivalents and U.S Treasuries.

* Investment in individual bank loans will generate a transaction cost associated with both the purchase and sale of these loans. The counterparty on these trades determines how they will settle and most choose ClearPar. ClearPar is the primary platform and supported by most banks. Bank loans that do not settle on this platform are prohibitively labor intensive and it is not likely many trades will occur away from the ClearPar platform.

Portfolios participating in a bank loan trade will be charged by ClearPar a pro-rata share of the trade (a "subtrade"). ClearPar will deliver the invoice to the Loomis and, in turn, Loomis will deliver this invoice to your custodian to pay from the assets of the portfolio. While you may elect to pay the invoice directly, directing the custodian to pay the invoices from the portfolio assets will facilitate proper performance calculations for your portfolio. As of the current date, the subtrade fee structure is as follows:

Subtrades per Master Trade	Subtrade Fee per Subtrade
1-5	\$19
6-21	\$110 divided by number of subtrades
22 or more	\$5

There is also a volume discount schedule that is applied once trades on the platform exceed 5,000.

Memorandum

To: CMERS Investment Committee
From: Erich Sauer, CFA, CAIA
Date: February 8, 2024
Re: MFS Guideline Waiver

MFS recently notified us that, due to Microsoft's recent strong performance compared to the other holdings in the portfolio they manage on our behalf, the position had appreciated above the limit specified in their investment guidelines of the greater of 7% or index weight + 3%. Attached is a memo from MFS requesting a waiver to the investment guidelines, which would allow Microsoft's position in the portfolio they manage for us to appreciate above the index + 3% guideline limit, to a maximum of index + 5%.

As MFS explains in their memo, Microsoft is one of the highest conviction ideas in their portfolio, and serves as an important offset to their underweight in other "Magnificent 7" stocks. To be clear, MFS will not be buying any additional Microsoft stock if this waiver is approved; they will just be allowing the position in Microsoft to continue to appreciate.

ERS Staff and Callan are supportive of giving MFS the flexibility to allow the position to appreciate to index weight + 5%. CMERS' Investment Committee has approved a similar approach for Polen in the past, with respect to Alphabet (Google) and later Microsoft, when they approached Polen's 10% limit, and it seemed to work well. If Microsoft continues to perform so much better than MFS's other holdings that it does appreciate all the way to index weight + 5%, we will ask them to update the committee with their rationale for continuing to hold it at that time. For now, the updated limit gives them the flexibility to continue to manage the portfolio in the way that they believe best fulfills their fiduciary duty.

MFS' guidelines are also attached so you can reference the guideline in question.



January 25, 2024

RE: Issuer limit on MFS Global Growth portfolio

Dear valued client-

For the Global Growth portfolio that we manage for you, Microsoft has become 7.26% of the portfolio's market value, versus its 4.20% weight in the MSCI All Country World Index. The current account guidelines limit investment in a single company to the greater of 7% or 3% above the index weighting. We are requesting an exception to the limit for Microsoft (just Microsoft, not other holdings) so that we may maintain the position above the limit.

Within the portfolio, the Microsoft weighting has increased mainly through outpacing the market as it was one of our top portfolio contributors to performance last year, up 58% for the year. Microsoft remains our top absolute and relative position and is among the highest conviction ideas in the portfolio. In addition, as the stock has outperformed, its weighting in the MSCI All Country World Index has expanded from 1.82% five years ago to 4.20% today. At the same time, the prominence of Microsoft and the other "Magnificent 7" stocks has also expanded to nearly 20% of the index today. As we have highlighted in the past, we remain underweight this group of seven stocks, largely due to valuation and/or growth durability concerns on several of the names, so our overweight to Microsoft (along with an overweight to Alphabet) serves as an important risk management offset to this group. We are requesting an exception to the Microsoft position that would allow us to maintain (but not add to) the position in the portfolio, with a new upper limit of "index weighting +5%" that only applies to Microsoft.

Issuer limit current wording: Holdings in any one company should not exceed the greater of 7% of the portfolio or 3% over the Index weighting, measured at market value.

Issuer limit proposed exception: Holding in Microsoft be allowed to be held with a limit of the greater of 7% of the portfolio or 5% over the Index weighting, measured at market value.

Please let us know at your earliest convenience.

Sincerely,

Stacey Haigh
Director, Relationship Management

Manager: MFS Institutional Advisors, Inc.
Role: Active Growth Global Equities

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard		
	<u>Universe</u>	<u>Index</u>	
Less than one market cycle (rolling 3-year periods).	Rank in the upper 50% of a Universe. ¹		
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Universe. ¹	Exceed (after fees) the MSCI All Country World Index	

All active weight restrictions set forth below will be measured relative to the MSCI All Country World Index.

Investment Guidelines

- If the portfolio deviates from these Guidelines for any reason, manager will notify the Board and its Investment Consultant in writing within three business days of *discovery* of the variance and take further action pursuant to Section III. 3. of the Statement of Investment Policy.
- Permissible Investments include the following:
 - Common Stock
 - Preferred Stock
 - Convertible Securities, including Convertible Preferred Stock and Convertible Bonds
 - Rights, Warrants, and Participatory Notes (P-Notes)
 - Exchange-traded Funds (“ETFs”)
 - Index Futures
 - ADRs, ADSs, GDRs, and GDSs (and other depository receipts and shares)
 - Real Estate Investment Trusts (“REITs”)
 - Publicly-traded Partnerships (“PTPs”)
 - Units
 - IPOs. The portfolio may participate in initial public offerings. For purposes of investment in U.S. IPOs, the Board represents that the portfolio is not restricted from participating in such offerings under FINRA Rule 5130 or FINRA Rule 5131.
 - Unlisted securities are allowed (including securities traded in the over the counter market, Regulation S securities, and Rule 144A securities as further described herein).

¹ As measured by the Callan Global Equity Peer Group (data to be provided to MFS on a quarterly basis)

- Holdings in any one company should not exceed the greater of 7% of the portfolio or 3% over the Index weighting, measured at market value.
- Adequate diversification by sector and country should be maintained, meaning that holdings in any one sector should not exceed the greater of 30% of the portfolio or 200% of the Index weighting (as

defined by GICS sector scheme), measured at market value. The portfolio will be invested in at least 10 countries at all times, one of which will be the United States.

- A maximum of 25% of the portfolio, measured at market value, may be invested in emerging markets as classified by MSCI.
- The manager is expected to maintain a fully invested position with no more than 10% of the portfolio in fixed income or cash equivalents. If a manager believes that a change in this guideline is in the best interest of the Fund, the manager should bring this recommendation immediately to the attention of the Board.
- Foreign currency forward contracts are permitted for defensive hedging purposes only. The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited. (Manager is not required to execute foreign currency trades through the custodian but may trade with those foreign exchange counterparties that manager believes will provide the best service in accordance with its fiduciary duty to seek best execution.)
- Rights, warrants, and P-Notes are not to exceed 10% of the portfolio value.
- 144A securities and Regulation S securities are not to exceed 10% of the portfolio value. 144A securities that are exchange traded do not count against the 10% limit.
- Settlement Practices/Lock-Ups. It is understood that certain foreign markets may require free or partial free delivery (e.g. initial partial escrow payments) regarding settlement of trades. It is further understood that certain securities, including pre IPOs, are subject to “lock-up” provisions in certain markets.
- For purposes of the restriction in Section VI of the IPS prohibiting investment in restricted (lettered) stock or private placements (other than Rule 144A securities with registration rights which are allowed), lettered stock shall be defined as private placements other than Rule 144A with registration rights.

Other:

For the avoidance of doubt, where the limitations above are affected by items out of the manager's control (e.g., cash inflows, cash outflows, market action), they will not be considered as a breach of the guidelines and the manager will take action to resolve the temporary non-compliance as soon as practicable. The time to bring the portfolio back into compliance could take several days (e.g., 5 days) to resolve.

Trading Currency:

The trading currency for the portfolio is US Dollars (USD) unless specifically instructed by the Board to the manager to the contrary.

Reporting Currency:

The reporting currency of the portfolio is US Dollars.

The manager shall comply with its Operational and Compliance Standards, a copy of which shall be provided to the Board.

V.

ADMINISTRATION & OPERATIONS COMMITTEE REPORT

- A. Approval of Terms of Audit Engagement Letter with the Wisconsin Legislative Audit Bureau.



STATE OF WISCONSIN

Legislative Audit Bureau

Joe Chrisman
State Auditor

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703

Main: (608) 266-2818
Hotline: 1-877-FRAUD-17

www.legis.wisconsin.gov/lab
AskLAB@legis.wisconsin.gov

February 1, 2024

Mr. Benard J. Allen, Executive Director
Employees' Retirement System of the City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, Wisconsin 53202

Mr. Daniel Gopalan, Chief Financial Officer
Employees' Retirement System of the City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, Wisconsin 53202

Mr. David Silber, Chief Investment Officer
Employees' Retirement System of the City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, Wisconsin 53202

Dear Mr. Allen, Mr. Gopalan, and Mr. Silber:

As required by s. 13.94 (1) (x), Wis. Stats., the Legislative Audit Bureau is performing a financial audit of the Employees' Retirement System of the City of Milwaukee (Retirement System), which is administered by the Employees' Retirement System (ERS) of the City of Milwaukee. This will include an audit of the basic financial statements and related note disclosures of the Retirement System, as of and for the year ended December 31, 2023, and the employer schedules of the Retirement System, as of and for the year ended December 31, 2023.

The Bureau supports the Legislature in its oversight of Wisconsin government and its promotion of efficient and effective state operations by providing nonpartisan, independent, accurate, and timely audits and evaluations of public finances and the management of public programs. Because the Bureau is a legislative service agency, the audit results, including recommendations for improvements in operations, are reported to the Legislature. Following the release of the report, the Joint Legislative Audit Committee may choose to hold a public hearing on the report.

We have begun planning for the Retirement System audit. We will have ongoing discussions with you as the audit progresses and we will keep you informed of the time frame for releasing the auditor's reports.

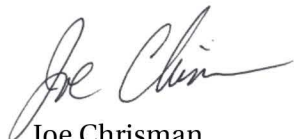
The enclosed Terms of the Audit Engagement details the audit services that will be provided, the auditor's responsibilities, management's responsibilities, and the planned form and content of the auditor's report and other communications. For purposes of this document, we consider management of ERS to include ERS staff only. Although this document is a matter of public record, it is not a contract. It is intended solely for the information and use of management of ERS and is not intended to be and should not be used by anyone other than these specified parties. This document will be executed in DocuSign. Please complete the process and sign via DocuSign by February 8, 2024.

Mr. Benard J. Allen, Executive Director,
Mr. Daniel Gopalan, Chief Financial Officer, and
Mr. David Silber, Chief Investment Officer
Page 2
February 1, 2024

Ms. Erin Scharlau is the managing director for this financial audit and will have immediate responsibility for reviewing the work performed and the conclusions reached for the audit. Ms. Scharlau may be reached at Erin.Scharlau@legis.wisconsin.gov or at (608) 266-2818.

If you have any questions, you may contact me directly at (608) 266 2818.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Chrisman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joe Chrisman
State Auditor

JC/ES/ak

Terms of the Audit Engagement

The terms of the engagement for the financial audit of the Employees' Retirement System of the City of Milwaukee (Retirement System), which is administered by the Employees' Retirement System (ERS) of the City of Milwaukee, are outlined below. This document includes a description of the audit services that will be provided, the responsibilities of the auditor, the responsibilities of management, and the planned form and content of the auditor's report and other communications. For purposes of this document, we consider management of ERS to include ERS staff only.

Audit Services

As required by s. 13.94 (1) (x), Wis. Stats., the Legislative Audit Bureau (Bureau) will perform a financial audit of the Retirement System. This audit will include the following:

- Basic financial statements of the Retirement System, which includes the Global Combined Fund and the Non-consenter Retirement Funds, and the related note disclosures, as of and for the year ended December 31, 2023; and
- Schedules of Employer Allocations of the Retirement System, and the total amounts for all entities, including ending net pension liability, total deferred outflows of resources, total deferred inflows of resources, and plan pension expense excluding that attributable to employer-paid member contributions reported in the Schedule of Pension Amount by Employer, as of and for the year ended December 31, 2023, including the related notes.

The financial statements and the employer schedules will be prepared by management of ERS, with oversight of the Annuity and Pension Board Chair, the Administration and Operations Committee, and the ERS Executive Director, in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The Bureau will conduct the audit in accordance with auditing standards generally accepted in the United States of America, which are issued by the American Institute of Certified Public Accountants, and with *Government Auditing Standards*, which is issued by the Comptroller General of the United States.

The objectives of an audit are to obtain reasonable assurance about whether the financial statements as a whole and the employer schedules are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes the Bureau's opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit, conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, the misstatements would influence the judgment made by a reasonable user based on the financial statements or the employer schedules.

Certain supplementary information, although not a part of the financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. As part of the audit, the Bureau will apply certain limited procedures to the required supplementary information (RSI) listed below in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency

with management's responses to the Bureau's inquiries. The Bureau will not express an opinion or provide any form of assurance on the following RSI that will be presented:

- management's discussion and analysis;
- schedule of changes in the net pension liability;
- schedules of net pension liability and investment returns;
- schedule of employer's contributions; and
- notes to required supplementary information.

Supplementary information other than RSI will also accompany the financial statements. As part of the audit, the Bureau will subject the supplementary information listed below to the auditing procedures applied in the Bureau's audit of the financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. The Bureau will provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

- Schedules of Administrative Expenses, Investment Expenses, and Payments to Consultants;
- Combining Schedule of Fiduciary Net Position; and
- Combining Schedule of Changes in Fiduciary Net Position.

The Bureau is not responsible for auditing other information that accompanies the financial statements, including the introductory, investment, actuarial, and statistical sections. This information will not be subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, the Bureau will not express an opinion or provide any form of assurance on this information.

Finally, the Bureau will provide an independent auditor's report on ERS's system of internal control over financial reporting and ERS's compliance with certain provisions of laws, regulations, and contracts that could have a direct and material effect on the financial statements or on the employer schedules. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. Such a report is also required by s. 13.94 (1) (x), Wis. Stats. The purpose of this report is solely to describe the scope of the Bureau's testing of ERS's system of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

Auditor Responsibilities

The Bureau is responsible for forming and expressing an opinion about whether the basic financial statements and the employer schedules that have been prepared by management of ERS, with oversight of the Annuity and Pension Board Chair, the Administration and Operations Committee, and the ERS Executive Director, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

The Bureau will exercise professional judgment and maintain professional skepticism throughout the audit. The Bureau will identify and assess the risks of material misstatement of the financial statements and the employer schedules, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for the Bureau's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In addition, the Bureau will:

- obtain an understanding of ERS's system of internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ERS's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements and the employer schedules, including the note disclosures, and whether the financial statements and the employer schedules represent the underlying transactions and events in a manner that achieves fair presentation; and
- conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement System's ability to continue as a going concern for a reasonable period of time.

The Retirement System's financial statements, required supplementary information, and the employer schedules include significant information provided by ERS's consulting actuary. The Bureau has contracted with an actuarial auditor specialist to provide audit evidence as to the actuarial assumptions and methods used in calculating amounts required to be reported in the financial statements and the employer schedules for the Retirement System. The actuarial audit work will include an independent assessment of the actuarial valuation for December 31, 2023. As necessary, the Bureau will coordinate any discussion between the actuarial auditor specialist, the consulting actuary, and management of ERS related to the results of the actuarial audit work.

The inherent limitations of an audit, together with the inherent limitations of internal control, result in an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Further, the Bureau's responsibility as auditors is limited to the period covered by the audit and does not extend to any other periods for which the Bureau was not engaged as auditors.

ERS Responsibilities

The audit of the basic financial statements and the employer schedules do not relieve management of ERS or those charged with governance of their responsibilities. The Bureau will conduct the financial audit on the basis that management of ERS acknowledges and understands its responsibilities, which include:

- the preparation and fair presentation of the financial statements and the employer schedules in accordance with GASB standards;
- the design, implementation, and maintenance of a system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- implementation of systems and establishment of controls designed to achieve compliance with the provisions of applicable laws, regulations, and contracts;
- the accuracy and completeness of all information provided, and for maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- the reasonableness of significant assumptions used in making accounting estimates;
- including the independent auditor's reports in any document containing the financial statements or the employer schedules that indicates that such information has been audited by the Bureau; and
- adjusting the financial statements and the employer schedules to correct material misstatements and confirming to the Bureau in the management representation letter that the effects of any uncorrected misstatements aggregated by the Bureau during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Management of ERS is also responsible for informing the Bureau of any known or suspected fraud affecting the entity involving management, employees with significant roles in internal controls, and others where fraud could have a material effect on the financial statements or the employer schedules; any instances of identified or suspected noncompliance with laws, regulations, and contracts that could have a direct and material effect on the financial statements or the employer schedules; any litigation, claims, and assessments whose effects should be considered in preparing the financial statements or employer schedules; and any related party transactions, of which it is aware.

In addition, management of ERS is responsible for responding to any findings and recommendations of auditors, and for establishing and maintaining a process to track the status of such findings and recommendations; informing the Bureau and providing report copies of any other audits or studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented; and following up and taking timely corrective action on audit findings and instances of noncompliance, including preparation of an appropriate corrective action plan.

For the Bureau to complete the financial audit, management of ERS agrees to provide access to information the Bureau deems necessary to conduct the audit. This includes any such books,

records, or other documents that may be confidential by law. Specifically, management of ERS agrees to provide the Bureau with:

- timely access to all information it is aware that is relevant to the preparation and fair presentation of the financial statements and the employer schedules, including information relevant to disclosures, such as records, documentation, and other matters;
- unrestricted access to persons within ERS from whom the Bureau determines it necessary to obtain audit evidence;
- draft financial statements, draft employer schedules, related note disclosures, management's discussion and analysis and other RSI, and any other supplementary information in a timely manner; and
- information on events occurring or facts discovered subsequent to the date of the financial statements and employer schedules of which management may become aware that may affect the financial statements or employer schedules.

With regard to the supplementary information referred to above in which the Bureau will provide an opinion in relation to the basic financial statements as a whole, management of ERS acknowledges and understands its responsibility to:

- prepare supplementary information in accordance with the applicable criteria;
- provide the Bureau with the appropriate written representations regarding supplementary information;
- include the Bureau's independent auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the Bureau has reported on such supplementary information;
- present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and the Bureau's report thereon.

Management of ERS has prepared timelines for preparation of its 2023 financial statements and the employer schedules, including timelines for providing financial statements, employer schedules, and other information to the Bureau. Throughout the audit, the Bureau and management of ERS will discuss the availability and timing of key information available for audit, and any changes to timelines that may results if key information is delayed.

As part of the audit process, the Bureau will request from management of ERS, written confirmation concerning representations made to the Bureau in connection with the audit about the financial statements and employer schedules; its internal controls; its compliance with provisions of applicable laws, regulations, and contracts; and other related matters. In addition, the Bureau may request that ERS's attorney(s) provide a description and evaluation of pending or threatened litigation, asserted claims, and assessments that could have a material effect on the financial condition or presentation of the financial statements and employer schedules.

Audit Report and Other Communications

For the financial statements listed in the Audit Services section, the Bureau will issue an independent auditor's report upon completion of our audit that will be included in ERS's related financial report, which will include the financial statements as of and for the year ended December 31, 2023, related note disclosures, management's discussion and analysis, and other RSI and supplementary information. The independent auditor's report provided shall include the Bureau's opinion on the financial statements and the related note disclosures, as of and for the year ended December 31, 2023, and an in-relation-to opinion on the supplementary information listed in the Audit Services section. For the employer schedules listed in the Audit Services section, the Bureau will issue an independent auditor's report upon completion of our audit that will be included in ERS's related financial report, which will include the employer schedules as of and for the year ended December 31, 2023, and related note disclosures.

Circumstances may arise in which the Bureau's independent auditor's report may differ from its expected form and content based on the results of the audit. Depending on the nature of these circumstances, it may be necessary for the Bureau to modify the opinion, add emphasis-of-matter or other-matter paragraphs to the independent auditor's report, or withdraw from the engagement. If, for any reason, the Bureau is unable to complete the audit or is unable to form an opinion, the Bureau may decline to express an opinion or decline to issue an auditor's report as a result of the engagement.

For the financial statements and for the employer schedules, the Bureau will also issue an audit report that will include the Bureau's independent auditor's report on ERS's internal control over financial reporting and on compliance and other matters. This independent auditor's report includes deficiencies in internal control considered to be significant deficiencies or material weaknesses, instances of noncompliance that have a material effect on the financial statements or on the employer schedules, and fraud that is material, either quantitatively or qualitatively, to the financial statements or the employer schedules.

The Bureau may include program and administrative comments and recommendations in the audit report, as applicable. Further, if during the course of the audit, the Bureau observes opportunities for economy or improved controls, the Bureau will bring such matters to the attention of the appropriate level of management of ERS, either orally or in writing through an interim memorandum. At the conclusion of the audit, the Bureau will also report to the Annuity and Pension Board Chair, the Administration and Operations Committee, and the ERS Executive Director matters identified during the audit that are relevant to their responsibilities in overseeing the financial reporting process. However, auditing standards do not require the Bureau to design its procedures solely for the purpose of identifying other matters to communicate. At the conclusion of the audit, the Bureau will communicate to the Annuity and Pension Board Chair, the Administration and Operations Committee, and the ERS Executive Director the audit results and certain other items required to be communicated by auditing standards. The Bureau will also inform the Joint Legislative Audit Committee and the ERS Executive Director of any fraud, or violations of provisions of applicable laws, regulations, and contracts that come to the Bureau's attention, unless clearly inconsequential.

Although generally accepted auditing standards and *Government Auditing Standards* require that the Bureau communicate certain matters to the Annuity and Pension Board Chair and the Administration and Operations Committee, s. 13.94, Wis. Stats., requires that an audit remain confidential until it is released. In accordance with this statute, the Bureau will complete certain audit procedures, such as draft audit-related communications, only through interactions with management of ERS.

The Bureau will keep management of ERS informed of the time frame for releasing the reports. Upon release, the Bureau will distribute the audit reports to ERS and others, as required under s. 13.94, Wis. Stats., publish the reports on its website, and make the report available for public inspection, unless restricted by law or regulation, or unless it contains privileged and confidential information.

Audit Workpapers

Audit workpapers will remain confidential until the Bureau releases the independent auditor's reports. At that time, statutes provide that they become open records unless they contain information that is otherwise confidential by law, in which case those portions will remain confidential. Audit workpapers and reports will be maintained for a minimum of seven years from the date of the audit's release.

The Bureau participates with other state auditing organizations in a peer review program covering the Bureau's audit practices. This program requires that the Bureau subject its system of quality control to an examination by a peer review team once every three years. As part of the process, the peer review team will review a sample of the Bureau's work, some of which may include confidential information. The Bureau's most recent peer review report is available at <https://legis.wisconsin.gov/LAB>.

By signing below, we acknowledge our understanding of the terms of this engagement, including the responsibilities of ERS management.

Bernard J. Allen, Executive Director
Employees' Retirement System of the City of Milwaukee

Daniel Gopalan, Chief Financial Officer
Employees' Retirement System of the City of Milwaukee

David Silber, Chief Investment Officer
Employees' Retirement System of the City of Milwaukee



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

February 7, 2024

Mr. Joe Chrisman
State Auditor
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Ms. Erin Scharlau, CPA
Financial Audit Director
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman and Ms. Scharlau:

I am responding to Mr. Chrisman's request, dated February 1, 2024, for execution of the Terms of the Audit Engagement letter by ERS management on behalf of the Employees' Retirement System (ERS) of the City of Milwaukee.

Pursuant to Section 15-1 of the Milwaukee City Charter (MCC 15-1) and Section IV(D) of the ERS Rules and Regulations, the Annuity & Pension Board (Board), as the governing body of the ERS, has delegated the authority and responsibility for recommending engagement of auditors for annual audits of the ERS to its Administration and Operations Committee (Committee). Please see the enclosed copy of MCC-15-1, Section IV(D) of the ERS Rules and Regulations, and the Audit Charter of that Committee approved by the Board. Because a regular meeting of that Committee is not scheduled until March 20, 2024, I will request the Committee Chair to call a special meeting to recommend Board approval of the Terms of Audit Engagement letter. Also, to promote the expeditious resolution of this matter, it may be advisable to provide a draft audit contract for the Committee to recommend to the Board for approval at its earliest opportunity. This governance process for authorizing engagement of auditors, along with authority for contracting to incur the attendant cost of the audit, is among the financial controls utilized by ERS.

I also request that the Terms of Audit Engagement Letter be modified with respect to bullet #5 on page 4 (under the heading "ERS Responsibilities") to either omit reference to this item or to clarify that it does not include plan actuarial assumptions. Pursuant to MCC 15-15, authority to determine plan actuarial assumptions and their reasonableness for use in making accounting estimates is reserved to the Board. Please see a copy of MCC-15-15 enclosed. ERS management has no vote in Board proceedings and as a result does not have any authority to make plan actuarial assumptions or determine their reasonableness. Accordingly, determining the reasonableness of plan actuarial assumptions used in making accounting estimates is outside of ERS management's purview and control. During the course of the audit, ERS management will provide documentation that the Board, in consultation with its expert independent actuarial and investment consultants, has duly authorized the plan actuarial assumptions used in making accounting estimates and thus determined their reasonableness.

Sincerely,

Bernard J. Allen
Executive Director

36-14. Home Rule. For the purpose of giving to cities of the first class the largest measure of self-government with respect to pension, annuity, and retirement systems compatible with the constitution and general law, it is hereby declared to be the legislative policy that all future amendments and alterations to this act are matters of local affair and government and shall not be construed as an enactment of statewide concern. Cities of the first class are hereby empowered to amend or alter the provisions of this act in the manner prescribed by s. 66.0101, Wis. Stats., provided that no such amendment or alteration shall modify the annuities, benefits, or other rights of any persons who are members of the system prior to the effective date of such amendment or alteration. In a city of the first class in a county with a population of at least 750,000 that has established a retirement system pursuant to 2023 Wisconsin Act 12, the city and board shall continue to amend, create, and repeal ordinances and rules, administer benefits, discharge their duties with respect to the retirement system, and take any other actions necessary to administer the system and maintain the qualified tax status of the system under the federal Internal Revenue Code until the plan is terminated under section 16A of this act. The city and board may not make any of the following changes to the retirement system for employees who remain in the retirement system:

a. Except as required for compliance with federal law, increase or enhance the retirement benefit.

b. For policemen, any changes to the system that are contrary to the agreement between the City of Milwaukee and the Milwaukee Police Association, Local #21, I.U.P.A., AFL-CIO effective January 1, 2020 through December 31, 2022.

c. For policemen who are supervisors, any changes to the system that are contrary to the agreement between the City of Milwaukee and the Milwaukee Police Supervisors' Organization effective January 1, 2022 through December 31, 2022.

d. For firemen, any changes to the system that are contrary to the agreement between the City of Milwaukee and the Milwaukee Professional Fire Fighters' Association Local #215 IAFF, AFL-CIO effective January 1, 2021 through December 31, 2022.

e. Any changes to the system that are contrary to any benefits or payments as defined in Chapters 34 and 36 of the City of Milwaukee City Charter. (*am. Ch. Ord. 332, File #67-355-a, July 25, 1967. S. 36-14 rc. File #230362, Sept. 19, 2023; eff. Nov. 18, 2023.*)

36-15. Administration. 1. ANNUITY AND PENSION BOARD. a. Retirement System and Group Life Insurance. The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of this act are hereby vested in an annuity and pension board which shall be organized immediately after the first 4 members provided for in this section have qualified and taken the oath of office. In addition to all other duties and responsibilities assigned to the board by the provisions of the employees' retirement act, the board shall be responsible for administering the city's group life insurance program, retiree health benefits and retiree dental COBRA benefits as provided for in ordinance adopted by the common council. (*Par. a am. File #990253, June 2, 1999; eff. Aug. 18, 1999.*)

b. Emergency Powers. It is expressly provided that in the event of a national emergency declared by the president of the United States or a national emergency resulting from aerial attack on the area surrounding or on the city of Milwaukee, and a quorum of the board is not available to direct activities of the board, or no member of the board is available or present to authorize continuation of the board's operations, including maintaining and safeguarding of records, receipts and disbursements, expenditure of funds, and safeguarding of investments and securities, then in such event the secretary of the board shall have full authority to discharge the duties and responsibilities of such board, as is provided for in this act, and shall be further empowered to bind the board; provided further, that in the event the secretary of the board is incapacitated, then the assistant secretary shall function in his stead and in the manner hereinbefore provided. However, any vacancies on the board shall be filled as soon as possible.

36-15-2 Employees' Retirement System

c. Firemen's Pension Fund of the Former Town of Lake. At any time after May 12, 1964, when the board of trustees of the city of Milwaukee firemen's pension fund of the former Town of Lake certifies to the city clerk of Milwaukee that less than 3 active members remain in such fund, all of the duties and responsibilities devolving upon the board of trustees of the city of Milwaukee firemen's pension fund of the former Town of Lake shall be transferred to and assumed by the annuity and pension board of the employees' retirement system. In the event that such transfer occurs as herein provided for all funds of the city of Milwaukee firemen pension fund of the former Town of Lake shall at the effective date of transfer be turned over to the annuity and pension board of the employees' retirement system. Such funds so transferred shall be maintained separately and apart from any other funds under the direction, supervision and control of the annuity and pension board of the employees' retirement system and shall be used solely for the purposes of administering the city of Milwaukee firemen's pension fund of the former Town of Lake as provided for by law. Payments out of such fund shall be made upon direction of the annuity and pension board of the employees' retirement system. All receipts of such fund shall be under the supervision, direction and control of the annuity and pension board of the employees' retirement system, it being the intent of this subsection that whatever duties and responsibilities relating to the administration of the fund of the city of Milwaukee firemen's pension fund of the former Town of Lake are to be assumed and performed by the annuity and pension board of the employees' retirement system from and after the transfer of such fund.

d. The annuity and pension board is authorized to perform administrative work necessary to implement the provisions of s. 34-06, provided it is compensated by the city for the actual cost of the work performed. (*Par. d cr. File #041513, March 16, 2005; eff. May 31, 2005.*)

e. Policemen's Annuity and Benefit Fund.

e-1. The annuity and pension board is authorized to exercise all powers and duties vested in the policemen's annuity and benefit fund board of trustees by ch. 35.

e-2. The annuity and pension board is authorized to invest the assets of the policemen's annuity and benefit fund provided it accounts for the assets separately from the assets of the combined fund.

e-3. All cost and expenses incurred by the annuity and pension board to manage, administer, or operate the policemen's annuity and benefit fund shall be paid by the city of Milwaukee.

e-4. The city of Milwaukee shall indemnify and hold harmless the board members, officers, directors and employees of the annuity and pension board and the employees' retirement system from any liability, damages, or injury arising out of the management, administration, investment or operation of the policemen's annuity and benefit fund.

e-6. The annuity and pension board annually shall conduct a meeting, or direct its staff to conduct a meeting, to report on the status of the fund and answer any inquiries of retirees or widows. The annuity and pension board shall give all retirees and widows at least 30 days' notice of the time and location of the meeting. (*Par. e cr. File #050744, Oct. 18, 2005; eff. Jan. 3, 2006. Par e-5 rp. File #151869, June 14, 2016; eff. August 30, 2016.*)

f. The annuity and pension board is authorized to perform administrative work necessary to carry out the duties of the city's designated Wisconsin retirement system employer agent, alternate employer agent, and retirement contact, and to conduct Wisconsin retirement system eligibility determinations and reporting, as appropriate, provided it is compensated by the city for the actual cost of the work performed. (*Par. f cr. File #230822, Oct. 10, 2023; eff. Dec. 9, 2023.*)

2. MEMBERSHIP. The membership of the board shall consist of the following:

a-1. Three members to be appointed by the president of the common council subject to the confirmation of such common council for a term of 4 years.

a-2. Commencing in 1997, when terms expire for members appointed by the common council president, members shall be appointed for terms expiring the 3rd Tuesday of April 2000. Thereafter the common council president shall appoint members for a term of 2 years within 60 days of the commencement of a new common

council term, and then within 60 days following 2 years of the commencement of a common council term. If a vacancy occurs in a board position, the president shall appoint within 60 days after the vacancy occurs.

b. The city comptroller ex-officio.

c. Three employee members who shall be members of the retirement system and who shall be elected by the members of the retirement system for a term of 4 years according to such rules and regulations as the board shall adopt to govern such election.

d. One member to be elected by the vote of persons who had been members but who have retired from the retirement system and receive a retirement allowance, to serve for a term of 4 years. The election of such person shall be conducted in the same manner as is the election of an employee member under par. c except, however, that only retirees as herein described shall be allowed to vote in such election. Nothing herein contained shall preclude any member elected to the board from succeeding himself or herself. *(Sub. 2 am. Ch. Ord. 486, File #79-869-a, Mar. 13, 1980. Sub. 2-a ra. to 2-a-1 File #960237, June 4, 1996; eff. Aug. 20, 1996. Sub. 2-a-2 cr. File #960237, June 4, 1996; eff. Aug. 20, 1996. Sub. 2-c am. File #960237, June 4, 1996; eff. Aug. 20, 1996. Sub. 2-d am. File #960237, June 4, 1996; eff. Aug. 20, 1996. Sub. 2-a-3 cr. File #131162, Dec. 17, 2013; eff. March 10, 2014. Sub. 2-c-0 am. File #131162, Dec. 17, 2013; eff. March 10, 2014. Sub. 2-c-1 to 3 cr. File #131162, Dec. 17, 2013; eff. March 10, 2014. Sub. 2-a-3 rp. File #181603, Feb. 26, 2019; eff. April 29, 2019. Sub. 2-c-0 am. File #181603, Feb. 26, 2019; eff. April 29, 2019. Sub. 2-c-1 to 3 rp. File #181603, Feb. 26, 2019; eff. April 29, 2019.)*

3. VACANCY. If a vacancy occurs in the office of a board member, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled.

4. OATH OF OFFICE. Each member of the board shall, within 10 days after his appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the affairs of the board and that he will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the retirement system.

5. DECISION VOTE. Each member of the board shall be entitled to one vote in the board. A majority of members present shall be necessary for a decision by the members of the board at any meeting of the board. *(Sub. 5, am. Ch. Ord. 544, File #84-1168, Dec. 11, 1984.)*

6. RULES AND REGULATIONS.

Subject to the limitations of this act and with the advice of the city attorney the board shall, from time to time, establish rules and regulations for the administration of the funds created by this act, for the transaction of its business and in order to carry out the provisions of this act. All rules and regulations promulgated by the board shall be filed with the city clerk within 30 days after they have been approved by the board and revocation of such rules or amendments thereto shall be filed in the same manner.

7. OFFICERS AND EMPLOYEES; EXPENSES. The board shall elect from its membership a chairman and vice chairman and shall by a majority vote of all its members appoint a secretary, who may be, but need not be, one of its members. It shall appoint an executive director and shall engage such actuarial and other service as shall be required to transact the business of the retirement system. The compensation of all persons engaged by the board and all other expenses of the board necessary for the operation of the retirement system shall be paid at such rates and in such amounts as the board shall approve. *(Sub. 7 m. to 7-0, File #950077, July 14, 1995; eff. Sept. 27, 1995.)*

a. It shall be the duty of the secretary and executive director of the retirement system to maintain records respecting the amount of system funds invested in common stocks and preferred stocks and such secretary and executive director shall function under direction of the annuity and pension board and shall be appointed by such board under civil service procedure with civil service status; the incumbent secretary and executive director shall have civil service status with the enactment of this section. In the event of a vacancy in the office of secretary and executive director, such office shall be filled by the board under civil service procedures and thereafter such secretary and executive director shall have civil service status, subject to the rules and regulations thereof. An executive director hired pursuant to an exemption granted by the board of city service commissioners shall continue to serve unless dismissal is approved by 6 board members voting in open session. *(Par. a cr. File #950077, July 14, 1995; eff. Sept. 27, 1995. Par. a am. File #131162, Dec. 17, 2013; eff. March 10, 2014. Par. a am. File #181603, Feb. 26, 2019; eff. April 29, 2019.)*

36-15-8 Employees' Retirement System

b. The assistant secretary and executive director shall fulfill the duties of the secretary and executive director in his or her absence for any reason, and in the event a vacancy shall occur in the office of assistant secretary and executive director the position shall be filled by the board under civil service procedures, and he or she shall have civil service status under the rules and regulations applicable thereto. (Par. b cr. File #950077, July 14, 1995; eff. Sept. 27, 1995.)

8. **DATA REQUIRED.** The board shall keep in convenient form such data as shall be necessary for actuarial valuation of the various funds of the retirement system, and for checking the experience of the system.

9. **RECORDS.** The board shall keep a record of all its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the assets of the system and the financial condition of the system as disclosed by an actuarial valuation of the retirement system. The board shall by resolution determine which of its records are obsolete or no longer required and direct the secretary of such board to destroy those records; provided, however, that no records shall be destroyed unless the secretary shall certify that it is no longer required in the conduct of the board's business or essential to the safeguarding of records with respect to members' or retired members' rights or benefits, and provided further that in no event shall any record be destroyed until it has been in existence for more than 7 years.

10. **LEGAL ADVISOR.** The city attorney shall be the legal advisor of the board.

11. **CUSTODIAN OF FUNDS.** The city treasurer shall be the custodian of the several funds of the retirement system and shall give up such bond for the proper performance of his duties as is required by the board. All payments from said funds shall be made by him only upon vouchers signed by 2 persons designated by the board. A duly attested copy of a resolution of the board designating such persons and bearing on its face specimen signatures of such person shall be filed with the treasurer as his authority for making payments upon such vouchers. No payment shall be made unless it has been authorized by the board. Nothing contained herein shall preclude the board from providing for

custody by an appropriate entity of its funds and securities in the manner in which it deems prudent. (Sub. 11 am. Ch. Ord. 375, File #71-1754, Dec. 7, 1971.)

12. **MEDICAL COUNCIL.** The board shall designate a medical council to be composed of 3 physicians. If required, other physicians may be employed to report on special cases. The medical council shall arrange for and pass upon all medical examinations required by the retirement system, shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement, and shall report in writing to the board its conclusion and recommendations upon all the matters referred to it. Nothing contained in this subsection shall prevent the making of a certification by the medical panel of physicians of either the fire department or police department with respect to the operation of s. 36-05-3-c.

13. **ACTUARY.** The board shall designate an actuary who shall be the technical advisor of the board on matters regarding the operation of the funds created by the provisions of this act, and shall perform such other duties as are required in connection therewith.

14. **PERIODIC VALUATIONS; TABLES AND RATES THEREON.** At least once in each 5-year period the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the retirement system, and shall make a valuation of the assets and liabilities of the funds of the system, and taking into account the results of such investigation and valuation, the board shall adopt for the retirement system such mortality, service and other tables as shall be deemed necessary. (Sub. 14 rc. Ch. Ord. 375, File #71-1754, Dec. 7, 1971.)

15. **ANNUAL VALUATION.** a. On the basis of such tables as the board shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds of the retirement system. This annual valuation shall, unless otherwise required by s. 62.625, Wis. Stats., comply with Actuarial Standards of Practice and shall contain a certification from the board's actuary to that effect. For the purposes of the annual valuation, the actuary shall employ the individual entry-age normal actuarial cost method.

b. Beginning with the valuation that determines employer contributions due and payable January 31, 2011, the actuary shall employ a 5-year asset smoothing period. The actuary shall calculate amortization of unfunded liability based on a level dollar amortization. Notwithstanding any other provision of this chapter, the outstanding balance of the unfunded actuarial accrued liability as of January 1, 2024, shall be amortized over a closed 30-year period using an annual investment return assumption that is the same as or less than the annual investment return assumption used by the Wisconsin Retirement System for participating employees, as defined in s. 40.02(46), Wis. Stats. At each subsequent valuation date, any changes to the unfunded actuarial accrued liability shall be amortized using a closed layered amortization method. Any such changes resulting in an increase of the liability shall be amortized over a fixed period not to exceed 10 years. Any such changes resulting in a decrease of the liability shall be amortized over either a fixed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer. Beginning with the valuation that determines employer contributions due and payable January 31, 2011, the board shall provide a copy of the final annual valuation, as certified by the board, to the mayor and the common council no later than August 15. Unless otherwise required by s. 62.625, Wis. Stats., no changes shall be made to this paragraph without an affirmative vote of the board of at least 5 of its members, and written certification from the board's actuary that such changes comply with Actuarial Standards of Practice. (*Par. a ra. File #091274, Mar. 2, 2010; eff. May 18, 2010. Par. a am. File #170935, Nov. 28, 2017; eff. Feb. 13, 2018, Par. b cr. File #091274, Mar. 2, 2010; eff. May 18, 2010. Par. b am. File #131162 Dec. 17, 2013; eff. March 10, 2014. Par. b am. File # 170935, Nov. 28, 2017; eff. Feb. 13, 2018. Par. b am. File #181603, Feb. 26, 2019; eff. April 29, 2019. Sub. 15-15. rc. File #230362, Sept. 19, 2023; eff. Nov. 18, 2023.*)

16. EXECUTION OF DOCUMENTS. Whenever any document, record or paper requires the signatures of either the chairman of the board or the secretary or both, or the vice chairman in the absence of the chairman, such officers may execute the aforesaid documents on behalf of the board and the employees' retirement

system by identifying themselves in the case of the chairman or vice chairman of the board as president or vice president of the employees' retirement system and in the instance of the secretary of the board as secretary of the employees' retirement system, and the executions made with that identification shall in all respects be deemed the execution for and on behalf of the board and of the employees' retirement system.

17. CONTRACT FOR FUND ADMINISTRATION. The board is authorized notwithstanding any other provision to the contrary, to enter into contracts with established trust companies who have been engaged in such trust business extensively for at least 25 years continuously or other similar established companies able to demonstrate sufficient fiscal experience and expertise and administrative capacity to undertake operations, investments and custody of pension and retirement funds and to exercise a trustee relationship over the fund so as to accept total responsibility, obligation, administration, investment and custodial services and serve as trustee of this fund. When such services are contracted for as provided for herein, members of the board shall be thereupon released from their obligations or liability under this act with respect to all functions, duties, responsibilities and obligations which are undertaken by contract by such trust entity. The provisions of this subsection are vested and contractual as to members and beneficiaries of this fund. Contracts entered into pursuant to this subsection shall neither be impaired, abrogated or suspended during their duration by any collateral, indirect or direct procedures or actions and the rights herein provided for which are designated to protect the members and the beneficiaries of the fund and the integrity of such fund are in all respects vested, contractual and binding and shall not be altered, modified or impaired by subsequent action. (*Sub. 17 cr. Ch. Ord. 375, File #71-1754, Dec. 7, 1971.*)

18. REVIEW. Any person, aggrieved within the meaning of ch. 68, Wis. Stats., by a determination of the board reviewable under ch. 68, Wis. Stats., may have such determination reviewed in accordance with the procedures established under ss. 68.08 to 68.13, Wis. Stats. (*Sub. 18 cr. Ch. Ord. 478, File #78-2302, Oct. 23, 1979.*)

D. ADMINISTRATION AND OPERATIONS COMMITTEE

The Administration and Operations Committee shall review the annual budget, make recommendations to the Board concerning staff budget requests, monitor and participate in the budget approval process of the City of Milwaukee, ascertain internal staff requirements, computer needs and office remodeling needs, select an auditor, and exercise all powers and perform all duties specified in the A and O Committee Audit Charter, June 2005, and the Internal Audit Charter, June 2005.

E. SPECIAL COMMITTEES

The Chair may appoint committees as necessary on an ad hoc basis to carry out any specified task of concern to the Board in conducting its business as identified by the Chair or Board. The Chair may appoint a special committee at any Board meeting. A special committee shall not perform any tasks that fall within the function of an existing standing committee. A special committee shall cease to exist upon completing the task for which it was formed and upon presentation of its final report to the Board.

V. MEETINGS OF THE BOARD

A. NOTICE

Written notification of all Board regular meetings and all written materials to be considered at such meetings will be distributed to each Board member at least five days prior to a meeting. At least twenty-four hours' notice shall be given to each Board member in the case of a special meeting. The meeting notice shall state the time, place, subject matter, including any subject matter contemplated for Closed Session, and in the case of a special meeting; the purpose of the meeting. Public notice of Board and committee meetings shall be given in accordance with Wis. Stat. §19.84. Any gathering of Board members for the purpose of engaging in pension business and in sufficient number to determine the body's course of action regarding such pension business to be discussed is subject to the Open Meetings Law and requires notice.

Source: Wis. Stat. § 19.84; *State ex rel. Newspapers, Inc. v. Showers*, 135 Wis. 2d 77, 100-01, 398 N.W.2d 154 (1987); City Attorney Opinion Letter, April 16, 1996

B. QUORUM

Six members of the Board shall constitute a quorum. A quorum must be present in order for the Board to conduct business. In the case of a Board committee, a majority of the committee constitutes a quorum. A quorum must be present in order for a Board committee to conduct business. In the event the Board or a committee is without a quorum, the Chair may continue the meeting to provide information to members on any agenda topic and thereafter entertain a motion to adjourn.

Source: Provision based upon City Attorney Opinion Letter, April 18, 1996.

VI.

NEW BUSINESS

- A. Retirements, Death Claims, and Refunds (January).
- B. Conference Requests – February 2024 Board Meeting.
- C. Annual Obligation of Trustees and ERS Officers to Submit Annual Statement of Economic Interests.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following items (VI.D. and VI.E.), as provided in Section 19.85 (1)(c), for considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility. The Board may then vote to reconvene in open session following the closed session.

- D. Approval of Recruiting Travel and Relocation Expenses for Pension Investment Analyst – Sr.
- E. Approval of Initial Salary for Pension Investment Analyst – Sr.

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	GIBSON	WENDELL	8/30/2021	MAX	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Service	RODGERS	LYNETTE	6/27/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	CZERWINSKI	RICHARD	12/2/2023	100	MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Regular	Service	LASLEY-HARDY	YVONNE	12/2/2023	MAX	COMMON COUNCIL - CITY CLERK
Regular	Deferred	KELSEY	DARIN	12/4/2023	100	MILWAUKEE FIRE DEPARTMENT
Regular	Service	LUNA	XAVIER	12/8/2023	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	VEIT	KATHLEEN	12/9/2023	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MOSHINSKI	LINDA	12/9/2023	MAX	DPW-WATER-BUSINESS
Regular	Service	SANDERS	STEPHEN	12/9/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	FIGUEROA PARKER	MARY	12/11/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	TWARDOWSKI	BARBARA	12/19/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	LANGE	JEROME	12/20/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MOSS	JUSTINE	12/20/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	TAYLOR	SHARON	12/23/2023	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	ZOLO	SHELLI	12/24/2023	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	BERMKE	LORI	12/25/2023	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	JAUERNIG	ROHNE	12/26/2023	MAX	GENERAL CITY
Regular	Service	STANLEY	CLAUDE	12/27/2023	50	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Deferred	ANDERSON	JARVIS	12/28/2023	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	IVY	CRYSTAL	12/29/2023	63	DER - OPERATIONS DIVISION
Regular	Service	PRICE	WARREN	12/29/2023	100	MILWAUKEE FIRE DEPARTMENT
Regular	Service	KING	CANDACE	12/30/2023	50	COMPTROLLER
Regular	Service	KOWALSKI	WILLIAM	12/30/2023	100	FIRE - SUPPORT SERVICES
Regular	Service	YOUNG	PATRICIA	12/30/2023	50	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	REYES	CARMEN	12/31/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	VARGHESE	SUSAN	12/31/2023	100	MPD - ADMINISTRATION
Regular	Service	CRUMPTON	BARBARA	12/31/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	REAGAN	RONALD	12/31/2023	100	FIRE - FIREFIGHTING
Regular	Service	ROESLER	CYNTHIA	1/1/2024	MAX	MILWAUKEE PUBLIC SCHOOLS

Board Report - January 2024
Deaths

Type	Last Name	First Name	Death Date	Payment Date	Amount
Deferred Death	STATON	MELBURN	5/11/2022	1/31/2024	\$ 16,135.47
Ordinary Death	APPLING	DONALD	11/27/2023	1/31/2024	\$ 23,713.77
Retiree Death-Termination	BAUMGARTNER	HAROLD	3/30/2023	1/31/2024	\$ 3,118.12
Retiree Death-Termination	CZAJKOWSKI	GERALDINE	3/9/2022	1/31/2024	\$ 213.88
Retiree Death-Termination	GAGLIONE	DONALD	10/25/2023	1/31/2024	\$ 7,542.92
Retiree Death-Termination	GOLLMAN	BRADLEY	12/10/2023	1/31/2024	\$ 369.27
Retiree Death-Termination	HANSON	NANCY	10/24/2023	1/31/2024	\$ 554.06
Retiree Death-Termination	JABLONSKI	ROBERT	9/18/2021	1/31/2024	\$ 446.63
Retiree Death-Termination	JACOBSON	GLENN	11/29/2023	1/31/2024	\$ 253.73
Retiree Death-Termination	KLIESMET	ROBERT	10/25/2023	1/31/2024	\$ 2,057.29
Retiree Death-Termination	KRANZ	DENNIS	11/29/2023	1/31/2024	\$ 4,805.38
Retiree Death-Termination	KYLE	DANIEL	12/15/2023	1/31/2024	\$ 1,195.17
Retiree Death-Termination	STRELOW	GARY	7/27/2023	1/31/2024	\$ 445.47
Retiree Death-Termination	VON BANK	DOLORES	10/21/2023	1/31/2024	\$ 136.42
Surv Death-Termination	DZIAMARSKI	PATRICIA	7/12/2023	1/31/2024	\$ 498.06
Surv Death-Termination	FOLLANSBEE	ELIZABETH	11/25/2021	1/31/2024	\$ 258.23
Surv Death-Termination	PLACZEK	DIANE	12/13/2023	1/31/2024	\$ 1,797.66
Surv Death-Termination	RHEMER	JOAN	11/11/2023	1/31/2024	\$ 325.25
Surv Death-Termination	ROY	DONNA	10/23/2023	1/31/2024	\$ 1,520.12
Surv Death-Termination	STOCKER	DORIS	11/9/2023	1/31/2024	\$ 445.26
TOTAL					\$ 65,832.16
Retiree Death-Cont Opt	BRADY	STEVEN	1/14/2024	1/1/2024	
Retiree Death-Cont Opt	GRUENEWALD	JAMES	1/11/2024	1/1/2024	
Retiree Death-Cont Opt	HANSEN	GORDON	12/17/2023	1/1/2024	
Retiree Death-Cont Opt	HERSH	EILEEN	12/23/2023	1/1/2024	
Retiree Death-Cont Opt	JONES	GARY	12/28/2023	1/1/2024	
Retiree Death-Cont Opt	KLOSTERMANN	RICHARD	12/6/2023	1/1/2024	
Retiree Death-Cont Opt	MITTEN	JOHN	1/8/2024	1/1/2024	
Retiree Death-Cont Opt	PIORKOWSKI	JAMES	1/2/2024	1/1/2024	
Retiree Death-Cont Opt	VOMBERG	LINDA	1/4/2024	1/1/2024	
Retiree Death-Cont Opt	WALLS	LARRY	1/3/2024	1/1/2024	

Board Report - January 2024
Withdrawals

Type	Last Name	First Name	Payment Date	Amount
Administrative Withdrawal	ADAMS	SHEQUITA	1/31/2024 \$	184.43
Administrative Withdrawal	BERKHALTER	KEANA	1/31/2024 \$	992.79
Administrative Withdrawal	BLAAUW	VANESSA	1/31/2024 \$	1,777.37
Administrative Withdrawal	BRANKOV	VOJISLAV	1/31/2024 \$	223.34
Administrative Withdrawal	DRZEWIECKI	TAYLOR	1/31/2024 \$	1,272.90
Administrative Withdrawal	HANSON	BARBARA	1/31/2024 \$	844.06
Administrative Withdrawal	KRAWCZYK	MARY	1/31/2024 \$	1,232.53
Administrative Withdrawal	MUHAMMAD	DAVID	1/31/2024 \$	4,676.08
Administrative Withdrawal	ORTIZ COLON	SAMARIA	1/31/2024 \$	1,627.09
Administrative Withdrawal	RIVERA	JESUS	1/31/2024 \$	284.43
Administrative Withdrawal	ROBERTSON	TANZ	1/31/2024 \$	3,088.63
Administrative Withdrawal	TAPER	JORDAN	1/31/2024 \$	151.82
Administrative Withdrawal	WYNVEEN	MICHELLE	1/31/2024 \$	5,106.67
Full Refund	ALLEN	JOHNNY	1/31/2024 \$	39,509.82
Full Refund	BILLIPS	BREISHA	1/31/2024 \$	8,832.66
Full Refund	CANADY	TAKAYLA	1/31/2024 \$	5,571.61
Full Refund	EASLEY	NY-KEISHA	1/31/2024 \$	17,801.23
Full Refund	NELLUM	CANDACE	1/31/2024 \$	1,688.74
Full Refund	PRATHER	FRED	1/31/2024 \$	13,233.77
Full Refund	RIMMER	COREY	1/31/2024 \$	6,694.39
Full Refund	WILSON	QIANA	1/31/2024 \$	6,819.99
Member Only Refund	ALVAREZ	HENRY	1/31/2024 \$	6,151.46
Member Only Refund	AVILA	MARIA	1/31/2024 \$	2,154.66
Member Only Refund	BECKLEY	PARICE	1/31/2024 \$	3,495.08
Member Only Refund	BROOKS	JEROME	1/31/2024 \$	1,123.18
Member Only Refund	CLARK	SUMAIYAH	1/31/2024 \$	4,116.88
Member Only Refund	DUNN	COURTNEY	1/31/2024 \$	6,875.73
Member Only Refund	HICKNER	OLIVIA	1/31/2024 \$	324.67
Member Only Refund	JOSH	MICHAEL	1/31/2024 \$	968.72

Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	KRAJCIK	JENNY	1/31/2024 \$	1,742.12
Member Only Refund	LEMCHE	THERESA	1/31/2024 \$	1,251.30
Member Only Refund	MAIER	DAVID	1/31/2024 \$	64.26
Member Only Refund	MANNING	JEREMY	1/31/2024 \$	779.17
Member Only Refund	MCCURTIS	IMECIA	1/31/2024 \$	677.38
Member Only Refund	MEHLING	AMY	1/31/2024 \$	3,180.56
Member Only Refund	MUELLER	CHRISTINE	1/31/2024 \$	537.89
Member Only Refund	OWENS	RANDY	1/31/2024 \$	1,092.08
Member Only Refund	RIVERA	HOPE	1/31/2024 \$	1,865.71
Member Only Refund	ROBINSON	COURTNEY	1/31/2024 \$	560.53
Member Only Refund	ROBINSON-BARCKDALE	BRYANT	1/31/2024 \$	3,236.81
Member Only Refund	SMITH	ANALIESE	1/31/2024 \$	1,903.29
Member Only Refund	SOLHEIM	LILIAN	1/31/2024 \$	936.35
Member Only Refund	SZYMANSKI	CHRISTOPHER	1/31/2024 \$	7,254.28
Member Only Refund	WRENCHER	SHARONE	1/31/2024 \$	2,963.47
Member Only Refund	YEPEZ ALASTRE	JUAN	1/31/2024 \$	1,318.37
TOTAL \$				176,188.30

Conference Requests – February 2024 Board Meeting

Erich Sauer	Public Funds Roundtable Conference
Sponsor:	Institutional Investor
Location:	Beverly Hills, CA
Date(s):	April 29 – May 2, 2024
Estimated Cost:	\$2,250.00

2023 Statement of Economic Interests Form

DUE: February 28, 2024

Milwaukee strives to maintain a reputation for good government and high ethical standards. Each employee, official, and board/commission member can support this reputation through conduct that shows integrity and concern for public interest. Ethical behavior involves using good judgment and common sense in performing duties and responsibilities.

All employees, officials and board/commission members are covered by the City Code of Ethics, found in the Milwaukee Code Ordinance (MCO), Chapter 303, which describes standards of conduct and conflicts of interest. The Milwaukee Common Council determines which individuals are required to file the Statement of Economic Interests pursuant to Chapter 303. These persons include:

- All elected city officials
- City employees identified by department heads as having discretionary powers
- Members and nominees of designated boards and commissions
- Candidates for elective office

The Ethics Board takes the information you provide in the Statement of Economic Interests seriously. Each form is checked when it arrives for completion. Each year the Board conducts a random review of the entire filing. Some forms may be returned for clarification or completion.

The Statement of Economic Interests form is a public record as defined by the Wisconsin Public Records law, Sec. 19.31-39, Wis. Stats. Traditionally, requests to view the Statements are received by the Ethics Board shortly after the February 28 filing deadline. Occasionally requests are made for Statements from previous years. Any member of the public may request a copy or inspection of your Statement of Economic Interests form.

The fees and penalties for filing the Statement of Economic Interests Form after the February 28th due date are as follows:

- **\$25 if 11 days or more late**
- **\$5 per day if more than 30 days late, up to a maximum of \$100 in daily late fees**

Late fees must accompany any late filings or your statement will not be accepted. See s. 303-11-2a, *Milwaukee Code of Ordinances*

Employees, city officials and board/commission members who have not filed Statement of Economic Interests Forms within 45 days of the deadline may be referred to the City Attorney for charges in Municipal Court, with a conviction subject to a forfeiture of \$250 to \$1,000 and imprisonment for failure to pay the forfeiture of 10 to 40 days. See s. 303-11-2d, *Milwaukee Code of Ordinances*

To view the City of Milwaukee Ethics Code and the Board of Ethics Rules and Procedures, visit our web site at www.milwaukee.gov/ethics. If you have any questions, please contact the City of Milwaukee Ethics Board Office at (414) 286-8641.

**Thank you,
Your Milwaukee Ethics Board**

Bradley Kalscheur
Michael Kruse
Clarence Nicholas
Kathleen Johnson
Emily Mueller
Barbara Notestein

(SEE REVERSE FOR LOCAL AND STATE ETHICS GUIDELINES)

LOCAL GUIDELINES

As you go about your official duties, please keep these general guidelines in mind:

- A city employee or official should not accept anything of value that could appear to influence his/her public duties.
- A city employee or official should not accept anything of value that could appear to be a reward for action taken in his/her public duties.
- A city employee or official must report any gift or entertainment totaling more than \$50 received during the year.
- A city employee or official should not use his/her public position for personal gain or for the gain of immediate family members or for organizations in which he/she has an interest.
- A city employee or official should not use workplace information that is unavailable to the public, for personal gain.
- Contracts of more than \$3,000 between a city employee or official and the city are prohibited without written disclosure to the Ethics Board and to the contracting department.

- A city employee or official should not represent persons, for compensation, before city departments, commissions, or boards unless as part of his/her official duties or at a recorded open hearing.
- For 12 months after leaving city employment, an employee or official may not represent, for compensation, persons before city departments, commissions or boards related to his/her former position.

These comments are only a general description of parts of the Ethics code itself. The actual statutes, rules, and opinion summaries, as well as the Ethics Board itself, should be consulted when questions arise. The complete text of the ethics code can be found in Chapter 303 of the Milwaukee Code of Ordinances. City departments also have copies of the code for posting.

STATE GUIDELINES

Many city officials are also covered by the requirements for Local Officials put forth in the Wisconsin State Statutes. The State Code of Ethics for Local Officials does not apply to all city employees and officials. Section 19.59 of the Wisconsin Statutes cover:

- Elected officials
- Individuals appointed to a position for a specified term
- Individuals who serve in a position at the pleasure of the Mayor or Common Council

Positions within City government that fit this definition are not only covered by local ethics code but also have responsibilities to conform to the requirements of the State of Wisconsin Ethics Code for Local Officials as well.

We are attaching State Ethics Form 219, which offers guidelines on gifts and entertainment.

Please take a few moments to review it. Our Board recommends that you keep it on file for future reference. If you have any questions regarding the State Guidelines for Local Officials please contact the State of Wisconsin Government Accountability Board at (608) 266-8123.

INSTRUCTIONS

Statement of Economic Interests

General filing information:

- The information sought in this form is required by Chapter 303, Milwaukee Code of Ordinances.
- Attach additional pages if necessary.
- Go to the Ethics Board website at www.milwaukee.gov/ethics for extra forms and instructions.
- Questions? Email ethics@milwaukee.gov or call (414) 286-8641.

Definitions:

- “Immediate family member” means your spouse and any child, step-child, parent or parent-in-law who receives more than one-half of his or her support from you or from whom you receive more than one-half of your support.
- “Income” means gross income before deductions and depreciation, from whatever source derived, as defined by the Internal Revenue Code, but excludes dividends and interest.

Part 1 – Sources of Income

For calendar year 2023

A. EMPLOYERS. List each EMPLOYER from which you and your immediate family received \$1,000 or more in 2023.

LIST:

- each employer from which you and your immediate family member received \$1,000 or more during the year
- City of Milwaukee, if applicable

DO NOT LIST:

- An individual (unless the individual was a lobbyist, your employer, or acting on behalf of a business or organization)

B. OTHER SOURCES OF INCOME. List other sources from which you or your immediate family received income of \$1,000 or more in 2023.

LIST:

- any entity from which you or your immediate family has received income of \$1,000
- Social Security payments
- an entity from which you or your family received retirement benefits
- an entity from which you or your family received directors fees

DO NOT LIST:

- the source of dividends or interest
- the source of insurance benefits, inheritances, scholarships (if no teaching or services were required in return)
- a decedent's estate
- a political contribution that has been reported to the Election Commission
- an individual (unless the individual was a lobbyist, your employer, or acting on behalf of a business or organization)

Part 2 – Business

For any BUSINESS that is a partnership, limited liability company, Subchapter S, or Subchapter C corporation in which you or your immediate family, directly or indirectly, separately or together, owned or controlled at least 10% interest and from which you or your immediate family has received \$1,000 or more during 2023, list the name of the business and identity of each payer of \$1,000 or more to the business, as of December 31, 2023.

LIST:

- partnership (general, limited or limited liability)
- corporation (regardless of tax status and including service corporations)
- limited liability company (LLC)

DO NOT LIST:

- an individual (unless the individual was a lobbyist, your employer, or acting on behalf of a business or organization)
- a decedent's estate

Part 3 – Investments

List stocks, bonds, notes or other investments you and your immediate family held (minimum \$5,000) as of December 31, 2023.

LIST THE NAME OF EACH:

- stock and stock option
- bond
- note or other evidence of indebtedness
- sponsor of mutual fund and money market fund (i.e. Fidelity or Janus Fund)
- security issued by the State of Wisconsin or by local governmental entities within Wisconsin
- any of the above held directly or:
 - in a deferred compensation plan, profit sharing plan, or pension plan whose investments you or your immediate family direct
 - in an individual retirement account (IRA)
 - in a trust in which you or your immediate family member has beneficial use
 - held for you by a corporation, partnership, or other entity which you or your immediate family member controls

DO NOT LIST:

- savings accounts
- checking accounts
- certificates of deposit
- annuities
- insurance contracts
- securities issued by the federal government or a government outside Wisconsin
- securities in a company in which you and your immediate family's total interest is valued at less than \$5,000

EXPLANATIONS

List the security by name. For example, list "Harley Davidson" or "IBM." Do NOT list "deferred compensation plan" or "IRA" or "Charles Schwabb," since these terms do not identify the securities within the deferred compensation plan, IRA, or brokerage account.

Name of sponsor of mutual fund or money market fund:

List the sponsor name only, NOT each separate fund within each mutual fund or money market. Combine the value of all within each sponsor name.

To determine whether an investment meets the \$5,000 minimum for reporting add the total value of all types of securities you and your immediate family held in an individual business or other entity.

Investments held by a corporation, partnership or other entity which you and your immediate family control:

Investments must be listed (if aggregating \$5,000 or more) if they are owned by another entity which you and your immediate family control (i.e. have more than 50% of outstanding voting interests or have a majority of the directors or managers of the entity).

Investments held in a trust: List the name of each security valued at \$5,000 or more, held in a trust created by you or in which you have a vested beneficial interest.

Investments held in a Tax Qualified Account: If an investment is owned in a tax qualified account (a deferred compensation plan, profit-sharing plan, or pension plan), you must list the name of the security **only if you or a member of your immediate family controls the selection of that security in your account.** (If the individual investments in your plan are selected by someone other than you, such as an investment advisor or plan trustee, then you do not have to list the individual securities in that plan.) Because you control investments in your Individual Retirement Account (IRA), you must list individual securities held by your IRA.

City of Milwaukee Deferred Compensation Plan: This plan is not directed by the employee unless you have the PCRA (Personal Choice Retirement Account). If you are involved in the PCRA you must list the name of each security valued at \$5,000 or more.

Wisconsin Governmental Securities: Any security issued by the State of Wisconsin or by local governmental entities within Wisconsin.

Part 4 – Real Estate

List specific location of REAL ESTATE in Milwaukee, Ozaukee, Racine, Washington and Waukesha counties (except your principal residence) in which you or your immediate family hold at least 10% interest which is valued at \$5,000 or more as of December 31, 2023.

LIST:

- real estate you or your immediate family owned directly or through: (a) partnership; (b) a corporation; (c) a trust; or (d) other enterprise

DO NOT LIST:

- your principal residence unless it was used for the conduct of a business or for rental purpose

Part 5 – Creditors

List each creditor to whom you and your immediate family owed \$5,000 or more as of December 31, 2023.

LIST:

- each creditor (for personal and business debts, including mortgages) if you or a family member was personally liable for the debt
- your portion of any partnership debts

Part 6 – Associations

List every organization with which you are associated and the nature of your association with that organization as of December 31, 2023.

LIST THE NAME OF EACH:

- business, labor union, association, cooperative, or other organization with which you were associated and the nature of your association, i.e. officer, member, director, authorized representative, or agent
- non-profit social or community service organizations
- Bar Association

DO NOT LIST:

- charitable organizations (entities to which a contribution is tax deductible, i.e. American Red Cross)
- political organizations (entities whose primary purpose is to influence voting)
- trusts
- federal, state, or local governmental agencies

Part 7 – Gifts

List individuals and organizations that, directly or indirectly, provided you with ENTERTAINMENT or GIFTS totaling more than \$50 in 2023. You may disclose gifts throughout the year on the gift/honoraria/payment of expenses form. Additional forms are available on the Ethics Board website at www.milwaukee.gov/ethics. If you have filed a disclosure form for 2023 mark the box "yes". If you have filed disclosure forms throughout the year with the Board, you are not required to list them again on this statement.

A "gift" includes any money, property, favor, service, entertainment, travel, or payment furnished without valuable consideration. Includes tickets to sporting or theatrical events, golfing fees, prizes, samples and promotional items, items from sales representatives, or a part of business promotions, and similar items.

A "gift" does not include political contributions reported to the Election Commission, or meals, beverages, items, or lodging that an individual offers as hospitality at his or her own expense, and not as a business expense, for reasons unrelated to your holding a city office or position.

Do not list:

Gifts from your spouse, child, parent, brother, sister, grandchild, grandparent, aunt, uncle, niece, nephew, fiancé (e), parent-in-law, grandparent-in-law, brother-in-law, or sister-in-law

Part 8 – Honoraria and Payment of Expenses

List, for 2023, sources of HONORARIA and payment of EXPENSES more than \$50 related to your city duties as provided for in Chapter 303-9-2a, MCO. You may disclose honoraria or payment of expenses throughout the year on the gift/honoraria/payment of expenses form. Additional forms are available for printing on the Ethics Board website at www.milwaukee.gov/ethics. If you have filed a disclosure form for 2023, mark the box “yes.” If you have filed disclosure forms throughout the year with the Board, you are not required to list them again on this statement.

LIST :

- each individual or organization from which you received lodging, transportation, meals, expenses, or honoraria having a total value of more than \$50, for attendance at a conference, presentation of a talk, participation in a meeting, or for a published work about issues initiated by or affecting city government or city agencies

DO NOT LIST:

- information about lodging, transportation, meals, money or any other thing of pecuniary value if:
 - you returned it within 30 days
 - you received it from the agency of which your city public office is a part
 - you received it from a source already listed in Part 1 or Part 2
 - you already reported the payment to the Ethics Board as a matter of public record
 - the expense is unrelated to holding public office and did not arise from holding public office



Ethics Board

Please sign and date your form and list your daytime telephone number. Clearly indicate if your daytime telephone number is your “home” telephone number. In the event of a public records request, your “home” telephone number will not be disclosed, if clearly marked.

Mail, email or fax completed form to:

City of Milwaukee Ethics Board
200 East Wells Street, Room 205
Milwaukee, WI 53202

ethics@milwaukee.gov

Fax: (414) 286-3456

Due: February 28, 2024.

PLEASE NOTE: Forms filed after the due date may be subject to late filing fees.

If you email the form, you will receive confirmation of receipt. If you do not receive a confirmation, contact the Ethics Board Office at (414) 286-8641.

If you fax the form, keep the original and do not mail it to the Ethics Board. Keep a copy of your completed form for your records.

For questions regarding the City of Milwaukee Ethics Code please contact the City of Milwaukee Ethics Board Office at (414) 286-8641 or visit our web site at www.milwaukee.gov/ethics.



Ethics Board

Statement of Economic Interests

For Office Use Only

E-MAIL, MAIL OR FAX TO:

City of Milwaukee Ethics Board, 200 E. Wells Street, Room 205, Milwaukee, WI 53202
ethics@milwaukee.gov • Fax: (414) 286-3456

Due February 28, 2024

Filed in 2024 for Calendar Year 2023 – Print legibly in black ink or type

Name: _____ Do you live in the City of Milwaukee? ☐ Yes ☐ No

City Position: _____
(include department, title, board, commission, elective office if applicable)

SEE THE INSTRUCTION SHEET FOR EXPLANATIONS, EXAMPLES AND EXCEPTIONS.

Part 1 – Sources of Income

For calendar year 2023

A. List each EMPLOYER from which you and your immediate family received \$1,000 or more during 2023 (e.g., City of Milw.).

Name of Payer	City and State	Nature of Business	Self (S) or Family (F)

B. List other sources of income from which you or your immediate family received income of \$1,000 or more in 2023.

Name of Payer	City and State	Nature of Business

Part 2 – Business

As of December 31, 2023

For any payer listed above that is a partnership, limited liability company, Subchapter S or Subchapter C corporation in which you or your immediate family has a 10% or greater interest, list the IDENTITY OF EACH PAYER of \$1,000 to such partnership, LLC, Sub-S or Sub-C corporation (see instructions for certain payers which do not have to be listed).

Name of Payer	Name of Business Receiving Payment	Nature of Business	City and State

Part 3 – Investments

As of December 31, 2023

List stocks, bonds, notes or other investments you and your immediate family held (\$5,000 or more).

Name of each Security or Mutual Fund Sponsor	TYPE OF SECURITY - <input checked="" type="checkbox"/> ONE				AMOUNT - <input checked="" type="checkbox"/> ONE	
	Stock, Options, Futures	Bond, Note	WI Gov't. Sect.	Mutual Funds or Money Market	\$5,000-\$50,000	more than \$50,000

Part 4 – Real Estate

As of December 31, 2023

List specific location of REAL ESTATE in Milwaukee, Ozaukee, Racine, Washington and Waukesha counties (except your principal residence) in which you or your immediate family hold at least 10% interest which is valued at \$5,000 or more.

Street Address	County	Type of Property	Nature of Interest

Part 5 – Creditors

As of December 31, 2023

List each CREDITOR to whom you and your immediate family owed \$5,000 or more on December 31, 2023.

Creditor (\$5,000 or more)	City and State	\$5,000 - \$50,000 (check ✓)	more than \$50,000 (check ✓)

Part 6 – Associations

As of December 31, 2023

List every organization with which you are associated and the nature of your association.

Name of Organization	City and State	Nature of Association (e.g., member, officer, director)

Part 7 – Gifts

During calendar year 2023

List individuals and organizations that provided you with ENTERTAINMENT or GIFTS more than \$50 in 2023.

Name of Provider	City and State	Description of Gift	Approx. Value

Did you file any separate gift reporting forms in 2023? ☐ Yes ☐ No

Part 8 – Honoraria and Payment of Expenses


During calendar year 2023

List sources of HONORARIA and payment of EXPENSES of more than \$50 related to your city duties, for 2023.

Payer	Approximate Value of Expenses	Amount of Honorarium	Circumstances of Receipt

Did you file any separate honoraria/payment of expense disclosures in 2023? ☐ Yes ☐ No

I have read the accompanying instructions and certify that the information contained in this Statement of Economic Interests is true, complete and correct to the best of my knowledge, information and belief. If any part has been left blank, I have done so intentionally because there is nothing to report. Typing your name on the line below constitutes your signature of this document. Please sign and date your form and list your daytime telephone number and e-mail address. Clearly indicate if your daytime telephone number or e-mail address is your home telephone number or home e-mail address. In the event of a public records request, all information required by law will be released.

 Signature _____ Date _____ Daytime
telephone number _____ Is this your home telephone number? ☐ Yes ☐ No E-mail
address _____ Is this your home e-mail address? ☐ Yes ☐ No

VII.

MEDICAL REPORTS

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

MERITS	CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Panel Approvals Report	DATE RAN :	02/20/2024
Approved by Executive Director	Pension Board Meeting Date 02/27/2024	TIME RAN :	08:45

DOCTOR DECISION

<u>Case Number</u>	<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>Case Type</u>	<u>Case Sub-Type</u>	<u>City</u>	<u>Union</u>	<u>Third</u>	<u>Disability Date</u>	<u>Comments</u>
691	DANNIES, KYLE	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		03/01/2022	
1096	SCHMAELZLE, JOHN	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		08/27/2013	
1313	DAVIS, BRADLEY	FIRE CAPTAIN- INCIDENT SF	MFD	DD 75%	Re-Examination	Approved	Approved		02/01/2022	
800	COLON, VIDAL	POLICE OFFICER	POLICE	DD 75%	Re-Examination	Approved	Approved		03/23/2010	

Number of Cases: 4

This report includes Fire duty disabilities with an application date prior to July 29, 2016; Police MPA duty disabilities with an application date prior to June 19, 2016; and Police MPSO duty disabilities with an application date prior to January 1, 2016.

MERITS

CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM

Page Number:

1 OF 1

Medical Council Approvals Report

DATE RAN :

02/08/2024

Board Meeting: 02/27/2024

TIME RAN :

07:37

<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>CaseType</u>	<u>Case Sub-Type</u>	<u>Disability Date</u>	<u>Medical Council Meeting Date</u>	<u>In Person Exam Waiver</u>
BERTSCHE, JARED	FIREFIGHTER	MILWAUKEE FIRE DEPARTMENT	Ordinary Disability	Re-Examination	10/16/2022	02/02/2024	
ESKRIDGE, DEMETRICK	HANDICAPPED CHILD ASST	MPS	Ordinary Disability	Re-Examination	10/14/2010	02/02/2024	
GALLOWAY, FRANCIS	POLICE OFFICER	MILWAUKEE POLICE DEPARTME	Ordinary Disability	Application	10/15/2023	02/02/2024	
NORBERG, BRYAN	POLICE OFFICER	MPD	Duty Disability 75%	Re-Examination	11/21/2018	02/02/2024	
TOMASELLO, SHERRY	BRIDGE OPERATOR	DPW-INFRASTRUCTURE	Ordinary Disability	Re-Examination	07/28/2020	02/02/2024	
TRUNKEL, DARCIE	POLICE OFFICER	MPD	Ordinary Disability	Re-Examination	11/23/2021	02/02/2024	
WEIR, THOMAS	ELECTRICIAN	MUNICIPAL SERVICES	Duty Disability 75%	Application	07/08/2023	02/02/2024	

Number of Cases: 7

This report includes all GC disabilities; all ordinary disabilities; Fire duty disabilities with an application date on/after July 29, 2016; Police MPA duty disabilities with an application date on/after June 19, 2016; and Police MPSO duty disabilities with an application date on/after January 1, 2016.

MERITS	CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Council Denials Report	DATE RAN :	02/08/2024
	Board Meeting: 02/27/2024	TIME RAN :	07:37

<u>Case Number</u>	<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>CaseType</u>	<u>Case Sub-Type</u>	<u>Disability Date</u>	<u>Medical Council Meeting Date</u>	<u>In Person Exam Waiver</u>
1570	GALLOWAY, FRANCIS	POLICE OFFICER	MILWAUKEE POLICE DEPARTME	DD 75%	Application	10/15/2023	02/02/2024	
1550	RUTTENBERG, LISA	ACCOUNTANT II	DEPARTMENT OF OD CITY DEVELO		Application	03/03/2023	02/02/2024	

Number of Cases: 2

This report includes all GC disabilities; all ordinary disabilities; Fire duty disabilities with an application date on/after July 29, 2016; Police MPA duty disabilities with an application date on/after June 19, 2016; and Police MPSO duty disabilities with an application date on/after January 1, 2016.

VIII.

UNFINISHED BUSINESS

- A. Pending Legal Opinions and Service Requests Report.
- B. Pending Legislation Report.
- C. Executive Director's Report – Inventory of ERS Projects.
- D. Approval of Cavanaugh Macdonald Book of Survivor Benefit Factors.



February 27, 2024 Board Meeting

PENDING LEGAL OPINIONS AND SERVICE REQUESTS REPORT

PART 1. LEGAL OPINIONS - OFFICE OF CITY ATTORNEY

None.

PART 2. LEGAL OPINIONS - OUTSIDE LEGAL COUNSEL

None.

PART 3. SERVICE REQUESTS - OFFICE OF CITY ATTORNEY

12/21/23

Loomis Sayles Investment Management Agreement

ERS Investment staff requests legal assistance in reviewing proposed amendment to the current Investment Management Agreement with Loomis Sayles & Company as it relates to Treasury Futures.

02/01/24 City Attorney completed its review of the proposed IMA amendment.

02/08/24 Loomis amendment approved by Investment Committee.

02/27/24 On Pension Board Agenda.

PART 4. SERVICE REQUESTS - OUTSIDE LEGAL COUNSEL

None.



February 27, 2024 Board Meeting

PENDING LEGISLATION REPORT

PART 1. PENDING CHARTER ORDINANCES FOR COMMON COUNCIL ACTION

None.

PART 2. PENDING CHANGES TO THE RULES & REGULATIONS

None.

PART 3. PENDING LEGISLATIVE COMMITTEE REFERRALS

Pension Contribution Offset

12/13/16 ERS requested legal guidance on whether the 5.8% pension contribution offset for public safety employees pursuant to recent labor contract settlements or interest arbitration, is includable as "salary" for adjusting duty disability retirement allowance.

02/16/17 City Attorney issued a legal opinion advising that since members receiving a duty disability retirement allowance have not paid the member contributions, they are not entitled to the 5.8% pension contribution offset.

02/27/17 Opinion referred to Legislative Committee for consideration on whether the pension contribution offset received by general city and protective service members should be included in the calculation of the Conversion to Service Retirement and Extended Life retirement allowances.

07/31/17 Committee recommended this matter be held pending resolution of litigation.

PART 4. PENDING STATE LEGISLATION

None.

Employees' Retirement System – Executive Director's Report

February 2024

I. Personnel Update

- A. ERS is working with DER to fill the positions of ERS Fiscal Services Assistant and Investment Analyst- Senior.

II. Member Services

- A. New retirees on payroll in January - 33; 27 are currently anticipated for the February payroll.
- B. Retiree/Employee deaths in December - 31.
- C. We are receiving a lot of phone calls and requests for Benefit Estimates since the letter went out notifying those that are eligible for retirement that the survivorship factors are changing as of 5/1/24.
- D. We have been asked to do a Pension/Retirement presentation at MPS in March. They are expecting 125-200 people to attend.
- E. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
Annuitants	
Death - Duty	25
Death - Ordinary	99
Disability - Duty	359
Disability - Ordinary	569
Retirement	12,783
Separation	39
Total Annuitants	13,874
Active	11,295
Deferred	3,180
Total Population	28,349

III. Financial Services

- A. The 2023 1099-R forms were mailed out to members on January 25th. We have also loaded the forms into MERITS so members can download the forms using self-service.
- B. Outside Earnings letters will be mailed by March 15th. These letters are sent out to members who have either elected early retirement or received certain types of disability payments and have not reached full retirement age.
- C. Our transition to US Bank for our retiree benefit payments is going well. We are working closely with US Bank to ensure that any issues are promptly addressed.

IV. Information Services

- A. Struts Upgrade and Modernize MERITS Website in progress.
- B. Log4j Upgrade completed.
- C. Domain Controller Upgrade in progress.
- D. IT Vulnerability Audit in progress.
- E. Third Party Review of Network Architecture Firmware Upgrade in progress.
- F. Network Infrastructure Firmware Upgrade in progress.
- G. Server Firmware Upgrade in progress.

- H. Change of Bank from Wells Fargo to US Bank completed.
- I. Storage Area Network Firmware Upgrade in progress.
- J. IP Address Review and Cleanup 2023 in progress.
- K. DNS Review and Cleanup 2023 in progress.
- L. AD Review and Cleanup 2023 in progress.
- M. Firewall Review and Cleanup 2023 in progress.
- N. MS Windows Desktop and Laptop OS Upgrade in progress.
- O. Titan Upgrade for CMERS.com in progress.

V. Administration

- A. Cavanaugh Macdonald has issued a draft Actuarial Valuation Report as of January 1, 2023 for Determining the Actuarial Determined Employer Contributions for Plan Year 2024. This is a revised 2023 valuation report to conform to the funding requirements of Wisconsin Act 12. Staff has reviewed this report with the actuaries and Aaron Chochon and Larry Langer of the Cavanaugh firm will present the report for Board acceptance at the March Board meeting because they have prior commitments to attend another client meeting on the same date as CMERS February Board meeting. Also, as part of the transition to Act 12 funding requirements and the funding policy adopted by the Board following the adoption of Act 12 last year, the Cavanaugh firm will issue another Actuarial Valuation Report as of January 1, 2024 for Determining Employer Contributions for Plan Year 2025. This second valuation report is scheduled to be presented to the Board for acceptance at the June Board meeting. In accordance with the Board funding policy for Act 12, for the first time in the plan's history this valuation report is intended to provide the sponsoring employers with six months' notice in advance of the plan year regarding required employer contributions. Prior to the most recent Chapter 36 funding policy amendment, the actuarial valuation was traditionally presented to the Board for acceptance six months **after** the beginning of the plan year and several months after the city budget was adopted in the Fall of the previous year.

For the updated 2024 Factors Book, please see this link:

https://www.cmers.com/CMERS_RD/Off-Nav/Docs.htm

From: Larry Langer <LarryL@cavmacconsulting.com>

Sent: Thursday, February 1, 2024 8:22 AM

To: Allen, Jerry <Jerry.Allen@CMERS.com>; Siddiqui, Terry <Terry.Siddiqui@cmers.com>

Cc: Aaron Chochon <AaronC@cavmacconsulting.com>

Subject: CMERS 2024 Factor Book

All

Attached is an update to the 2024 Factors Book sent January 11, 2024. We have updated this book to accommodate the Merits system's use of an actuarially equivalent formula to convert the J&100% factors to other percentages based on the "Buck" formula. During this process we reviewed the Buck formula and found it to be reasonable. While the other J& factors changed, the J&100% factors are unchanged and include the modified cash refund death benefit.

Note that other factors not mentioned above remain unchanged.

We are available to discuss.

CavMac

PS: It's a big file – let us know you receive this.

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary
Cavanaugh Macdonald Consulting, LLC
819 North Brainard Street
Naperville, IL 60563
Cell 630.632.8668
Fax 678.388.1730
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IX.

INFORMATIONAL

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (IX.A.), 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.

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2024.
- D. Adjusted Quarterly Cost Basis of Equity.
- E. Minutes of the Investment Committee Meeting Held February 8, 2024.
- F. Report on Bills.
- G. Deployment of Assets.
- H. Securities Lending Revenue and Budget Report.
- I. Preliminary Performance Report and Asset Allocation.



February 27, 2024 Board Meeting

PENDING LITIGATION REPORT

Part 1. ERS Litigation through the City Attorney

MPSO/Local 215, et al. v City of Milwaukee, et al; Case Nos. 2019AP001319; 2018CV001274

MPSO and Local 215 filed suit on behalf of certain duty disability retirees against the City of Milwaukee and the Employees' Retirement System alleging the defendants violated the collective bargaining agreements as it relates to the payment of the 5.8% pension offset.

****See prior Reports for case history****

- **01/16/24** Brief of plaintiff as to opposition of defendant's motion to intervene filed with court.
- **01/17/24** Defendant's response and support of motion to intervene filed with court.
- **01/24/24** Motion hearing held on Intervenor-Defendant (MPA) Motion to Intervene. Court grants MPA's motion to intervene in relative to the Motion for Attorney fees only.
- **01/29/24** Brief of Defendant-Intervenor in opposition to motion for attorney fees filed with court.
- **01/30/24** Defendants Response in Opposition to Local 215's Motion for Fees filed.
- **02/05/24** Motion hearing held. Plaintiffs' Motion to Consolidate denied by the Court. The Court will issue its written decision by April 5, 2024 as it relates to the Plaintiffs' Motions for Attorney's Fees.

MPA and Kurt Lacina v. City of Milwaukee, et al; Case Nos. 2023AP000301; and 2022CV001965

Kurt Lacina alleges his DDRA was wrongfully offset by a worker's compensation permanent partial disability award by defendants.

****See prior Reports for case history****

- 10/18/23 Appellants' Reply Brief filed. Case awaiting assignment to appellate panel.

Frank Vrtochnick, et al v. City of Milwaukee, et al; Case No. 2023CV003007

Plaintiff alleges the City and the ERS breached the Milwaukee Police Association 2013-2016 collective bargaining agreement and Chapter 36 of the Milwaukee City Charter as it pertains to the inclusion of the 5.8% pension offset in the member's "base salary" for purposes of calculating the duty disability retirement allowance. The plaintiff seeks to have this current litigation classified as a *Class Action to include all other similarly-situated employees hired prior to October 3, 2011 and represented by the Milwaukee Police Association*.

****See prior Reports for case history****

- **02/07/24** Status conference held; Briefing schedule placed on the record. Case adjourned to May 22, 2024 to hear Defendants' Motion to Dismiss.
- **05/22/24** Scheduled for a Motion hearing.

Benjean Lara v. City of Milwaukee, et al; Case No. 2023CV007107

Member filed Petition for Certiorari Review of Pension Board's denial of disability (duty and ordinary) retirement benefits.

See prior Reports for case history

- **01/02/24** Petitioner's request to vacate Briefing Schedule filed with court.
- **01/10/24** Stipulation and Proposed Order to Vacate Briefing Schedule filed.
- **01/16/24** Order to Vacate Briefing Schedule signed.
- **01/24/24** Status Conference held; parties adjust briefing order.

John Klein et al. v. City of Milwaukee et al.; Case Nos. 2022AP001401; and 2021CV004632

Plaintiffs allege the City of Milwaukee and the Employees' Retirement System improperly determined eligibility for certain retirement benefits provided for under the terms of the Global Pension Settlement and as codified in Chapter 36 of the Milwaukee City Charter.

- 02/11/21 Notice of Claim served upon ERS and forwarded to fiduciary carriers
- 07/29/22 Plaintiffs' Motion for Declaratory Judgement denied. Case dismissed.
- 08/15/22 Plaintiffs' Notice of Appeal filed.
- 12/23/22 Brief of Appellants filed.
- 01/24/22 Brief of Respondents filed.
- 02/03/23 Appellants' Reply Brief filed. Awaiting case assignment.
- 02/03/23 Case submitted on briefs. Pending decision.

Part 2. ERS Administrative Appeal Hearings through the City Attorney**Jason Rodriguez; Administrative Case No. 1443**

- Hearing stayed pending outcome of Appellant's state workers compensation (WC) appeal hearing. First WC appeal hearing held May 10, 2022. Second WC appeal hearing scheduled for February 08, 2024.

James Gentry; Administrative Case No. 1522

- Hearing requested. Pending scheduling.

Part 3. Notice of Claim filed with ERS

None.

Part 4. ERS Litigation through Outside Legal Counsel

None.

Client Conferences 2024

Board Meeting: February 27, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
March 19 – 21, 2024 10:30 am – 1:30 pm	“Callan College” Introduction to Investments Virtual	Callan Associates
April 8 – 10, 2024	Callan’s 2024 National Conference San Francisco, CA	Callan Associates
April 30 – May 1, 2024	2024 Institutional Investor Insights (In3) New York, NY	BlackRock
June 11 – 12, 2024	“Callan College” Introduction to Investments Chicago, IL	Callan Associates
June 26 – 27, 2024	2024 Neuberger Berman Private Markets Limited Partners Annual Meetings New York, NY	Neuberger Berman
August 21 – 22, 2024	“Callan College” on Alternative Investments Virtual	Callan Associates
September 17 – 18, 2024	2024 USLF Annual Meeting San Francisco, CA	ProLogis
September 24 – 26, 2024 10:30 am – 1:30 pm	“Callan College” Introduction to Investments Virtual	Callan Associates

Trustee Conferences 2024

Board Meeting: February 27, 2024

DATE(S)		
March 4 – 6, 2024	CII Spring 2024 Conference Washington, DC	Council of Institutional Investors
March 6 – 7, 2024	Investments Institute Rancho Mirage, CA	International Foundation of Employee Benefit Plans
March 8 – 9, 2024	Investment Basics – Certificate Series Course Scottsdale, AZ	International Foundation of Employee Benefit Plans
April 9 – 10, 2024	Private Markets Conference – The LP Perspective Chicago, IL	Pensions & Investments
April 15 – 17, 2024	Pension Bridge The Annual 2024 Half Moon Bay, CA	with.Intelligence
April 17, 2024	8 th Annual Real Estate Midwest Forum Chicago, IL	Markets Group
April 29 – May 1, 2024	Public Funds Roundtable 2024 Beverly Hills, CA	Institutional Investor
May 5 – 8, 2024	Milken Institute 2024 Global Conference Beverly Hills, CA	Milken Institute
May 6 - 9, 2024	Portfolio Concepts and Management (Wharton) Philadelphia, PA	International Foundation of Employee Benefit Plans
May 8, 2024	2024 Madison Investment Conference Madison, WI	CFA Society Madison, SWIB, Wisconsin School of Business
May 14 – 15, 2024	10 th Annual Midwest Institutional Forum Chicago, IL	Markets Group
May 18 – 19, 2024	NCPERS Accredited Fiduciary (NAF) Program and Trustee Educational Seminar (TEDS) Seattle, WA	NCPERS

Trustee Conferences 2024

Board Meeting: February 27, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
May 19 – 22, 2024	Annual Conference & Exhibition (ACE) Seattle, WA	NCPERS
May 22, 2024	10 th Annual Redefining Fixed Income Forum Chicago, IL	Institutional Investor
June 5 – 7, 2024	2024 Visions, Insights, & Perspective (VIP) Infrastructure Washington, DC	Institutional Real Estate, Inc.
June 24 – 26, 2024	Institutional Investor Week Newport, RI	Institutional Investor
July 22 – 23, 2024	Alternatives Forum - ALTSCHI Chicago, IL	Markets Group
July 30 – 31, 2024	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part I Boston, MA	International Foundation of Employee Benefit Plans
August 1 – 2, 2024	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part II Boston, MA	International Foundation of Employee Benefit Plans
August 18 – 20, 2024	Public Pension Funding Forum Boston, MA	NCPERS
September 9 – 11, 2024	CII Fall 2024 Conference Brooklyn, NY	Council of Institutional Investors
September 16 - 17, 2024	Investment Basics Nashville, TN	International Foundation of Employee Benefit Plans
September 17, 2024	10 th Annual Great Plains Institutional Forum Minneapolis, MN	Markets Group
October 8 – 9, 2024	2024 Roundtable for Consultants and Institutional Investors Chicago, IL	Institutional Investor

Trustee Conferences 2024

Board Meeting: February 27, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
October 16 – 17, 2024	Pension Bridge Alternatives 2024 New York, NY	with.Intelligence
October 26 – 27, 2024	NCPERS Accredited Fiduciary (NAF) Program & Program for Advanced Trustee Studies (PATs) Palm Springs, CA	NCPERS
October 27 – 30, 2024	Public Safety Conference Palm Springs, CA	NCPERS
November 9 – 10, 2024	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part II San Diego, CA	International Foundation of Employee Benefit Plans

Upcoming Due Diligence Meetings

Date	Manager(s)	Team
February 26-29, 2024	Brandes and DFA, along with DFA annual conference	Erich and Tom
June 2024	Aptitude	David

Class Action Income 2024 YTD

Asset Description	Date(s)	Amount
Arthrocare Corp.	1/5/2024 \$	28,400
Teva Pharmaceutical	1/8/2024 \$	1,273
Countrywide Financial	1/30/2024 \$	82
Bank of America	2/7/2024 \$	14,750
Corrections Corp. of America	2/16/2024 \$	362
Total Class Action Income Received in 2024 YTD		\$ 44,867

Adjusted Quarterly Cost Basis of Equity December 31, 2023

Date	Market Value of Total Fund	Equity as Percent of Portfolio on a Market Value Basis %	Cost Value of Total Fund	Equity as Percent of Portfolio on Cost Basis %
Dec-16	4,875,173,931	58.7%	4,259,899,650	51.6%
Mar-17	5,054,238,404	59.5%	4,296,075,081	54.0%
Jun-17	5,141,650,168	59.6%	4,238,775,000	54.0%
Sep-17	5,253,079,121	60.3%	4,219,738,169	54.0%
Dec-17	5,356,413,868	60.7%	4,347,067,963	54.6%
Mar-18	5,360,763,834	54.5%	4,493,669,234	48.5%
Jun-18	5,364,526,404	52.8%	4,508,052,439	47.2%
Sep-18	5,416,752,057	53.2%	4,475,388,278	47.5%
Dec-18	4,952,685,618	50.7%	4,457,976,536	48.9%
Mar-19	5,287,164,709	52.5%	4,458,818,165	48.5%
Jun-19	5,368,388,543	52.2%	4,439,503,880	48.5%
Sep-19	5,336,312,140	51.6%	4,409,684,126	48.6%
Dec-19	5,525,553,595	53.1%	4,370,713,537	48.7%
Mar-20	4,532,932,039	47.6%	4,421,955,418	47.5%
Jun-20	4,904,369,177	52.6%	4,216,408,115	50.3%
Sep-20	5,077,501,527	52.0%	4,228,679,409	49.0%
Dec-20	5,531,306,606	53.5%	4,270,905,026	47.9%
Mar-21	5,693,916,321	53.5%	4,338,199,305	46.1%
Jun-21	6,012,966,775	52.3%	4,337,113,221	45.0%
Sep-21	6,026,295,778	48.4%	4,378,190,704	42.2%
Dec-21	6,218,053,813	47.6%	4,473,429,725	41.0%
Mar-22	6,156,069,941	46.5%	4,642,000,891	41.1%
Jun-22	5,633,734,690	44.6%	4,548,655,130	43.9%
Sep-22	5,276,131,314	43.7%	4,538,899,040	44.8%
Dec-22	5,469,372,844	46.0%	4,476,020,934	44.5%
Mar-23	5,644,257,058	47.6%	4,501,213,423	44.4%
Jun-23	5,654,571,235	43.9%	4,551,510,198	39.4%
Sep-23	5,471,790,350	40.0%	4,563,372,935	35.9%
Dec-23	5,712,163,552	42.7%	4,524,515,830	36.6%

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

Minutes of the Investment Committee Meeting
held February 8, 2024 via teleconference

The meeting was called to order at 9:02 a.m.

Committee Members Present: Matthew Bell
 Deborah Ford
 Timothy Heling
 Molly King
 Thomas Klusman, Chair
 Rudy Konrad
 Nik Kovac
 Aycha Sawa

ERS Staff Present: Jerry Allen, Executive Director
 David Silber, Chief Investment Officer
 Erich Sauer, Deputy Chief Investment Officer
 Thomas Courtright, Pension Investment Analyst
 Dan Gopalan, Chief Financial Officer
 Jan Wills, Board Stenographer

Others present: John Jackson, Mike Joecken, Adam Lozinski, Callan; Travis Gresham, City Attorney's Office; Carolyn Stittleburg, Legislative Audit Bureau; Terry Siddiqui, DS Consulting, Inc.; four members of the public called in.

Approval of Loomis Sayles Contract Amendment. Mr. Sauer reminded the Committee they recently approved a number of changes to the Loomis Sayles guidelines. He said Loomis Sayles provided an amendment they felt they needed to be able to invest in futures. He noted there are some agreements Loomis Sayles needs to execute to begin investing in futures, so they are asking for authority to do that. Mr. Sauer stated the Investment staff worked with Mr. Gresham to negotiate with them. He said Mr. Gresham worked with Loomis Sayles to get the language in a place he was comfortable with. Mr. Gresham noted that initially, Loomis proposed contract items that were boilerplate that were too broad. He said that the amendment in front of the Committee is in a place where Loomis is more exacting about the goal and the provided authority that we are giving to Loomis. Mr. Gresham said with those guardrails in place, we are in a safer spot than when we started. He said there are risks involved when handing authority over. Mr. Gresham said there are some listed investment vehicles and places where the Board is handing over certain authority but that is in furtherance to the already-agreed management strategy. Mr. Sauer concluded that Staff is comfortable with the amendment and recommended going forward with approval.

It was moved by Ms. King, seconded by Mr. Konrad and unanimously carried, to approve the Approval of Loomis Sayles Contract Amendment.

Approval of MFS Investment Management Guideline Waiver. Mr. Sauer said MFS had informed Staff that the position in Microsoft in their portfolio had appreciated enough to reach their guideline limit which is the greater of 7% or benchmark weight plus 3%. He said when that happens, the manager reaches out to Staff to recommend a course of action. Mr. Sauer noted MFS is requesting to have a waiver specific to Microsoft that would allow the position to continue to appreciate up to a maximum of index weighting plus 5%. He said this was similar to something the Board allowed previously with Polen for a couple of their stocks, allowing appreciation from 10% to 12% in that instance. Mr. Sauer said MFS, in their memo, stated why they like Microsoft. He said Staff had talked with Callan about this and it is recommended that this waiver be approved. Discussion ensued.

It was moved by Mr. Konrad, seconded by Mr. Heling and unanimously carried, to approve the Approval of MFS Investment Management Guideline Waiver.

Mr. Klusman advised that the Investment Committee may vote to convene in closed session on the following item as provided in Section 19.85(1)(e), Wisconsin State 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 Investment Committee may then vote to reconvene in open session following the closed session.

It was moved by Ms. Sawa, and seconded by Mr. Bell to convene in closed session. The motion carried by the following roll call vote: AYES: Mses. Ford, King, and Sawa; Messrs. Bell, Heling, Klusman, Konrad, and Kovac. NOES: None.

The Committee convened in closed session at 9:14 a.m.

The Committee reconvened in open session at 10:01 a.m.

Approval of Recommendation regarding Public Equity Investment Manager. It was moved by Mr. Konrad, seconded by Ms. Ford and unanimously carried, to approve the Approval of Recommendation regarding Public Equity Investment Manager.

Callan 2024 Capital Markets Assumptions and Asset Allocation Review Presentation. As a matter of information, Committee members received the Callan 2024 Capital Markets Assumptions booklet. Mr. Joecken stated every year Callan does a 10-year projection of capital market assumptions. He said Mr. Lozinski will talk about the capital markets assumptions and how they affect the ERS' portfolio and target asset allocations. Mr. Lozinski spoke with the Committee about the process overview, current market conditions, special focus on inflation, inflation vs. interest rates, 2024 expectations, fixed income, equity, alternatives, and a detailed 2024 projections and resulting portfolio returns. Discussion ensued.

The chair called for a break at 10:49 a.m.

The chair resumed the meeting at 10:56 a.m.

Due Diligence Reports.

Reams Asset Management. As a matter of information, Committee members received a memo regarding the Reams Asset Management due diligence visit that Messrs. Sauer and Walters made on September 13, 2023. Mr. Sauer noted Reams' personnel changes and said Bob Crider moved from managing director and co-founder of the firm to a senior advisor role, Dimitri Silva replaced him on the investment committee and was promoted to managing director, Dan Spurgeon's position as president was eliminated and his duties were assumed by Ed Rick of Reams' parent company Raymond James Investment Management. Mr. Sauer said Chang Shin who was chief compliance officer left the firm and his role was integrated into Raymond James Investment Management. He noted Reams will have an individual, full-time, in its Indianapolis office who reports to Raymond James' Chief Compliance Officer and will eventually be named the Chief Compliance Officer of Reams and will focus solely on portfolio compliance. Mr. Sauer said personal trading, advertising and marketing compliance, social media, e-mail, and text message monitoring will be centralized at Raymond James' office. He said Neil Aggarwal was hired to lead the securitized products team after Stephen Vincent retired in April 2023. Mr. Sauer concluded that Staff feels comfortable in its role as a Core Plus Fixed Income Manager for the ERS.

Apogem Capital. As a matter of information, Committee members received a memo regarding the Apogem Capital due diligence visit that Messrs. Sauer and Courtright made on August 23, 2023. Mr. Sauer stated the ERS invested with PA Capital and Apogem was created through a combination of PA Capital, GoldPoint and Madison Capital. He said the Private Equity process, begun with PA Capital, remains in place, along with the key professionals. Mr. Sauer said they have additional resources available through the business combination. He said in Private Equity they added 10 junior analyst and associate-level employees who can monitor existing funds or analyze new funds. Mr. Sauer said they gained an in-house legal team, but because of the nature of Private Equity, they still utilize outside expert attorneys. He said the in-house legal team will now interface with the outside legal team, so the Apogem Private Equity professionals can focus on investments. Mr. Sauer noted with the new resources, they were able to hire a head of IT and an in-house fund administration group that allows Apogem to have day-to-day oversight of the valuations of all the underlying investments they have. He said that Chris Stringer who was president of PA Capital and long-time head of Private Equity there, retained that title and was interim CEO of Apogem until a permanent CEO, John Niedner, a former Madison Capital employee, was brought in. Mr. Sauer said Chris Stringer has a newly-created title of president and will remain head of Private Equity. He said the CEO John Niedner has a lot of responsibilities of reporting up to New York Life Investment Management and Chris Stringer will continue to focus on Private Equity. Mr. Sauer concluded that \$30 million was approved for Fund XI in the 2023 Pacing Study and Staff is comfortable with Apogem.

Principal Global Investors. As a matter of information, Committee members received a memo regarding the Principal due diligence visit that Messrs. Silber and Courtright made on September 12, 2023 and October 21, 2023. Mr. Courtright stated that Principal has managed a diversified real assets strategy for the ERS since January 2016. He said May Tong came on board in March 2022 and was named lead portfolio manager, after Jake Anonson departed. Mr. Courtright said Marc Dummer became *de facto* lead portfolio manager after Jake Anonson had departed, but then took a lateral role to be a lead client portfolio manager and be more client-facing to deal with marketing or business development issues with clients. He noted Kelly Grossman, a

long-time portfolio manager, and did a lot of the risk analytics responsibilities, made a lateral move to become head of investment analytics. Mr. Courtright stated the two remaining portfolio managers continue to be on the team alongside May Tong. He said May Tong has expanded the access of global macro research experts and has made technological enhancements. Mr. Courtright stated May Tong also bifurcated the Manager Selection team into two primary groups, the Investment Oversight Platform Group and the Manager Alpha Research and Selection Group. He commented that there have been very few changes in strategy and philosophy and they are on pace since inception. Mr. Courtright concluded that since inception, performance is quite good at 5.6% versus the custom blended benchmark of 5.3%.

Mr. Klusman commended the Investment Staff on the thoroughness of their due diligence reports as it helps the Committee to understand the managers' strategies, length of time with the ERS, people movement, and trends and developments.

CMERS 4th Quarter 2023 Performance Update. As a matter of information, Committee members received from Staff the CMERS 4th Quarter 2023 Performance Report. Mr. Sauer noted the 4th quarter was a strong quarter. At the end of November and beginning of December, the market got the idea that the Fed was probably done raising interest rates and expected interest rates cuts would be coming in early 2024, causing stocks and bonds to rally. He said Public Equity was up 11.1%, the Bloomberg U.S. Aggregate was up 6.8%, the Real Assets blended benchmark was at 0.3%, Private Equity is benchmarked the prior quarter Russell 3000+2% is down -2.7%, and the Absolute Return benchmark 90-Day T-Bill+3% stays fairly constant and is at 2.1%. He stated the Fund's benchmark return for the quarter is 6.2%. Mr. Sauer discussed the Relative Performance Expectations and said they look at Biases built into the portfolio. He noted the biggest one having an impact was the Value Equity Bias with the Russell 3000 Value up 9.8%, but did not keep pace with the Russell 3000 Growth which was up 14.1%. Mr. Sauer stated the rest of the Biases were in their favor with the Small Cap Equity Bias up 14% versus large cap with 12%, Fixed Income Credit with Loomis Sayles versus the Bloomberg US Aggregate at 7.7% versus 6.8%, Private Equity outperformed the benchmark, but with those added up, it was not enough to overcome the drag from the Value bias so the Fund was up 6.0% versus 6.2% for the benchmark. Mr. Sauer said the Fund underperformed in the quarter and the one-year, but still had a strong 10% for the 1-Year and is outperforming for the 5-Year, 7-Year, 10-Year, and 15-Year time periods, which, he said, is added value to the Fund over time. Mr. Sauer discussed 4th Quarter Attribution and noted the main driver of underperformance was the Fund's Allocation. He said Public Equities were down a bit going into the November rally and when stocks are down, it pushes the allocation underweight and the overweight to Private Equity was a drag as well and it is harder to change over shorter time periods. He said because the Private Equity benchmark was negative, the overweight to that shows as a detractor. Mr. Sauer stated there was solid manager performances in the quarter and Loomis Sayles, Reams, William Blair outperformed and Private Equity outperformed their benchmarks. He noted this was partially offset by real estate manager JP Morgan which underperformed and detracted 14 basis points. Mr. Sauer added that for Style Bias, the US Government Fixed Income was a detractor. Discussing full year attribution, he stated the majority of growth returns were from the Magnificent Seven growth story throughout the year meaning the Value and Small Cap Bias went against the Fund and was a detractor. Mr. Sauer said it masked strong manager performance with Brandes adding 67 basis points, DFA Strategies adding 33 basis points, Morgan Stanley adding 24 basis points, Polen added 22 basis points, and Loomis Sayles added 21 basis points. He discussed the 2023 Market Value Change and noted there were total outflows of \$489 million,

received contributions of \$190 million, and a capital market gain of \$546 million, allowing the Fund to grow a bit. Regarding notable CMERS Manager Events, Mr. Sauer said Polen announced in January that Damon Ficklin, a Portfolio Manager, would be re-joining Polen's Focus Growth strategy that they manage for the Fund. He added that Brandon Ladoff, a Portfolio Manager and Head of Sustainable Investing would be joining the Global Growth strategy. Mr. Sauer talked about the Public Equity Performance and said that it was 60 basis points under the benchmark which was a good outcome, all things considered. He said it had solid outperformance over a long time period versus the benchmark. He said Mr. Silber has put a lot of work and thought into how the Public Equity portfolio was constructed which paid off in relative results versus the benchmark over the past 10 years. Mr. Sauer mentioned Public Equity performance standouts and said that Polen was up 38.1% and outperformed their benchmark by 11.8%, Brandes was up 31% and outperformed their benchmark by 12.8%, DFA U.S. Small Cap was up 21% and outperformed their benchmark by 6.4%. He said the only outlier was CastleArk which had significant underperformance for the full year, but had bounced back in 2024. Mr. Sauer discussed Fixed Income, noting it was a strong quarter and the full-year return was a strong return. He said Reams was up 6.6% and outperformed 1.1% and Loomis Sayles was up 8.4% and outperformed 2.9% for the full year. Mr. Sauer next discussed Private Equity and said even though it was a tough year compared to the way Staff benchmarked it in 2023, Staff is happy with how it has shaped up and is performing. He noted there was heavy Capital Call activity in the second quarter, normalized in Q3, and the Managers are expecting Capital Call activity to be more normalized in 2024 with distributions picking up again to help the cash flow. Mr. Sauer provided a Performance Update and said as of February 7, the ERS Total Fund Market Value is at \$5.88 billion. He said for January, the Fund was estimated to be down 0.3% versus a flat benchmark at 0.0%. Mr. Sauer noted month-to-date for February, the Fund is up 0.2% versus the 0.4% benchmark and year-to-date through February 7, 2024, the ERS Fund is down 0.1% versus the 0.4% benchmark.

Mr. Silber thanked Mr. Sauer for the update and said for the five-year number, we are looking at a Fund that has a 9.1% return, is outperforming its benchmark net of fees by an annualized 86 basis points, and ranks near-the-top quartile according to the Northern Trust peer universe. In addition, every single asset class – Stocks, Bonds, Absolute Return, Private Equity, and Real Assets, is outperforming over the 5-year time period. He said the five-year period started on January 1, 2019 so that means a dollar invested in the Fund five years ago, generated a return that exceeded the majority of other public funds according to the Northern Trust and Callan peer universes. Mr. Silber looked at the numbers for the 10-year period and said a similar conclusion can be drawn about the Fund and the Fund's asset classes during the past 10-years as well.

Mr. Klusman commended Staff, including Callan, that they are doing a fantastic job and compared to the Wisconsin Retirement System (WRS), the Fund last year had a 10% return versus the WRS' 11.4% return, but when the economy had a bad year in 2022, the Fund was down about 6.5%, while the WRS was down about twice that at almost 13%. He looked at 2021 when everyone had a strong year and the Fund had an 18.9% return and the WRS had a 16.9% return. Mr. Klusman looked at the five-year returns and said the ERS Fund had only a .1% difference against the WRS. He said the ERS Fund beat them by .1% for the 10-year time frame. Mr. Klusman added that Staff picked the right managers and monitored the managers. Mr. Klusman added that the Fund in 2023 had \$198 million in and \$498 million out, and said that's \$300 million and the Fund grew a lot during 2023. Mr. Allen said they have a chart with a longer time frame of 23 years and would

include a chart for the next Investment Committee meeting. Mr. Silber thanked Mr. Sauer and Mr. Courtright and said he was proud of the team and what they put together in all the reports.

Value Add Analysis. As a matter of information, Committee members received the Value Add Analysis document. Mr. Silber noted they put the analysis together every year and they have 29 years of data. He said the ERS spends so much time as an organization and so many resources determining what managers will be selected, whether they will beat the benchmarks, whether they are going to be passive or active, and whether they are adding value investing in Private Equity versus Stocks or Hedge Funds versus Bonds. Mr. Silber went over the slides and said that over 29 years, the Fund has a value add of about \$1.1 billion, which means the Fund has \$1.1 billion more in it, net of fees, as a result of successfully selecting managers who have outperformed low-cost liquid passive benchmarks. This amount includes the net of fee outperformance that the Private Equity allocation has generated above Stock returns, and the net of fee outperformance that the Hedge Fund allocation has generated above Bond returns. He said in the last 10 years about \$400 million has been added. Mr. Silber explained that an asset class breakdown of these results was included within the analysis. Discussion ensued.

It was moved by Mr. Heling and seconded by Ms. Sawa to adjourn the meeting.

There being no further business, Mr. Klusman adjourned the meeting at 11:53 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.)

Fiscal Year
2024
Department
Employees' Retirement System

City of Milwaukee
Departmental
Appropriation Budget Balances

As of: 2024-02-29

	Budget	2024-1	2024-2	Year to Date Expended	Life to Date Commitments	Remaining Budget
<i>Regular Departmental Appropriations:</i>						
Employee Salaries & Wages	5,002,345.00	-	-	-	-	5,002,345.00
Base Pay-Salary & Wage	-	236,445.99	-	236,445.99	-	(236,445.99)
Overtime Premium	-	65.67	-	65.67	-	(65.67)
Time Paid Not Worked	-	123,944.27	-	123,944.27	-	(123,944.27)
Employee Salaries & Wages	\$ 5,002,345.00	360,455.93	-	\$ 360,455.93	\$ -	\$ 4,641,889.07
Fringe Benefits Applied	2,251,055.00	-	-	-	-	2,251,055.00
Applied Employee Benefits	\$ 2,251,055.00	-	-	\$ -	\$ -	\$ 2,251,055.00
Operating Expenditures	16,305,400.00	-	-	-	-	16,305,400.00
Office Supplies	-	89.21	-	89.21	-	(89.21)
Magazines, Subscription	-	441.47	-	441.47	-	(441.47)
Postal and Mailing Services	-	130.00	-	130.00	-	(130.00)
Other Operating Supply	-	1,450.00	-	1,450.00	-	(1,450.00)
Building Rental	-	37,136.53	-	37,136.53	-	(37,136.53)
Printing & Dupl Machine Rental	-	1,126.29	-	1,126.29	-	(1,126.29)
Consulting	-	24,421.68	-	24,421.68	-	(24,421.68)
Medical, Surgical & Lab	-	5,500.00	-	5,500.00	-	(5,500.00)
Administrative Charges	-	24,886.29	19,878.00	44,764.29	-	(44,764.29)
Other Professional Services	-	1,040,160.60	573,608.34	1,613,768.94	-	(1,613,768.94)
Systems Support	-	-	27,965.00	27,965.00	-	(27,965.00)
IT Infrastructure	-	-	6,170.00	6,170.00	-	(6,170.00)
Telephone, Communications	-	5,721.23	734.00	6,455.23	-	(6,455.23)
Travel & Subsistence	-	1,308.79	58.00	1,366.79	-	(1,366.79)
Other Misc Services	-	14,121.84	-	14,121.84	-	(14,121.84)
Operating Expenditures	\$ 16,305,400.00	1,156,493.93	628,413.34	\$ 1,784,907.27	\$ -	\$ 14,520,492.73
All Equipment	713,000.00	-	-	-	-	713,000.00
Computer Server & Components	-	10,194.14	-	10,194.14	-	(10,194.14)
Total Equipment	\$ 713,000.00	10,194.14	-	\$ 10,194.14	\$ -	\$ 702,805.86
Total Regular Class	<u>\$ 24,271,800.00</u>	<u>1,527,144.00</u>	<u>628,413.34</u>	<u>\$ 2,155,557.34</u>	<u>\$ -</u>	<u>\$ 22,116,242.66</u>
<i>Other Departmental Appropriations:</i>						
Pol Pension Lump-Sum Sup Cont	2,000.00	-	-	-	-	2,000.00
PABF Payroll	12,000.00	-	-	-	-	12,000.00
Group Life Insurance Premium	4,200,000.00	-	354,993.74	354,993.74	-	3,845,006.26
Retiree's Benefit Adjustment	25,000.00	1,467.22	-	1,467.22	-	23,532.78
Other Classes	<u>\$ 4,239,000.00</u>	<u>1,467.22</u>	<u>354,993.74</u>	<u>\$ 356,460.96</u>	<u>\$ -</u>	<u>\$ 3,882,539.04</u>
Total Dept Appropriations	<u>\$ 28,510,800.00</u>	<u>1,528,611.22</u>	<u>983,407.08</u>	<u>\$ 2,512,018.30</u>	<u>\$ -</u>	<u>\$ 25,998,781.70</u>

Monthly Board Report

31-Jan-24

Account number COMALL

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Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-CASH ACCOUNT	0.00	180,027,782.40	0.00	0.00	0.00	0.00	180,027,782.40
2605491	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	3.03%
MILWAUKEE-THE NORTHERN TRS	0.00	0.00	197,932,638.90	0.00	0.00	0.00	197,932,638.90
2605496	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.33%
MILWAUKEE-ERS EXPENSE FUND	0.00	196,039.62	0.00	0.00	0.00	0.00	196,039.62
2605504	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MILWAUKEE-PABF BENEFIT PAYMENT	0.00	2,663.11	0.00	0.00	0.00	0.00	2,663.11
2610128	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MILWAUKEE-DFA INTERNATIONAL	0.00	0.00	159,740,318.00	0.00	0.00	0.00	159,740,318.00
2619838	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	2.68%
MILWAUKEE-EARNEST -SL	0.00	2,282,511.70	99,227,449.72	0.00	0.00	0.00	101,509,961.40
2630942	0.00%	2.25%	97.75%	0.00%	0.00%	0.00%	1.71%
MILWAUKEE - UBS A&Q	0.00	0.00	0.00	0.00	252,342,649.50	0.00	252,342,649.50
2637239	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	4.24%
MILWAUKEE-DFA	0.00	0.00	178,570,750.00	0.00	0.00	0.00	178,570,750.00
2637848	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.00%
MILWAUKEE-BAIRD	0.00	25,303,209.11	0.00	60,415,262.29	0.00	-219,725.31	85,498,746.09
2674604	0.00%	29.59%	0.00%	70.66%	0.00%	-0.26%	1.44%
MILWAUKEE-CASTLEARK	0.00	1,050,769.60	79,145,982.33	0.00	0.00	-317,195.42	79,879,556.51
2697782	0.00%	1.32%	99.08%	0.00%	0.00%	-0.40%	1.34%
MILWAUKEE - BLACKROCK R1000V	0.00	0.00	192,967,771.20	0.00	0.00	0.00	192,967,771.20
4472746	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.24%
MILWAUKEE-LOOMIS SAYLE	5,037,959.28	0.00	7,968,700.95	448,637,267.90	0.00	-4,721,986.11	456,921,942.00
CME01	1.10%	0.00%	1.74%	98.19%	0.00%	-1.03%	7.68%
MILWAUKEE-BRANDES INT'L EQUITY	1,523,606.67	0.00	317,288,741.20	0.00	1,996,745.23	0.00	320,809,093.10
CME03	0.47%	0.00%	98.90%	0.00%	0.62%	0.00%	5.39%
MILWAUKEE-REAMS	119,196,200.40	0.00	0.00	835,675,521.30	3,248,098.79	-231,825,490.30	726,294,330.20
CME04	16.41%	0.00%	0.00%	115.06%	0.45%	-31.92%	12.21%
MILWAUKEE-BLAIR	1,730,065.64	0.00	221,116,444.20	0.00	943,191.95	-64,403.95	223,725,297.90
CME05	0.77%	0.00%	98.83%	0.00%	0.42%	-0.03%	3.76%

Monthly Board Report

31-Jan-24

Account number COMALL

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Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-MFS	2,126,006.35	0.00	194,713,001.60	0.00	433,690.47	0.00	197,272,698.40
CME12	1.08%	0.00%	98.70%	0.00%	0.22%	0.00%	3.32%
MILWAUKEE-POLN	0.00	3,525,535.11	121,926,065.00	0.00	0.00	0.00	125,451,600.10
2644553	0.00%	2.81%	97.19%	0.00%	0.00%	0.00%	2.11%
MILWAUKEE - PRINCIPAL DRA -SL	0.00	0.00	171,377,664.90	0.00	0.00	0.00	171,377,664.90
2677436	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	2.88%
MILWAUKEE-BLACKROCK GLOBAL-SL	0.00	0.00	250,513,514.30	0.00	0.00	0.00	250,513,514.30
2683493	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	4.21%
MILWAUKEE- AQR-SL	0.00	0.00	104,063,839.00	0.00	0.00	0.00	104,063,839.00
4468331	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	1.75%
MILWAUKEE-APTITUDE / 4479682	0.00	0.00	0.00	0.00	171,755,488.90	0.00	171,755,488.90
4479682	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	2.89%
MILWAUKEE - DFA US LCV	464,212.75	0.00	139,045,929.30	0.00	0.00	13,156.21	139,523,298.30
CME15	0.33%	0.00%	99.66%	0.00%	0.00%	0.01%	2.34%
MILWAUKEE-REAL ESTATE	0.00	-271,220.96	0.00	0.00	466,607,810.86	-324,931.66	466,011,658.33
MULTIPLE	0.00%	-0.06%	0.00%	0.00%	100.13%	-0.07%	7.83%
MILWAUKEE-PRIVATE EQUITY	0.00	0.00	0.00	0.00	755,608,802.00	0.00	755,608,802.00
MULTIPLE	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	12.70%
MILWAUKEE - BLACKROCK US G-SL	0.00	0.00	0.00	412,684,439.70	0.00	0.00	412,684,439.70
MULTIPLE	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	6.94%

Monthly Board Report

31-Jan-24

Account number COMALL

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Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
Total for consolidation	130,078,051.09	212,117,289.69	2,435,598,810.60	1,757,412,491.19	1,652,936,477.70	-237,460,576.54	5,950,682,543.86
% for consolidation	2.19%	3.56%	40.93%	29.53%	27.78%	-3.99%	100.00%

Please note that this report has been prepared using best available data. This report may also contain information provided by third parties, derived by third parties or derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction - Northern Trust assumes no responsibility for the accuracy, timeliness or completeness of any such information. Northern Trust assumes no responsibility for the consequences of investment decisions made in reliance on information contained in this report. If you have questions regarding third party data or direction as it relates to this report, please contact your Northern Trust relationship team.

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**Employees' Retirement System
Securities Lending Income and Expenses: 2024
As of January 2024**

Date	<u>Amounts Expended</u>			Balance
	Income From Lending	Fees	Administrative Transfers	
Balance 12-31-23				\$852,821.09
01/04/24	3,652.42	-	-	856,473.51
01/16/24	236,817.30	47,355.57	-	1,045,935.24
01/16/24	-	-	853,000.00	192,935.24
Current Totals	<u>\$240,469.72</u>	<u>\$47,355.57</u>	<u>\$853,000.00</u>	<u><u>\$192,935.24</u></u>

Note: Expenses for Board Travel/Education, Computer Equipment, Publications and Consulting are now paid from the Operations/Management account

MERS PERFORMANCE ESTIMATES
January 31, 2024

Account	2023 Return	Jan 2024	YTD Thru 1/31/24
Northern Trust S&P 500 Index	26.30%	1.68%	1.68%
S&P 500	<u>26.29%</u>	<u>1.68%</u>	<u>1.68%</u>
Difference	0.01%	0.00%	0.00%
BlackRock Russell 1000 Value Index	11.51%	0.10%	0.10%
Russell 1000 Value	<u>11.46%</u>	<u>0.10%</u>	<u>0.10%</u>
Difference	0.05%	0.00%	0.00%
DFA US Large Cap Value	12.49%	0.70%	0.70%
Russell 1000 Value	<u>11.46%</u>	<u>0.10%</u>	<u>0.10%</u>
Difference	1.03%	0.59%	0.59%
Polen	38.59%	4.10%	4.10%
S&P 500	<u>26.29%</u>	<u>1.68%</u>	<u>1.68%</u>
Difference	12.30%	2.42%	2.42%
Earnest	17.75%	-0.73%	-0.73%
Russell MidCap	<u>17.23%</u>	<u>-1.42%</u>	<u>-1.42%</u>
Difference	0.52%	0.70%	0.69%
CastleArk	10.67%	0.58%	0.58%
Russell 2000 Growth	<u>18.66%</u>	<u>-3.21%</u>	<u>-3.21%</u>
Difference	-7.99%	3.79%	3.79%
DFA US Small Cap Value	21.83%	-3.21%	-3.21%
Russell 2000 Value	<u>14.65%</u>	<u>-4.54%</u>	<u>-4.54%</u>
Difference	7.18%	1.33%	1.33%
Brandes	31.52%	-0.36%	-0.36%
MSCI EAFE	<u>18.24%</u>	<u>0.58%</u>	<u>0.58%</u>
Difference	13.29%	-0.94%	-0.94%
William Blair	15.90%	0.03%	0.03%
MSCI ACWI ex US	<u>16.21%</u>	<u>-0.98%</u>	<u>-0.98%</u>
Difference	-0.31%	1.01%	1.01%
DFA Int'l Small Cap Value	17.56%	-1.51%	-1.51%
MSCI EAFE Small Cap	<u>13.16%</u>	<u>-1.65%</u>	<u>-1.65%</u>
Difference	4.40%	0.14%	0.14%
AQR	17.92%	-2.25%	-2.25%
MSCI EM	<u>9.83%</u>	<u>-4.64%</u>	<u>-4.64%</u>
Difference	8.09%	2.39%	2.39%
BlackRock Global Alpha Tilts	23.33%	0.25%	0.25%
MSCI ACWI	<u>22.20%</u>	<u>0.59%</u>	<u>0.59%</u>
Difference	1.13%	-0.33%	-0.34%
MFS	21.34%	-0.02%	-0.02%
MSCI ACWI	<u>22.20%</u>	<u>0.59%</u>	<u>0.59%</u>
Difference	-0.87%	-0.60%	-0.61%
BlackRock Gov't Bond Index	4.26%	-0.18%	-0.18%
Bloomberg Gov't Bond	<u>4.09%</u>	<u>-0.27%</u>	<u>-0.27%</u>
Difference	0.17%	0.09%	0.09%
Reams	6.76%	-0.26%	-0.26%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.27%</u>	<u>-0.27%</u>
Difference	1.23%	0.02%	0.01%
Loomis Sayles	8.53%	0.08%	0.08%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.27%</u>	<u>-0.27%</u>
Difference	3.00%	0.35%	0.35%
UBS	6.80%	1.50%	1.50%
SOFR + 4%	<u>9.02%</u>	<u>0.81%</u>	<u>0.81%</u>
Difference	-2.21%	0.69%	0.69%
Aptitude	5.24%	1.52%	1.52%
SOFR + 4%	<u>9.02%</u>	<u>0.81%</u>	<u>0.81%</u>
Difference	-3.78%	0.72%	0.71%
Principal	3.31%	-2.41%	-2.41%
Blended Benchmark	<u>4.31%</u>	<u>-2.68%</u>	<u>-2.68%</u>
Difference	-1.00%	0.27%	0.27%
Baird	5.46%	0.46%	0.46%
Bloomberg Govt/Credit 1-3 Year	<u>4.61%</u>	<u>0.39%</u>	<u>0.39%</u>
Difference	0.85%	0.07%	0.07%
Total MERS	9.98%	-0.12%	-0.12%

The calculation for the Fund's total rate of return is based on the Modified Dietz method. Although periodic cash flows (i.e., contributions, redemptions) are not time weighted, they are accounted for in the Fund's total rate of return. Therefore, this estimated rate of return may vary slightly from the rate of return reported by the custodian.

The returns shown are gross of fees (except Total MERS, DFA International Small Cap Value, William Blair International Growth, AQR, Principal, UBS, and Aptitude)

ACTUAL ALLOCATIONS

January 31, 2024

		Target	Market Value	Allocation
EQUITY				
Public Equity				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 197,932,639	3.37%
	BlackRock (Russell 1000 Value)	3.45%	\$ 192,967,771	3.29%
	Sub-Total Passive Large Cap Equity	6.90%	\$ 390,900,410	6.66%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 125,451,600	2.14%
	DFA (Russell 1000 Value)	2.46%	\$ 139,523,298	2.38%
	Sub-Total Active Large Cap Equity	4.40%	\$ 264,974,898	4.51%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	1.77%	\$ 101,509,961	1.73%
	CastleArk (Russell 2000 Growth)	1.42%	\$ 79,879,557	1.36%
	DFA (Russell 2000 Value)	3.05%	\$ 178,570,750	3.04%
	Sub-Total Active Mid/Small Cap Equity	6.24%	\$ 359,960,268	6.13%
Total Domestic		17.55%	\$ 1,015,835,576	17.30%
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 320,809,093	5.46%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 223,725,298	3.81%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 159,740,318	2.72%
	AQR (MSCI EM)	1.76%	\$ 104,063,839	1.77%
Total International		13.65%	\$ 808,338,548	13.77%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 250,513,514	4.27%
	MFS (MSCI ACWI)	3.51%	\$ 197,272,698	3.36%
Total Global		7.80%	\$ 447,786,213	7.63%
Total Public Equity		39.00%	\$ 2,271,960,337	38.69%
Private Equity				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 307,916,142	5.24%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 283,597,617	4.83%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 64,174,825	1.09%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 99,920,218	1.70%
Total Private Equity		12.00%	\$ 755,608,802	12.87%
TOTAL EQUITY (Public Equity + Private Equity)		51.00%	\$ 3,027,569,139	51.56%
FIXED INCOME & ABSOLUTE RETURN				
Fixed Income				
Cash		1.00%	\$ 180,226,485	3.07%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 412,684,440	7.03%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	\$ 726,294,330	12.37%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 456,921,942	7.78%
	Sub-Total Active Fixed Income	20.78%	\$ 1,183,216,272	20.15%
Total Fixed Income		29.00%	\$ 1,776,127,197	30.25%
Absolute Return				
	Aptitude (SOFR + 4%)	3.00%	\$ 174,374,539	2.97%
	UBS (SOFR + 4%)	4.00%	\$ 256,127,789	4.36%
Total Absolute Return		7.00%	\$ 430,502,328	7.33%
TOTAL FIXED INCOME & ABSOLUTE RETURN		36.00%	\$ 2,206,629,525	37.58%
REAL ASSETS				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 117,899,100	2.01%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 146,326,191	2.49%
	LaSalle (NFI-ODCE)	2.30%	\$ 106,093,550	1.81%
	Prologis (NFI-ODCE)	1.30%	\$ 85,571,767	1.46%
	New Core Fund (NFI-ODCE)	0.90%	\$ -	0.00%
	Sub-Total Private Real Estate - Core	9.70%	\$ 455,890,607	7.76%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 10,121,051	0.17%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 171,377,665	2.92%
TOTAL REAL ASSETS		13.00%	\$ 637,389,323	10.86%
TOTAL ERS			\$ 5,871,587,988	100.00%
Total City Reserve Fund R. W. Baird 85,498,746				

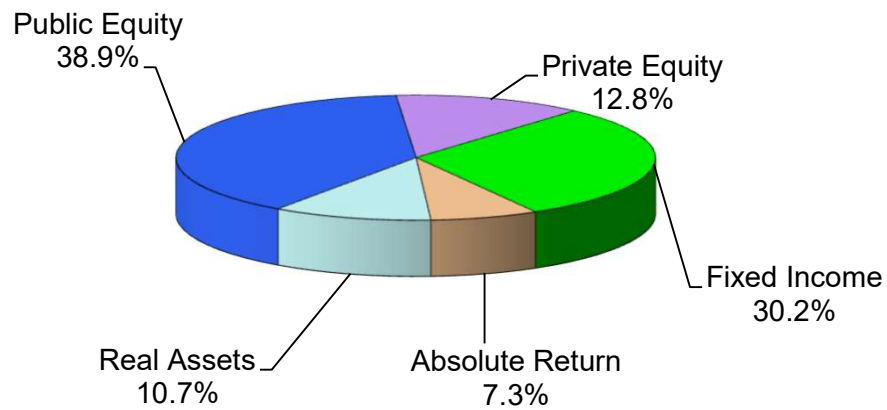
PROJECTED TARGET ALLOCATIONS

Feb 20, 2024

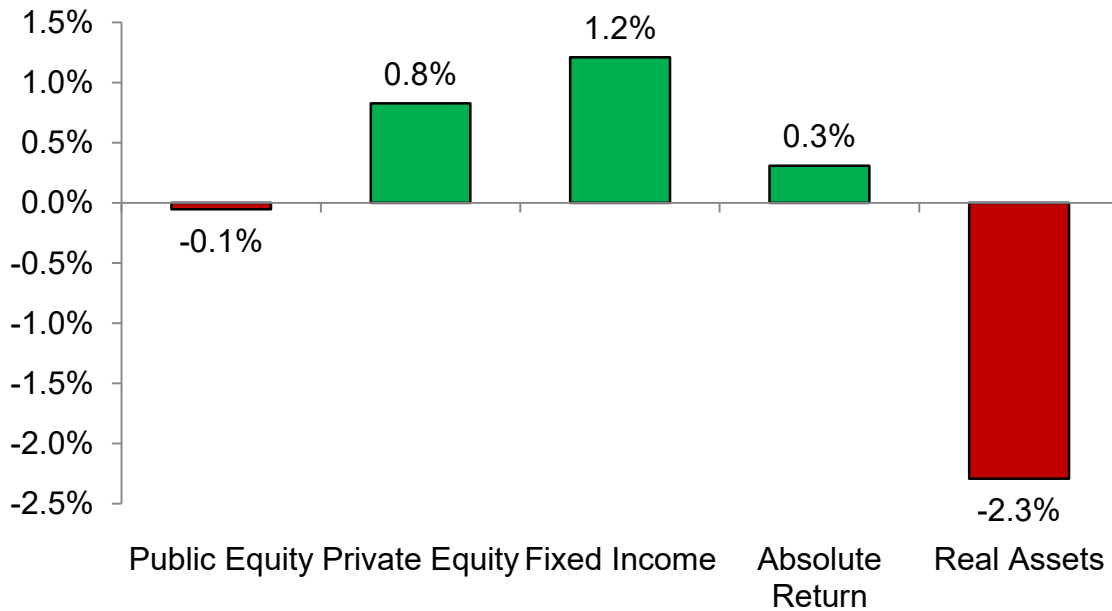
		Target	Market Value	Allocation
EQUITY				
Public Equity				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 203,461,686	3.45%
	BlackRock (Russell 1000 Value)	3.45%	\$ 196,483,114	3.34%
	Sub-Total Passive Large Cap Equity	6.90%	\$ 399,944,800	6.79%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 126,790,733	2.15%
	DFA (Russell 1000 Value)	2.46%	\$ 142,284,310	2.42%
	Sub-Total Active Large Cap Equity	4.40%	\$ 269,075,042	4.57%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	\$ 164,595,551	2.79%
	CastleArk (Russell 2000 Growth)	0.00%	\$ 159,156	0.00%
	DFA (Russell 2000 Value)	3.05%	\$ 179,162,265	3.04%
	Sub-Total Active Mid/Small Cap Equity	6.24%	\$ 343,916,972	5.84%
Total Domestic		17.55%	\$ 1,012,936,814	17.20%
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 324,705,784	5.51%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 230,504,199	3.91%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 159,663,924	2.71%
	AQR (MSCI EM)	1.76%	\$ 108,723,936	1.85%
Total International		13.65%	\$ 823,597,843	13.98%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 255,626,621	4.34%
	MFS (MSCI ACWI)	3.51%	\$ 202,062,022	3.43%
Total Global		7.80%	\$ 457,688,643	7.77%
Total Public Equity		39.00%	\$ 2,294,223,300	38.95%
Private Equity				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 307,883,330	5.23%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 283,597,617	4.81%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 64,174,825	1.09%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 99,920,218	1.70%
Total Private Equity		12.00%	\$ 755,575,990	12.83%
TOTAL EQUITY (Public Equity + Private Equity)		51.00%	\$ 3,049,799,290	51.77%
FIXED INCOME & ABSOLUTE RETURN				
Fixed Income				
Cash				
		1.00%	\$ 206,740,609	3.51%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 406,149,321	6.89%
	Reams (Bloomberg US Aggregate)	12.83%	\$ 714,813,652	12.13%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 451,776,482	7.67%
Sub-Total Active Fixed Income		20.78%	\$ 1,166,590,134	19.80%
Total Fixed Income		29.00%	\$ 1,779,480,064	30.21%
Absolute Return				
	Aptitude (SOFR + 4%)	3.00%	\$ 174,374,539	2.96%
	UBS (SOFR + 4%)	4.00%	\$ 256,127,789	4.35%
Total Absolute Return		7.00%	\$ 430,502,328	7.31%
TOTAL FIXED INCOME & ABSOLUTE RETURN		36.00%	\$ 2,209,982,392	37.52%
REAL ASSETS				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 117,899,100	2.00%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 146,326,191	2.48%
	LaSalle (NFI-ODCE)	2.30%	\$ 106,093,331	1.80%
	Prologis (NFI-ODCE)	1.30%	\$ 79,820,986	1.36%
	New Core Fund (NFI-ODCE)	0.90%	\$ -	0.00%
	Sub-Total Private Real Estate - Core	9.70%	\$ 450,139,608	7.64%
Private Real Estate - Non-Core		0.00%	\$ 10,116,194	0.17%
Public Real Assets		3.30%	\$ 170,481,740	2.89%
TOTAL REAL ASSETS		13.00%	\$ 630,737,542	10.71%
TOTAL ERS			\$ 5,890,519,224	100.00%
Total City Reserve Fund			R. W. Baird	85,422,797

PROJECTED VERSUS POLICY ALLOCATIONS

Asset Mix Using Projected Balances



Asset Allocation vs. Current Policy Benchmark



YTD Market Value Change

December 31, 2023 Market Value including City Reserve & PABF Accounts			\$ 5,797,273,012
Monthly Cash Outflows thru	<u>February 20, 2024</u>		
Retiree Payroll Expense		\$ (39,242,159)	
PABF Payroll Expense		\$ (500)	
Expenses Paid		\$ (4,179,000)	
GPS Benefit Payments		<u>\$ (1,057,810)</u>	
Sub-Total Monthly Cash Outflows			\$ (44,479,470)
Monthly Cash Inflows thru	<u>February 20, 2024</u>		
Contributions		\$ 211,358,517	
PABF Contribution		<u>\$ 1,000</u>	
Sub-Total Monthly Contributions			\$ 211,359,517
Capital Market Gain/(Loss)			<u>\$ 11,788,961</u>
Value including City Reserve & PABF Accounts as of	<u>February 20, 2024</u>		<u>\$ 5,975,942,021</u>
Less City Reserve Account ¹			\$ 85,422,797
Less PABF Fund ²			\$ 2,671
Net Projected ERS Fund Value as of	<u>February 20, 2024</u>		<u><u>\$ 5,890,516,553</u></u>

1 The City Reserve Account balance equals the market value currently held in the Baird account.

2 PABF Fund balance equals the market value currently held in the PABF account.

2024 ESTIMATED MONTHLY CASH FLOWS

Revised 2/21/2024

(in 000's)

	12/31/2023	1/31/2024	2/29/2024	3/31/2024	4/30/2024	5/31/2024	6/30/2024	7/31/2024	8/31/2024	9/30/2024	10/31/2024	11/30/2024	
<u>Beginning Cash Account Balance</u>													
Townsend Cash Account	-	-											
Cash Contribution Account	-	-											
Milwaukee Cash Account	46,059	179,092											
Total Cash Available	46,059	179,092											
Less: Estimated Cash Needs for non-Investment Outflows	39,500	39,500											
Cash Available for Other Outflows	6,559	139,592											
<u>For Monthly Cash Outflows of:</u>													
Retiree Payroll Expense	(40,300)	(40,340)	(40,439)	(40,537)	(40,636)	(40,735)	(40,834)	(40,934)	(41,034)	(41,134)	(41,234)	(41,335)	(489,493)
Normal Retirement Payroll	(39,242)	(39,340)	(39,439)	(39,537)	(39,636)	(39,735)	(39,834)	(39,934)	(40,034)	(40,134)	(40,234)	(40,335)	(477,435)
Retiree Lump Sum Payments	(1,058)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(12,058)
Real Estate Capital Calls	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Equity Capital Calls	(2,149)	(3,464)	-	-	-	-	-	-	-	-	-	-	(5,613)
Expenses Paid through City	(2,023)	(2,156)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(24,409)
PABF Payroll	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(6)
Sub-Total Monthly Cash Outflows	(44,472)	(45,961)	(42,462)	(42,561)	(42,660)	(42,759)	(42,858)	(42,958)	(43,057)	(43,157)	(43,258)	(43,358)	(519,521)
<u>For Monthly Cash Inflows:</u>													
Sponsoring Agency and Employee Contribution	2,710	4,076	2,724	2,731	2,737	2,744	2,751	4,137	2,765	2,772	2,779	2,786	35,711
Real Estate Distributions	1,920	-	-	-	-	-	-	-	-	-	-	-	1,920
Private Equity Distributions	904	2,691	-	-	-	-	-	-	-	-	-	-	3,595
Miscellaneous Income	163	950	95	95	95	95	95	95	95	95	95	95	2,064
Security Lending Transfer	853	-	-	-	-	-	-	-	-	-	-	-	853
City and Agency Required Contribution	205,954	-	-	-	-	-	-	-	-	-	-	-	205,954
PABF Inflow	-	1	1	1	1	1	1	1	1	1	1	1	6
Sub-Total Monthly Cash Inflows	212,505	7,718	2,819	2,826	2,833	2,840	2,847	4,233	2,860	2,867	2,874	2,881	250,103
Net Monthly Cash Inflows/(Outflows) Before Withdrawals	168,033	(38,243)	(39,643)	(39,735)	(39,827)	(39,919)	(40,011)	(38,725)	(40,197)	(40,290)	(40,384)	(40,477)	(269,418)
Net Monthly Cash Surplus (Need)	174,592	101,349	(39,643)	(39,735)	(39,827)	(39,919)	(40,011)	(38,725)	(40,197)	(40,290)	(40,384)	(40,477)	(123,266)
<u>Monthly Cash Withdrawals (Additions)</u>													
AQR													
BlackRock Global Alpha Tilts													
BlackRock Russell 1000 Value Index													
BlackRock US Government Bond Index	(54,000)												
Brandes													
CastleArk													
Dimensional Fund Advisors US Large Cap													
Dimensional Fund Advisors International													
Dimensional Fund Advisors US Small Cap													
Earnest													
Loomis Sayles													
MFS													
Northern Trust S&P 500 Index													
Polen													
Principal													
Reams													
UBS A&Q	19,000												
Goldman/Aptitude													
William Blair													
Sub-Total Monthly Cash Withdrawals	(35,000)	-	-	-	-	-	-	-	-	-	-	-	-
<u>Estimated Month-End Cash Balance</u>													
Cash Available	139,592	101,349											
Estimated Cash Needs for non-Investment Outflows	39,500	39,500											
Total Cash Estimated on Hand For Next Month	179,092	140,849											