

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD  
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
789 N. WATER ST. (Employees' Retirement System)  
TUESDAY, MAY 28, 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](http://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. Approval of Minutes.
  - A. Regular Meeting Held April 23, 2024.
- II. Chief Investment Officer Report.
- III. New Business.
  - A. Retirements, Death Claims, and Refunds (April).
  - B. Conference Requests – May 2024 Board Meeting.
- IV. Medical Reports.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (IV.A. and B.), as provided in Section 19.85(1)(f), Wisconsin State Statutes, for considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations.

- A. All Duty & Ordinary Disability Applications & Re-examinations (May).
  - B. Disability Findings – James L. Gentry Sr.
- V. Unfinished Business.
  - A. Pending Legal Opinions and Service Requests Report.
  - B. Pending Legislation Report.
  - C. Funding of 5.8% Employee Pension Contribution Offset Case Judgment – Presentation by Larry Langer of Cavanaugh Macdonald.
  - D. Update from Comptroller Regarding Year-To-Date Sales Tax Collections.
  - E. Executive Director's Report – Inventory of ERS Projects.

VI. Informational.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (VI.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 Administration & Operations Committee Meeting Held April 17, 2024.
- F. Minutes of the Investment Committee Meeting Held April 18, 2024.
- G. Report on Bills.
- H. Deployment of Assets.
- I. Securities Lending Revenue and Budget Report.
- J. Preliminary Performance Report and Asset Allocation.

**MEETING REMINDERS**

**INVESTMENT COMMITTEE MEETING**

**THURSDAY, JUNE 6, 2024 – 9:00 A.M.**

789 N. WATER ST.

**ADMINISTRATION & OPERATIONS COMMITTEE MEETING**

**TUESDAY, JUNE 18, 2024 – 9:00 A.M.**

789 N. WATER ST.

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD**

**TUESDAY, JUNE 25, 2024 – 9:00 A.M.**

789 N. WATER ST.

I.

APPROVAL OF MINUTES

- A. Regular Meeting Held April 23, 2024.

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

Minutes of the Regular Meeting  
held April 23, 2024 via teleconference

The meeting was called to order at 9:03 a.m.

Board Members Present:               Matthew Bell, Chair  
  Bill Christianson  
  Timothy Heling  
  Molly King  
  Thomas Klusman  
  Rudolph Konrad

Board Members Not Present:       Deborah Ford (excused)  
  Nik Kovac (arrived 9:04 a.m.)

Retirement System Staff Present:   Jerry Allen, Executive Director  
  David Silber, Chief Investment Officer  
  Erich Sauer, Deputy Chief Investment Officer  
  Keith Dickerson, Pension Investment Analyst – Sr.  
  Thomas Courtright, Pension Investment Analyst  
  Daniel Gopalan, Chief Financial Officer  
  Jeff Shober, Chief Technology Officer  
  Gust Petropoulos, Deputy Director – Disability  
  Mary Turk, Business Operations Analyst  
  Jan Wills, Board Stenographer

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

Mr. Bell extended a welcome to new Board member William Christianson (newly-elected Comptroller). Mr. Christianson stated he was honored to join the Board and had just attended the A&O and Investment Committee meetings and was very impressed with the leadership of Mr. Heling and Mr. Klusman and with Mr. Allen and his team at the ERS.

**Regular Meeting.**

**Approval of Minutes.**

**Regular Meeting Held March 26, 2024.** It was moved by Mr. Kovac., seconded by Mr. Konrad, and unanimously carried, to approve the minutes of the Regular Meeting Held March 26, 2024.

**Chief Investment Officer Report.** As a matter of information, Board members received the April 23, 2024 Performance Update. Mr. Sauer said the Fund as of March 31, 2024, had a value of \$5.97 billion. He said the Fund return of 1.9% in March, net of fees, underperformed by approximately 79 basis points. Mr. Sauer said the primary driver of relative Performance was Private Equity which detracted 159 basis points this month, and partially offsetting that was Real Estate which added 30 basis points. Mr. Sauer said Style Bias added 19 basis points, primarily from the Fund's Value Bias, and the Fund's Overall Allocation also added 19 basis points, driven by an overweight to Private Equity and an underweight to Real Assets. Mr. Sauer added the Fund has underperformed the benchmark in the year-to-date and one-year time periods, while outperforming in the five-, 10-, 15- and 20-year periods. He said as of April 22, 2024, the Fund return is down 2.4% month-to-date, bringing the year-to-date return to up 0.4%, and the Fund value is at \$5.83 billion. Mr. Sauer noted nine out of 15 active mandates are outperforming year-to-date. He said the Fixed Income and Absolute Return asset classes are outperforming their respective benchmarks year-to-date. Mr. Sauer said year-to-date, the Fund has an investment change of a positive \$25.4 million, paid benefits and expenses of \$124.4 million, and has received contributions of \$216.8 million. He said benefits would be paid from the Fund's cash balance this month.

Mr. Silber said at the Investment Committee meeting last Thursday, the Committee reviewed preliminary performance through March as well as a lot of ongoing initiatives. He thanked the Board for modifying the guidelines last year to provide investment staff with additional flexibility specific to cash management purposes, which was driven by some of the higher contributions being received as a result of Act 12. Mr. Silber said it is necessary to be prepared for various market environments. He stated that so far in 2024, we are in a time period where being able to keep most of the contributions received in January in cash has proved useful, as opposed to having the guidelines force Staff to put it into Fixed Income, where it probably would have gone if the guidelines had not been modified. Mr. Silber said that keeping the majority of contributions in cash, which is generating an annualized yield of over 5% right now, has probably saved the Fund \$5 to \$10 million dollars in the first few months of this year. He said these decisions can work against you or for you based on the market environment, but having extra flexibility has helped the Fund this year. Mr. Silber noted that in a month like April, where rates are up and stocks are down, the Fund benefits by not being forced to go to its stock and bond managers and have them realize some losses to pay benefits. He said when stocks were going up at the beginning of this year, Staff trimmed about \$50 million dollars from stock managers who were off to a good start earlier this year to pay benefits. Mr. Silber said he wanted to reinforce the comments that Mr. Sauer made about Private Equity earlier. Mr. Silber said they have spent a lot of time at recent meetings talking about the Fund's Private Equity benchmark, how it is benchmarked to the U.S. stock market at a one-quarter lag, and how the benchmark has done really well the last few quarters. He said the Fund has been consistent in how it has benchmarked the Private Equity program since its inception in 2010, and it has added value net of all fees over three, five, seven, and 10 years. Mr. Silber noted that, excluding Private Equity, the Fund would have outperformed in Q1 and over the past 12 months.

**Investment Committee Report.** Mr. Klusman said the Investment Committee, at its April 18<sup>th</sup> meeting, unanimously elected Deborah Ford as its Vice-Chair. He said Callan provided the Committee with a due diligence report on the Fund's investment managers. Mr. Klusman said Callan also gave a presentation titled "Act 12 Framework and Peer Group Comparison." He stated

Callan noted that Act 12 significantly changed many of the assumptions that were used in the Fund's previous Asset-Liability study, and that as a result, Callan recommends completing a new asset-liability study. Mr. Klusman said that Staff and the Committee agreed with Callan's recommendation. He noted Callan expects to start this process later this year, and anticipates it being an iterative process that may not be finalized until 2025. Mr. Klusman said Staff provided an update on the investment team's on-going initiatives, which included an update on the Investment Analyst recruitment process. He commented that Staff also presented a 1<sup>st</sup> quarter performance update which included preliminary March 31, 2024 data. Mr. Klusman said finally, that Staff discussed how the investment team utilizes FactSet and requested approval of the Client License Agreement as Amended. He noted that after some discussion, the Committee approved the FactSet agreement. Mr. Klusman concluded that the Investment Committee recommends approval of the following item: Approval of FactSet Client License Agreement as Amended.

**Approval of FactSet Client License Agreement as Amended.** It was moved by Mr. Klusman, seconded by Ms. King, and unanimously carried, to approve the Approval of FactSet Client License Agreement as Amended.

Mr. Bell requested the Act 12 first-quarter sales tax numbers could be discussed at the next meeting since the numbers would be released at the end of April. Mr. Allen said he would include the requested information in the Executive Director's report, but that the ERS does not have much visibility on sales tax receipts. However, the Budget office and Treasurer's office can be contacted. He added no action needs to be taken by the Board of Trustees as it is a matter between the Plan Sponsor and State revenue people. Mr. Allen said, however, the Fund has an interest in the City's tax receipts because much of it will be used to fund our Fund. Mr. Kovac added that in Spring of 2025, there will be useful information on the tax receipts. He said there is a lag when tax receipts are due, another lag in distribution, so the amounts are not immediately known after the first quarter. Also, there is an overlap and uncertainty about which money is for which month and there will not be full clarity until after a full year.

**Administration & Operations Committee Report.** Mr. Heling stated the Administration & Operations Committee met on Wednesday, April 17 and there were two items on the agenda. He said the first was the Approval of the Peraton Contract Amendment. He said they perform IT application services for the MERITS system. Mr. Heling said the City attorney reviewed and negotiated the fourth amendment. Mr. Foundos said he reviewed the initial contract which was signed in 2016 and which is being extended by this amendment. He said he did not note any issues that would prevent the extension of this contract and he worked with the ERS Administration to draft this amendment which would extend the contract for a certain period and change the maximum amount under this contract and one other provision that relates to the timeliness with which the ERS pays invoices each month. Mr. Heling said the Committee approved the amendment for the Board to approve that. He said the second agenda item was for the Approval of Draft ERS 2025 Budget. Mr. Heling stated there was a robust discussion on that with Mr. Gopalan providing the overview. He said the Committee also approved that for the Board. Mr. Gopalan summarized the main points of the 2025 Budget. He said they are requesting \$24,475,619, an increase of just under \$1.5 million from the 2024 adopted budget. He said the main driver of the increase is increased salary and fringe benefit costs, due to market studies completed from 2022, 2023, and 2024. Mr. Gopalan said the other notable item is the investment manager fees

directly invoiced to the ERS, and the ERS is predicting those to go down by under half a million dollars. He stated the main driver of that is the change in the asset allocation from Public Equity to Fixed Income. Discussion ensued.

**Approval of Peraton Contract Amendment.** It was moved by Mr. Heling, seconded by Mr. Bell, and unanimously carried, to approve the Approval of Peraton Contract Amendment.

**Approval of Draft ERS 2025 Budget.** It was moved by Mr. Bell, seconded by Ms. King, and unanimously carried, to approve the Approval of Draft ERS 2025 Budget. Ms. King wanted to point out on the last page of the Draft ERS 2025 Budget where it states the Employers' Retirement Fund Contribution, for the 2024 Adopted Budget has \$205,410,000 listed and the 2025 Draft Request does not have a number listed. Mr. Klusman said that was part of the motion in Committee when they recommended approval that there was going to be a number in there. He said his vote for approval was contingent upon there being a number there because every number in the 2025 draft request is an estimate. He said the page is not reader friendly to someone who might look at it and wonder why it went from 210 million to 4 million. Mr. Klusman said he would like to make the motion to approve it with the addition of a number that would be a reasonable assumption. Mr. Allen stated the number from the actuary was presented to the Board last month so the overall number is known on an estimated basis for the entire Fund and all the Plan Sponsors collectively and the City of Milwaukee. He said the final amount of the 2025 contribution would be presented in June and the number the actuary cited at last month's meeting would be included for the motion. Mr. Gopalan stated the actuary estimated the City's contribution to be just over \$175 million for 2025. Mr. Allen added there is an updated written estimate by the actuary of the City's share to be \$180 million. He said the total amount for all the employers is over \$200 million.

It was moved by Mr. Bell, seconded by Ms. King, and unanimously carried, to approve the Approval of Draft ERS 2025 Budget.

### **New Business.**

**Retirements, Death Claims, and Refunds (March).** Mr. Allen presented the following activity for the month of March 2024.

Administrative Withdrawal	\$11,123.70
Full Refund	\$85,363.50
Active Death Benefits reported	\$0.00
Deferred Death	\$20,544.65
Deferred Death-Member Only Refund	\$1,308.40
Ordinary Death Benefits reported	\$18,903.07
Retired Death Benefits reported	\$62,090.90

Survivor Death – Termination Benefits reported	\$7,613.49
Refund of Member Contributions paid	\$47,712.56

Ms. King questioned the difference between Max and 100 on the Retirements schedule. Mr. Allen stated that 100 is the 100% survivor benefit and Max is the single life annuity, where there is no survivor benefit and the member is getting an unreduced pension benefit based upon a single life annuity.

It was moved by Ms. King, seconded by Mr. Konrad, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for March 2024.

### **Conference Requests – April 2024 Board Meeting.**

Thomas Courtright	2024 Madison Investment Conference
Sponsor:	CFA Society
Location:	Madison, WI
Date:	May 8, 2024
Estimated Cost:	\$300.00
Thomas Courtright	BlackRock Institutional Investor Insights (In3) Conference
Sponsor:	BlackRock
Location:	New York, NY
Date(s):	May 15 - 16, 2024
Estimated Cost:	\$1,200.00
Erich Sauer	Americas Investor Summit
Sponsor:	LaSalle
Location:	Chicago, IL
Date(s):	June 25 - 26, 2024
Estimated Cost:	\$800.00
Keith Dickerson	2024 Neuberger Berman Conference and Goldman Sachs Due Diligence
Sponsor:	Neuberger Berman and Goldman Sachs
Location:	New York, NY
Date(s):	June 25 - 27, 2024
Estimated Cost:	\$1,850.00

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

**Medical Reports.** Mr. Petropoulos presented certifications (April 2024) of the Fire and Police Medical Panel Physicians and the Medical Council relative to Duty & Ordinary Disability Retirement benefits as follows:



**All Duty & Ordinary Disability Applications & Re-examinations (April).**

<u>Police – Applications – Ordinary</u>	<u>Recommendation</u>
Stephanie Ramskugler Effective 01/07/2024	Approval
<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Robert Kendziorski	Approval
Jason Mucha	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
James McNichol	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Gilbert Baltutis	Approval
Pieter Gallagher	Approval
Christine Porter	Approval
Robert Smith	
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Dennis Kowalski	Approval
<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Jill Bondar	Approval
Harold Cross	Approval
Hope Dismuke	Approval
Joseph Kaminsky	Approval
Duane Rondorf	Approval
Demertha Wilder	Approval

Discussion ensued. It was moved by Mr. Heling, seconded by Ms. King, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations (April).

**Unfinished Business.**

**Pending Legal Opinions and Service Requests Report.** Mr. McClain said one of the provisions in Act 12, Section 241 changed the definition of employees contained in Chapter 396 of the laws of 1937, which is the enabling legislation for the Employees' Retirement System and that language was subsequently codified in various parts of Chapter 36. He said it limited the membership eligibility of employees hired to the City or City agency after December 31, 2023,

which has the effect of limiting who can accrue benefits after that date. Mr. McClain stated they are now running into nuanced questions about this language, particularly what happens when an employee attempts to transfer from an MPS position to the General City service. He noted because there is a change of employers, there is a resignation and rehiring involved and the question arose whether that change in employment status would trigger this provision and essentially require the employee to be enrolled in the WRS (Wisconsin Retirement System). Mr. McClain said after the initial request, they also received questions about General City employees looking to return to City service after a separation and they expanded the opinion to look at that issue as well. He stated because these inquiries are pending and are going to affect employment decisions, they are working on this as quickly as possible in order to have an opinion before the next meeting. Mr. Allen added that since the beginning of the year, there have been hires and re-hires enrolled in the WRS. He said in the last two weeks, there have been five or six separate inquiries from people weighing an employment offer and who are interested in what their pension benefits are going to be. He said the inquiries are regarding new hires and rehires from MPS, the Common Council, and MMSD. Mr. Allen said the issue is whether the members have any contractual rights to remain in the ERS. He stated if there is an opinion that says they have the right to remain in the ERS as a contractual and property right that they owned prior to the adoption of Act 12, then the ERS will have to unwind its enrollment in the WRS. Mr. Allen concluded they are proceeding to follow the language of the statute and ask questions about the members' rights. Mr. Konrad mentioned that Chapter 36 uses the term "agency," or "City agency," which, he said, is in Chapter 36 for historical reasons and an agent is someone controlled by a principal and the City does not control the MMSD or the school board, and so forth. He said it is a term of art used to identify the other entities in the system. He said when reading Chapter 36 not to be confused by it to think they are legal agents of the City because they are not. Mr. Konrad noted when the term "transfer" is used, people are not resigning from one employer and joining another employer. Mr. McClain said it is not as simple as transferring within one employer. He said it is a matter of one employee leaving an employer, in this case MPS, and accepting a position with a new employer, in this instance the City, or vice versa. Mr. McClain said if someone were transferring within the City, the ERS would not be running into this issue, as they would not be hired as contemplated by this provision. He said because they are being hired when they leave MPS, and joining the City, that is why this question arose prompting this legal analysis. Mr. McClain said he would be addressing the issue at length in the legal opinion. Mr. Allen stated there are some provisions in the Global Pension Settlement for persons who joined the City prior to January 1, 2000, to effect the settlement provides some rights for them that need to be evaluated. He also mentioned Article 13 in Chapter 36 which creates a contractual relationship between the Plan Sponsors and the members for their rights and benefits under the ordinance in Chapter 36 and Section 396 of the state law. Mr. Allen stated those are the contractual issues that are involved.

**Pending Legislation Report.** Mr. Allen said there is no pending legislation to discuss today.

**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 2024.
- 4) Minutes of the Investment Committee Meeting Held February 8, 2024.
- 5) Minutes of the Administration & Operations Committee Meeting Held March 20, 2024.

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

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

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

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

Mr. Bell adjourned the meeting at 10:11 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.)

## II.

### CHIEF INVESTMENT OFFICER REPORT

# Milwaukee Employees' Retirement System - May 28, 2024

## Fund as of April 30, 2024

\*Fund value of \$5.81b.

\*Fund return of -2.1% in Apr., gross of fees, underperformed by approximately 2bp.

\*Primary Relative Perf. Drivers:

Public Equity -8bp  
Cash 7bp

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

## May Update (as of 5/21/24)

\*Fund return 2.8% MTD

\*Fund return 3.5% YTD

\*Fund value \$5.97b

\*10 out of 15 active mandates outperforming YTD.

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

\*Investment Change: \$206.6m

\*Benefits & Expenses: 165.9m

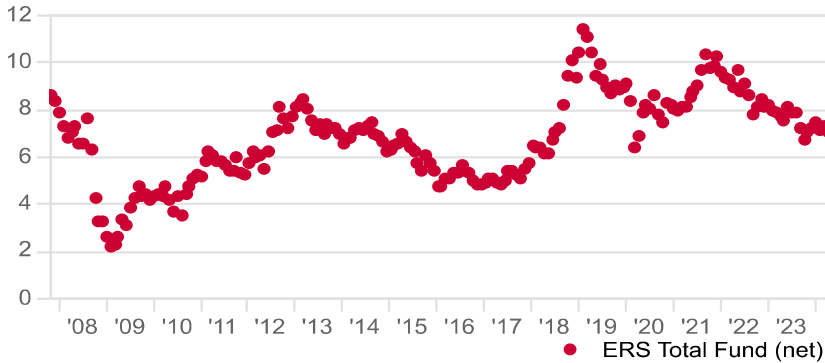
\*Contributions: 219.5m

## Monthly Withdrawals:

AQR \$4.1m

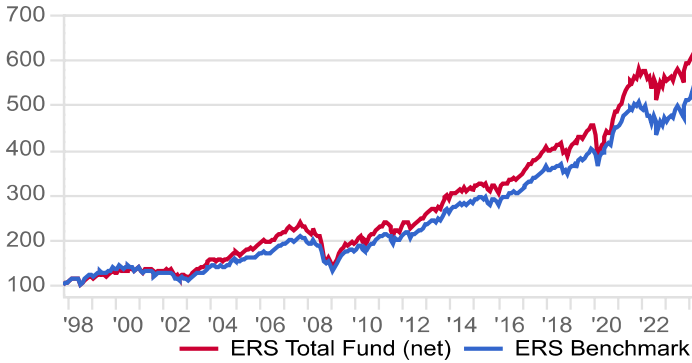
## Total Fund - 10-Year Rolling Returns

11/28/1997 to 4/30/2024



## Growth of \$100 - Total Fund & ERS Benchmark

11/28/1997 to 4/30/2024



## Return Data

Source Data: Monthly Return

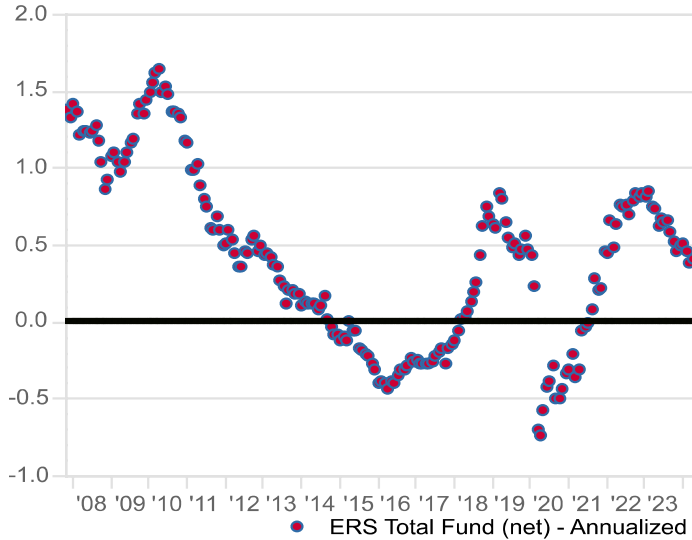
	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	-2.1	0.7	6.5	7.3	7.0	9.3	7.1
ERS Benchmark	-2.1	1.8	8.9	7.0	6.6	8.7	6.8

## Total Fund - 20-Year Risk & Return Data

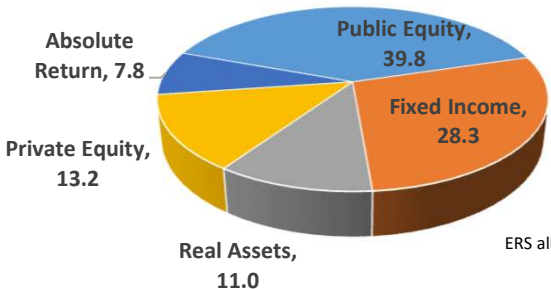
	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.1	10.3	2.5	0.1	0.5	-0.3	1.1
ERS Benchmark	6.8	9.2	--	--	0.6	0.0	1.0

## Total Fund - 10-Year Rolling Excess Returns

11/28/1997 to 4/30/2024

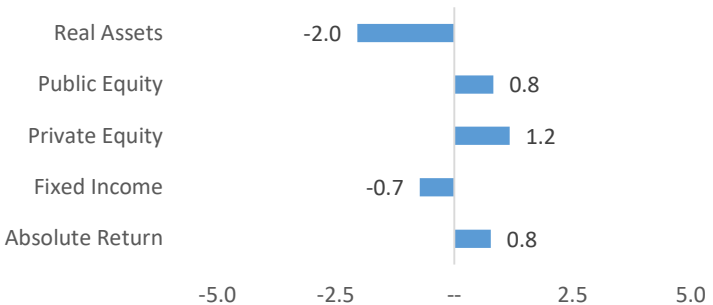


## ERS Allocation as of April 30, 2024



ERS allocation weights may not total 100% due to rounding

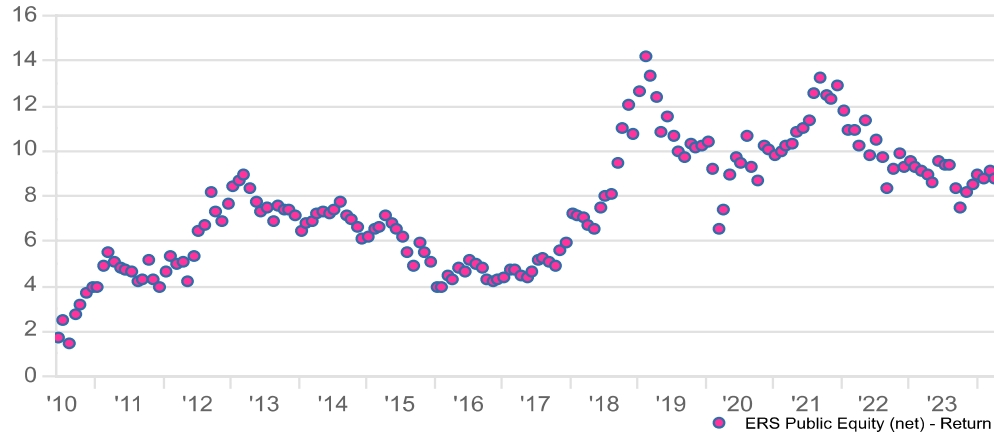
## Asset Allocation vs Policy as of April 30, 2024



# Milwaukee Employees' Retirement System - May 28, 2024

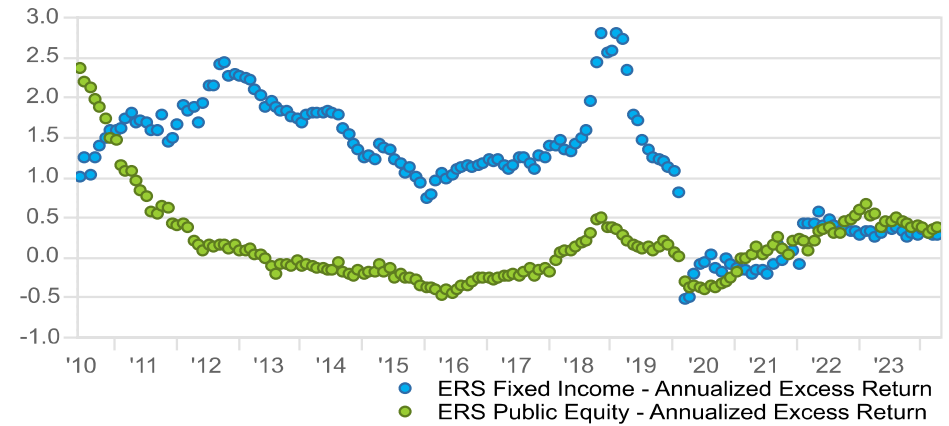
## Public Equity - 10-Year Rolling Returns

06/30/2000 to 4/30/2024



## Asset Class - 10-Year Rolling Excess Returns

06/30/2000 to 4/30/2024

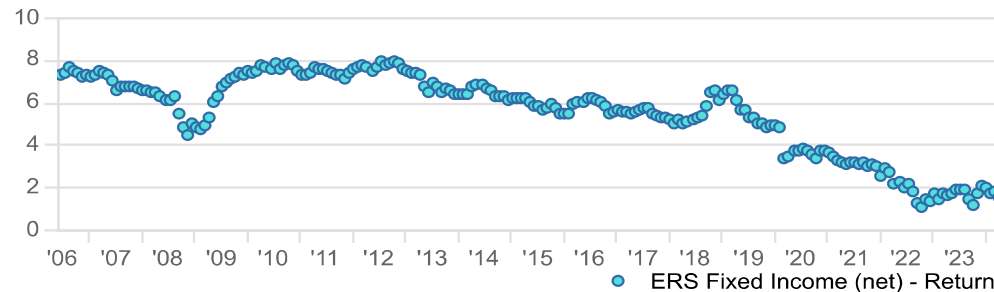


## Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	-3.6	3.7	16.8	10.0	9.1	11.8	8.3
Public Equity (net)	-3.6	3.6	16.4	9.7	8.7	11.4	7.9
Public Equity Benchmark	-3.4	4.1	16.8	9.1	8.3	11.1	7.8
MSCI ACWI IMI NR USD	-3.4	4.1	16.8	9.1	8.0	10.6	7.8

## Fixed Income - 10-Year Rolling Returns

06/28/1996 to 4/30/2024

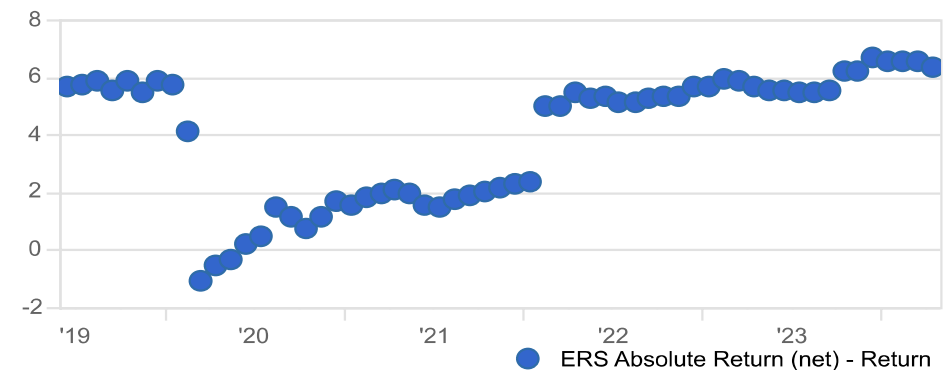


## Risk Adjusted Returns (6/30/14 - 4/30/24)

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	8.4	15.6	0.4	-25.3
Fixed Income (net)	1.3	6.6	0.0	-13.6
Absolute Return (net)	5.8	9.3	0.5	-27.1

## Absolute Return - 5-Year Rolling Returns

06/30/2014 to 4/30/2024



## Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	-2.5	-2.8	-0.4	0.2	1.6	4.2	4.2
Fixed Income (net)	-2.5	-2.9	-0.5	0.0	1.5	4.1	4.1
Bbg US Agg Bond TR USD	-2.5	-3.3	-1.5	-0.2	1.2	2.4	3.0

## Return Data

	1 Month	YTD	1 Year	3 Year	5 Year	7 Year
Absolute Return (net)	0.2	3.7	8.9	12.8	6.4	5.9
90-Day T-Bill + 3%	0.7	2.8	8.6	6.1	5.2	5.1

### III.

#### NEW BUSINESS

- A. Retirements, Death Claims, and Refunds (April).
- B. Conference Requests – May 2024 Board Meeting.

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Service	MCKINLEY HUTCHINS	ARETHA	3/6/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	THOMAS MACK	FELECIA	2/10/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	BEHNKE	LISA	3/2/2024	100	EMPLOYES' RETIREMENT SYSTEM
Regular	Deferred	MATOS	ANTONIO	3/2/2024	75	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	JOHNSON	JEAN	3/3/2024	MAX	URBAN FORESTRY
Regular	Deferred	DONDLINGER	JAMES	3/5/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	WATSON	RAYMOND	3/5/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	WHITE	BRYAN	3/7/2024	MAX	WISCONSIN CENTER DISTRICT
Regular	Service	FARLEY	ANTHONY	3/9/2024	MAX	CITY OF MILWAUKEE
Regular	Service	WINGO	MARILYN	3/9/2024	MAX	DPW-OPS-SANITATION
Regular	Service	IKPEME	GABRIEL	3/11/2024	MAX	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Service	WITCZAK	KAREN	3/12/2024	MAX	DPW-INFRASTRUCTURE-ADMIN
Regular	Service	TERRELL	MICHAEL	3/16/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	YAGHNAM	WESAM	3/16/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	YANNARAS	JAMES	3/16/2024	MAX	DPW-INFRASTRUCTURE-BRIDGES & BLDGS
Regular	Deferred	GULL	CHRISTOPHER	3/17/2024	100	MPD - ADMINISTRATION
Regular	Service	FLORES	DAVID	3/17/2024	MAX	HACM
Regular	Deferred	SCHNEIDER	MARY	3/19/2024	MAX	DEPT OF CITY DEVELOPMENT
Regular	Service	PUCEL	JEFFREY	3/29/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	WOLLER	VINCENT	3/29/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	ACEVEDO	JENNY	3/30/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	CORTEZ	REYNALDO	3/30/2024	MAX	DPW-OPS-FLEET SERVICES
Regular	Service	DROVER	MICHAEL	3/30/2024	100	FIRE - FIREFIGHTING
Regular	Deferred	CARRIERE	MARIA	3/31/2024	100	DPW-WATER-BUSINESS
Regular	Service	MOORE	DAVID	3/31/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	BRILLOWSKI	JOHN	4/1/2024	100	GENERAL CITY
Regular	Deferred	SCHROEPFER	TERESA	4/1/2024	MAX	GENERAL CITY



**Board Report - April 2024**
**Deaths**

Type	Last Name	First Name	Death Date	Payment Date	Amount
Deferred Death-Member Only Refund	HOLLENCAMP	FAYE	12/19/2023	4/30/2024	\$ 1,308.40
Ordinary Death	ARNOLD	ALONZO	1/20/2024	4/30/2024	\$ 32,302.61
Ordinary Death	HOWSE	TONYALISA	1/31/2024	4/30/2024	\$ 46,063.43
Retiree Death-Termination	BROWN	ROBERT	11/15/2021	4/30/2024	\$ 1,165.52
Retiree Death-Termination	CARTER	ODELL	11/17/2023	4/30/2024	\$ 620.13
Retiree Death-Termination	FURDEK	DANIEL	12/30/2023	4/30/2024	\$ 1,294.79
Retiree Death-Termination	GATHINGS	FAYE	1/11/2024	4/30/2024	\$ 178.54
Retiree Death-Termination	HAGER	WILLIAM	2/13/2024	4/30/2024	\$ 2,278.61
Retiree Death-Termination	HENRY	ANNIE	2/7/2024	4/30/2024	\$ 100.58
Retiree Death-Termination	LEMMERMANN	CAROL	3/10/2024	4/30/2024	\$ 51.36
Retiree Death-Termination	NULAND	BARBARA	1/8/2024	4/30/2024	\$ 36.30
Retiree Death-Termination	PIGSEE	MINNIE	12/13/2023	4/30/2024	\$ 133.84
Surv Death-Termination	CIANCIOLO	CHRISTINE	1/12/2024	4/30/2024	\$ 1,997.72
Surv Death-Termination	HARMEYER	EUNICE	2/4/2024	4/30/2024	\$ 167.19
Surv Death-Termination	SEIGNER	KATHERINE	10/2/2023	4/30/2024	\$ 103.57
Surv Death-Termination	STACHOWIAK	MARCELLA	2/26/2024	4/30/2024	\$ 1,521.62
Surv Death-Termination	VAJCEKAUSKIS	PATRICIA	11/4/2023	4/30/2024	\$ 415.30
Surv Death-Termination	WOJCZULIS	MARILYN	9/26/2023	4/30/2024	\$ 885.70

**TOTAL \$ 90,625.21**

Retiree Death-Cont Opt	BRAUN	LINDA	4/9/2024	4/1/2024
Retiree Death-Cont Opt	JAGMIN	GREGORY	4/7/2024	4/1/2024
Retiree Death-Cont Opt	KRISTIAN	JOSEPH	4/11/2024	4/1/2024
Retiree Death-Cont Opt	MARX	WILLIAM	3/30/2024	4/1/2024
Retiree Death-Cont Opt	SARANDOS	DEMETRIOS	3/19/2024	4/1/2024
Retiree Death-Cont Opt	SAXTON	PATRICK	1/15/2024	4/1/2024
Retiree Death-Cont Opt	STREICH	LEONARD	4/9/2024	4/1/2024
Retiree Death-Cont Opt	WIMES	ABNER	3/31/2024	4/1/2024
Retiree Death-Cont Opt	WORTZ	CLEMENT	3/9/2024	4/1/2024

## Board Report - April 2024

## Withdrawals

Type	Last Name	First Name	Payment Date	Amount
Administrative Withdrawal	BROWER	MICHAEL	4/30/2024 \$	2,503.23
Administrative Withdrawal	HONECKER	LYDIA	4/30/2024 \$	1,041.92
Administrative Withdrawal	HOWARD	SYDNEY	4/30/2024 \$	1,868.19
Administrative Withdrawal	MEREDITH	ROBIN	4/30/2024 \$	1,101.72
Administrative Withdrawal	THOMPSON	DENNIS	4/30/2024 \$	466.45
Administrative Withdrawal	WALKER	LASHONDA	4/30/2024 \$	203.22
Full Refund	BEIERSDORF	ERIC	4/30/2024 \$	4,300.97
Full Refund	DAVIS	SAKYRA	4/30/2024 \$	4,101.41
Full Refund	GLOSSON	KELLIE	4/30/2024 \$	14,794.11
Full Refund	JACKSON	DEMETRIUS	4/30/2024 \$	176.79
Full Refund	JONES	TIARA	4/30/2024 \$	6,687.89
Full Refund	THOMAS	ARMANDO	4/30/2024 \$	3,619.02
Member Only Refund	ARMBRUSTER	THERESE	4/30/2024 \$	4,013.77
Member Only Refund	BELL	SHARMEKA	4/30/2024 \$	3,455.86
Member Only Refund	CHAVES	PATRICK	4/30/2024 \$	1,255.42
Member Only Refund	CURRO	ZACHARY	4/30/2024 \$	1,769.14
Member Only Refund	DELANEY	KENDRA	4/30/2024 \$	2,904.52
Member Only Refund	ISOM	ELLIOTT	4/30/2024 \$	1,296.29
Member Only Refund	JURADO	MIZRAIM	4/30/2024 \$	703.72
Member Only Refund	KING	JAKOYI	4/30/2024 \$	2,938.52
Member Only Refund	LLOYD	AUDREY	4/30/2024 \$	1,136.64
Member Only Refund	MARTIN	JIMIKA	4/30/2024 \$	331.71
Member Only Refund	MAXWELL	PHYLESIA	4/30/2024 \$	2,010.02
Member Only Refund	MENDOZA	MELISA	4/30/2024 \$	207.79
Member Only Refund	NOVAK	JOSEPH	4/30/2024 \$	425.92
Member Only Refund	RAMSEY	MICHAEL	4/30/2024 \$	1,347.70
Member Only Refund	ROBERSON	GWENDOLYN	4/30/2024 \$	3,232.63
Member Only Refund	ROMAN	JOSE	4/30/2024 \$	5,047.61
Member Only Refund	SCHWEN	GUSTAF	4/30/2024 \$	3,144.25
Member Only Refund	TYRRELL	TAMARA	4/30/2024 \$	4,498.13
Member Only Refund	WILLIAMS	BRIAN	4/30/2024 \$	513.45
Member Only Refund	WINDOM	CYNTHIA	4/30/2024 \$	1,457.45
Member Only Refund	XIONG	ZOUA	4/30/2024 \$	3,225.30
TOTAL \$				85,780.76

## **Conference Requests – May 2024 Board Meeting**

Erich Sauer, Aaron Shew	Loomis Sayles & MFS Due Diligence; Prologis meeting
Sponsor:	Loomis Sayles, MFS, Prologis
Location:	Boston, MA
Date(s):	July 23-25, 2024
Estimated Cost:	\$1,750.00 per person
David Silber, Keith Dickerson	2024 Goldman Sachs Due Diligence; Principal Real Asset Meeting
Sponsor:	Goldman Sachs and Principal Asset Management
Location:	Seattle, WA
Date(s):	September 17-19, 2024
Estimated Cost:	\$1,800.00 per person

#### IV.

#### MEDICAL REPORTS

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (IV. A. and B.), as provided in Section 19.85(1)(f), Wisconsin State Statutes, for considering financial, medical, social or personal histories or disciplinary data of specific persons, preliminary consideration of specific personnel problems or the investigation of charges against specific persons except where par. (b) applies which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems or investigations.

- A. All Duty & Ordinary Disability Applications & Re-examinations (May).
- B. Disability Findings – James L. Gentry Sr.

MERITS	CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Panel Approvals Report	DATE RAN :	05/21/2024
Approved by Executive Director	Pension Board Meeting Date 05/28/2024	TIME RAN :	09:45

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>
65	MACGUIRE, TERESA	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		07/01/2021	
581	SODERBECK, WILLIAM	FIRE CAPTAIN	FIRE	DD 75%	Re-Examination	Approved	Approved		04/01/2021	

Number of Cases: 2

*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 EMPLOYES' RETIREMENT SYSTEM	Page Number: 1 OF 1
	Medical Council Approvals Report	DATE RAN : 05/30/2024
	Board Meeting: 05/28/2024	TIME RAN : 11:04

<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>
DAIS, IBRAHIM	OPERATION DRIVER WORKER	DPW	Ordinary Disability	Re-Examination	11/11/2022	05/03/2024	
MONTANO, ELMER	POLICE OFFICER (Z)	MPD	Duty Disability 75%	Application	03/21/2023	05/03/2024	
WATSON, RONALD	BLDG SERVICE HELPER	MPS	Ordinary Disability	Re-Examination	03/22/2006	05/03/2024	
WILKIEWICZ, ANDREW	DETECTIVE	MILWAUKEE POLICE DEPARTME	Duty Disability 75%	Application	12/10/2323	05/03/2024	

Number of Cases: 4

*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 : 05/06/2024
	Board Meeting: 05/28/2024	TIME RAN : 07:14

<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>
1573	WILKIEWICZ, ANDREW	DETECTIVE	MILWAUKEE POLICE DEPARTME	OD	Application	12/10/2023	05/03/2024	

Number of Cases: 1

*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.*

V.

UNFINISHED BUSINESS

- A. Pending Legal Opinions and Service Requests Report.
- B. Pending Legislation Report.
- C. Funding of 5.8% Employee Pension Contribution Offset Case Judgment – Presentation by Larry Langer of Cavanaugh Macdonald.
- D. Update from Comptroller Regarding Year-To-Date Sales Tax Collections.
- E. Executive Director's Report – Inventory of ERS Projects.





## May 28, 2024 Board Meeting

### **PENDING LEGAL OPINIONS AND SERVICE REQUESTS REPORT**

#### **PART 1. LEGAL OPINIONS - OFFICE OF CITY ATTORNEY**

**04/11/24 Pension Eligibility Pursuant to 2023 Wisconsin Act 12**  
Whether an active general city employee resigns from current employment and accepts a non-certified MPS position would still be considered an active member of the ERS and continue to receive service credit for new position, or must the employee be enrolled into the Wisconsin Retirement System in accordance with the language of Act 12.

#### **PART 2. LEGAL OPINIONS - OUTSIDE LEGAL COUNSEL**

None.

#### **PART 3. SERVICE REQUESTS - OFFICE OF CITY ATTORNEY**

**04/03/24 USB Hedge Fund Solutions Second Amendment**  
City Attorney's Office requested to review and negotiate a second amendment to the investment contract.  
**04/17/24** City Attorney completed their review of the proposed second amendment. The contract will be presented to the June 6, 2024 Investment Committee for approval.

**04/23/24 IT Fiber Internet Services**  
ERS has requested the City Attorney's Office to draft and negotiate a contract (or an amendment to current Master Services Agreement) with present vendor, Lumen (f/k/a CenturyLink) for IT fiber services.

#### **PART 4. SERVICE REQUESTS - OUTSIDE LEGAL COUNSEL**

None.



## May 28, 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.

**From:** Larry Langer  
**Sent:** Friday, May 10, 2024 12:26 PM  
**To:** Allen, Jerry <[Jerry.Allen@CMERS.com](mailto:Jerry.Allen@CMERS.com)>  
**Cc:** Siddiqui, Terry <[Terry.Siddiqui@cmers.com](mailto:Terry.Siddiqui@cmers.com)>; CavMac CMERS Team <[CavMac\\_CMERS\\_Team@cavmacconsulting.com](mailto:CavMac_CMERS_Team@cavmacconsulting.com)>  
**Subject:** RE: Applicability of Sales Tax Receipts to Pay 2024 City Pension Contribution (Attorney-Client Privileged Information)

Jerry

As shown below, we estimate the amount of City Contribution eligible to be paid from tax proceeds under Act 12 to be \$151,850,000, an increase of about \$20 million from the 2024 figure of \$131,470,000. Most of the increase is due to employer contributions for the settlement of the 5.8% lawsuit – in particular the approximately \$9.0 million in retro payments, which we recommend be paid back in during Plan Year 2025. These numbers are estimated and will change when the January 1, 2024 valuation is presented in late June. The schedule below documents our estimate with important caveats.

Estimate of Plan Year 2025 City Contribution Eligible to be Paid from Tax Proceeds under Act 12 Includes City Portion of General, All Police and All Fire Amounts payable as of <u>January 1, 2025</u> ; payment after this date results in interest charges at 6.80% per year	
1 Estimated City Contributions for Plan Year 2025 <sup>a</sup>	
a Estimated 2025 City Normal Cost for CMERS Fund <sup>b</sup>	\$ 82,900,000
b Estimated 2025 City Members Contributions for CMERS <sup>b</sup>	23,000,000
c Estimated City's share of UAAL for Plan Year 2025	<u>135,100,000</u>
d Estimated City Contributions for Plan Year 2025 <sup>a</sup>	<u>\$ 195,000,000</u>
2 Portion of City Normal Cost Eligible to be Paid from Tax Proceeds under Act 12 for Plan Year 2025	
a Estimated 2025 City Normal Cost for Combined Fund <sup>b</sup>	\$ 82,650,000
b 2022 City Normal Cost for Combined Fund <sup>c</sup>	<u>65,900,000</u>
c Portion of City Normal Cost Eligible to be Paid from Tax Proceeds under Act 12 for Plan Year 2025: 2a - 2b, not less than zero	<u>\$ 16,750,000</u>
3 Estimate of Plan Year 2025 City Contribution Eligible to be Paid from Tax Proceeds under Act 12: 1c + 2c	<u>\$ 151,850,000</u>
a Slide 19 of March 26, 2024 presentation to CMERS Board shows an estimate of \$173,374,000. Subsequent to the valuation we suggested a budget number of \$180 million. This figure does not include an estimate of the impact of the "5.8% Lawsuit Settlement" which will be reflected in the final 2025 Plan Year City Contribution to be presented at the June CMERS Board meeting. Our current estimate of the 5.8% Lawsuit Settlement is \$15 million dollars, which is primarily due to our recommendation that the retro payments of about \$9.0 million be paid back during the Plan Year 2025. It also includes an estimated allotment for amortizing the increase in the System's UAAL over ten years. This results in a total budget estimate of \$195 million. Item 1c is calculated to match this estimate. Remember that actual experience may push the City Contribution higher than \$195 million.	
b From CavMac workpapers. Includes estimated administrative expenses in the City Normal Cost as discussed on Table 20.	
c From Table 20 on page 44 of the Second January 1, 2023 Actuarial Valuation of CMERS dated February 21, 2024.	

We are available to discuss  
 CavMac

**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**  
**LarryL@CavMacConsulting.com**  
**www.CavMacConsulting.com**



# Cavanaugh Macdonald

## CONSULTING, LLC

*The experience and dedication you deserve*

May 20, 2024

Mr. Jerry Allen  
Executive Director  
Employees' Retirement System  
City of Milwaukee  
789 N. Water Street, Suite 300  
Milwaukee, WI 53202

**Re: Impact of 5.8% Pension Offset Lawsuit on the January 1, 2024 Actuarial Valuation**

Dear Jerry:

As discussed, we have reviewed the potential impact of the 5.8% Pension Contribution Offset Lawsuit (Lawsuit) on the January 1, 2024 Actuarial Valuation, which is used to determine CMERS employer contributions for Plan Year 2025. Our analysis is contained in this letter.

**Background**

The Milwaukee City Charter entitles police officers and firefighters injured on the job to duty disability retirement (DDR) benefits. DDR benefits provide for monthly wage replacement payments to members who are unable to continue active service due to injuries sustained while on duty. Under collective bargaining agreements certain members were entitled to a 5.8% pension contribution offset payment. This 5.8% pension offset payment was not included in the development of the DDR benefits for these members. The court recently ruled that the pension offset amounts should be included in the calculation of these benefits. This ruling results in increased benefits for both current and potential future recipients of DDR benefits, as well as retroactive lump sum payments for members whose DDR benefit determination did not include the pension offset payment. The following table summarizes the increase in the actuarial accrued liability (AAL) for Policemen and Firemen as of January 1, 2024:

Group	Number of Retroactive Payments	Estimated Retroactive Payments	AAL Increase Due to Annual Benefit Increase	AAL Increase for Potential Future DDR Recipients	Total Increase in AAL
Firemen	220	\$ 6,298,257	\$ 9,075,932	\$ 356,901	\$ 15,731,090
Policemen	<u>115</u>	<u>2,789,492</u>	<u>4,272,778</u>	<u>61,942</u>	<u>7,124,212</u>
Total	335	\$ 9,087,749	\$ 13,348,710	\$ 418,843	\$ 22,855,302



Mr. Jerry Allen  
May 20, 2024  
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The increase in annual benefits has already occurred for the affected members. The census information we received for the January 1, 2024 actuarial valuation, which determines employer contributions for Plan Year 2025, includes the increase due to the Lawsuit. It is anticipated that the retroactive payments will be paid during Plan Year 2024.

### **Impact on the January 1, 2024 Actuarial Valuation and Plan Year 2025 Employer Contributions**

We have broken down the issues encountered implementing this change as follows:

- **Attribute Liabilities and Contributions only to Firemen and Policemen:** As a cost sharing plan, typically the experience of the fund – notably returns and demographic experience – are shared by all employers. The assets of CMERS are allocated based on the actuarial accrued liability of each employer. Given this change impacts only Firemen and Policemen, we recommend that the increase be allocated to only those groups. As such, the assets of CMERS will be allocated based on the actuarial accrued liability of each employer *net of the actuarial accrued liability due to the Lawsuit*. For Firemen and Policemen, the actuarial accrued liability due to the Lawsuit will be added to their respective actuarial accrued liabilities. Once Firemen and Policemen contributions are made to fully ameliorate the unfunded actuarial accrued liabilities, the “normal” allocation procedure can be continued.
- **Implement for the January 1, 2024 Actuarial Valuation and Plan Year 2025 Contributions for Fire and Police:** The Plan Year 2025 employer contributions are based on the unfunded actuarial accrued liability as of January 1, 2024, projected to January 1, 2025 due to the one-year contribution lag. While the increase in benefit payments for the affected members is already included in the January 1, 2024 census information submitted for the actuarial valuation by CMERS staff, the retroactive payments will not be reflected in the assets. We will develop the Plan Year 2025 contributions for fire and police assuming retroactive payments will be made during 2024. We do not recommend reflecting these payments in the next actuarial valuation which is the basis of Plan Year 2026 Contributions.
- **Amortization of the Increase in Actuarial Accrued Liabilities due to the Lawsuit:** For typical gains and losses, the increase in unfunded actuarial accrued liability due to the Lawsuit would be 29 years if the total unfunded actuarial accrued liability increase is less than expected (an actuarial gain) or 10 years if the total unfunded actuarial accrued liability increases more than expected (an actuarial loss). For the retroactive payments, we recommend that the amount be paid back in full with interest during Plan Year 2025. The rationale here is simple – the money will likely be paid by the end of Plan Year 2025 and making this contribution after Plan Year 2025 would result in incremental negative cash flows.

For the increase in AAL due to future expected payments for those who are eligible to receive retroactive payments as well as active members who could potentially receive DDR benefits in the future, we considered amortizing the retiree liability increase over a 1-year period and the active liability increase over a 15-year period. However, we recommend amortizing the total increase in AAL due to the Lawsuit over a 10-year period, which is the period to be used for experience which increases liabilities. The contribution under this recommendation is lower than the alternative described above, but the amount of negative incremental cashflow and complexity does not appear to warrant this treatment.



Mr. Jerry Allen  
May 20, 2024  
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As a result of the recommendations above, the increase in Plan Year 2025 UAAL contribution for Firemen and Policemen due to the Lawsuit will be \$8,057,172 and \$3,590,650, respectively, payable January 1, 2025. These amounts reflect an interest adjustment between the measurement date of January 1, 2024 and the contribution date of January 1, 2025 using 6.80%. Paying later than January 1, 2025 will result in an additional interest adjustment. The Plan Year 2024 employer contributions for Policemen and Firemen will not be impacted by the Lawsuit.

In addition to the adjustment to the UAAL contribution for Plan Year 2025, there will also be a small increase to the Policemen and Firemen normal cost. Due to the Lawsuit, the expected normal cost as of January 1, 2025 has increased by \$33,985 for Policemen and \$54,808 for Firemen. The table below shows a summary of the contribution impact due to the Lawsuit for Plan Year 2025.

	Fire men	Police men
Retroactive Payments	\$6,726,538	\$2,979,177
Future Benefit Increase	1,330,634	611,473
Normal Cost Increase	<u>54,808</u>	<u>33,985</u>
Total Contribution Increase	\$8,111,980	\$3,624,635

While the Retroactive Payments amounts in the table above represents a one-time contribution increase for Plan Year 2025, it's important to note that the Future Benefit Increase payments will continue through Plan Year 2034 because the impact is amortized over a 10-year period. The small Normal Cost Increase will continue to impact employer contributions for Policemen and Firemen until all active members impacted by the Lawsuit leave active status, but it is expected to decrease over time.

The costs shown in the table above assume that all assumptions will be met exactly in each future year, including the assumed asset return of 6.8%. Due to the size of the benefit increase, the small likelihood of affected members receiving a duty disability benefit, and the increased funding to cover the increase in liability, we do not believe the Lawsuit will have a significant impact on the System's funding risk.

### **Basis of Analysis**

The analysis contained in this letter is based on the census data to be used for the January 1, 2024 actuarial valuation, as well as supplemental information provided by the System's staff regarding the estimated retroactive payment amounts and interest thereon. The results of the January 1, 2024 actuarial valuation will be presented at the June 25, 2024 Board Meeting. To the extent that any of that data is inaccurate, our analysis may need to be revised. Unless otherwise noted, the actuarial assumptions and methods used in our analysis are the same as those to be used in the January 1, 2024 actuarial valuation, which are unchanged from the Second January 1, 2023 actuarial valuation and can be found in Appendix C of that report.

The comments and analysis contained in this letter are intended to give exact calculations of the increase in Plan Year 2025 Firemen and Policemen employer contributions due to the Lawsuit. The emerging costs will vary from those presented in this letter to the extent that actual experience differs from that projected by the actuarial assumptions. In order to prepare the results in this report, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. This cost



Mr. Jerry Allen  
May 20, 2024  
Page 4

analysis has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statement of Actuarial Opinion of the American Academy of Actuaries. We have not explored any legal issues with respect to the proposed plan analysis.

The undersigned are actuaries with Cavanaugh Macdonald Consulting, LLC. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are available to answer any questions or provide additional information as needed.

Sincerely,

A handwritten signature in blue ink, appearing to read 'LL'.

Larry Langer, ASA, EA, FCA, MAAA  
Principal and Consulting Actuary

A handwritten signature in blue ink, reading 'Patrice Beckham'.

Patrice A. Beckham, FSA, EA, FCA, MAAA  
Consulting Actuary

A handwritten signature in blue ink, reading 'Aaron Chochon'.

Aaron Chochon, ASA, EA, FCA, MAAA  
Senior Actuary





# City of Milwaukee Sales and Use Tax YTD 2024 Results

ERS Board Meeting  
Tuesday May 28<sup>th</sup>, 2024



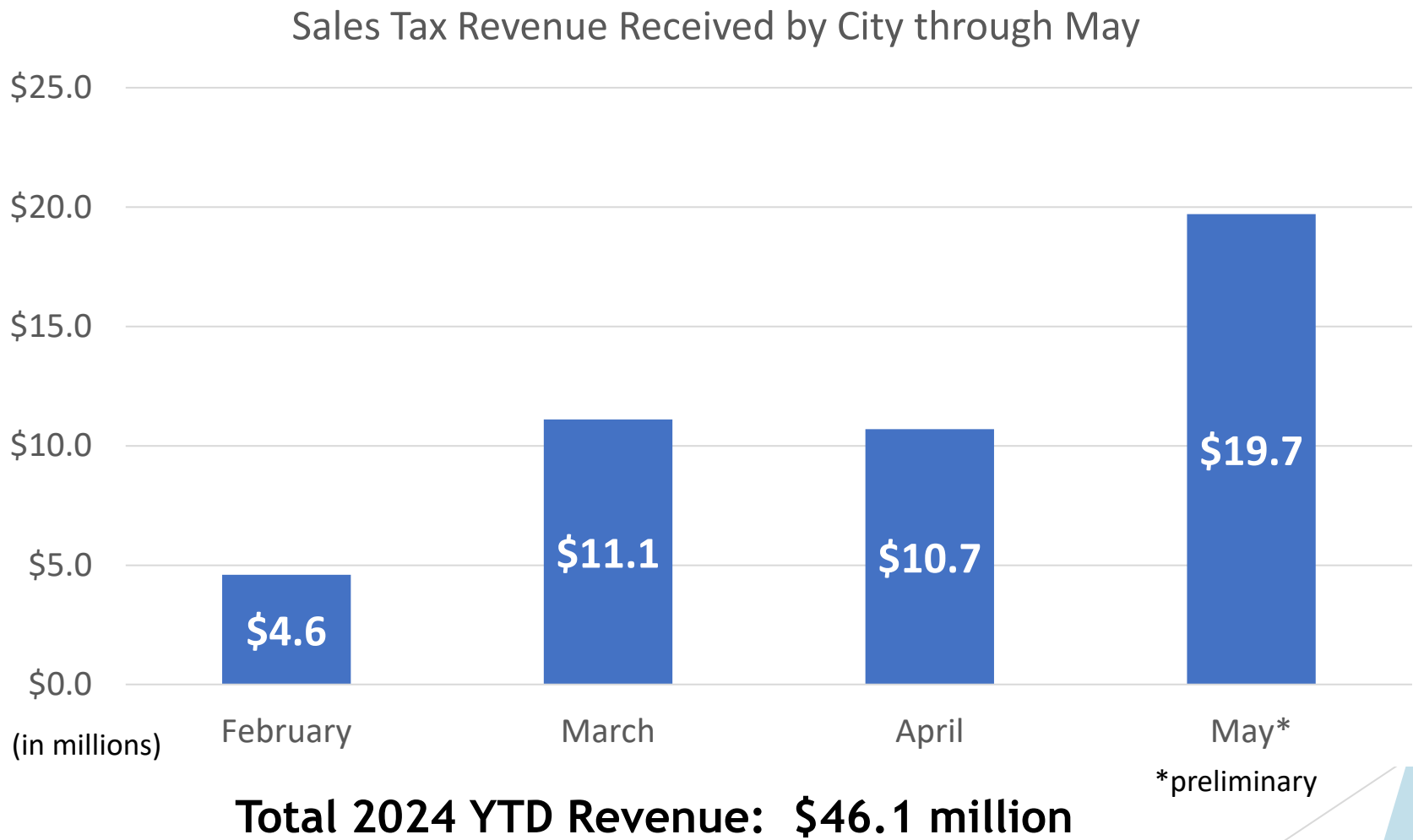
# Background

- ▶ January 1<sup>st</sup> 2024: 2% City of Milwaukee Sales & Use Tax went into effect
  - ▶ Increased from 5.5% to 7.9%
- ▶ Sales tax proceeds collected by retailers and reported to WI Dept. of Revenue (DOR)
- ▶ 2024 City Sales Tax Revenue Estimate: \$184 million
- ▶ Historical data only available at county level, difficult to estimate revenue for a City-only sales tax
- ▶ Purchases made online are taxable at delivery address. Vehicle purchases are taxable where the vehicle is registered. Groceries, medicine, and many other purchases are exempt from sales tax

# Background (cont'd)

- ▶ Most sales tax revenue is generated by retailers who submit reports monthly- due date is the 20<sup>th</sup> or the 30<sup>th</sup> of the following month
  - ▶ Report for January sales is due February 20<sup>th</sup>
- ▶ Distribution received by the City on February 25<sup>th</sup> reflected January sales that were reported early to DOR (before February 15<sup>th</sup>)
- ▶ Proceeds from 2% City sales tax are distributed to the City around the 25<sup>th</sup> of each month
- ▶ City received first partial distribution in February, and first “full” distribution in March
- ▶ In order to collect 12 full distributions in 2024, the distributions received by the City in January & February 2025 will be accrued back to the 2024 fiscal year

# YTD City Sales Tax Distributions



# Seasonality & Scale Up

## ▶ Seasonality

- ▶ Spending patterns vary throughout the year, typically lower early in year
- ▶ Q1 2023 Returns as % of full year:
  - ▶ State: 21.5%      Milwaukee County: 22.3%
- ▶ Taxable sales generally trend higher in summer months, December

## ▶ Scale Up

- ▶ New or increased sales tax rates often see slow implementation by retailers
- ▶ Distributions for first few months are low, then pick up later in year
- ▶ Retailers are responsible for remitting correct amount of sales tax proceeds, even if they did not correctly charge customers

# Conclusion

- ▶ Too early to project year-end totals
- ▶ Administration, Council reaching out to retailers to ensure they are aware of new sales tax rates and are reporting correct amounts to DOR
- ▶ Next key milestone- 2025 Sales Tax Revenue Estimate (late August-early September)
- ▶ Distributions received by the City are posted on DOR website as they become available, will be posted on Comptroller homepage
- ▶ Questions/Comments?

# Employees' Retirement System – Executive Director's Report

## May 2024

### **I. Personnel Update**

- A. ERS has no vacancies.

### **II. Member Services**

- A. New retirees on payroll in April - 32; 33 are currently anticipated for the May payroll.
- B. Retiree/Employee deaths entered in March - 28.
- C. There was a new group of CSI's 4/15/24 and 11 new members signed up for Life Insurance.
- D. Retirement Workshops are scheduled for the Milwaukee Police Department on 5/10/24 and the Milwaukee Fire Department on 5/17/24.
- E. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
<b>Annuitants</b>	
Death - Duty	24
Death - Ordinary	100
Disability - Duty	358
Disability - Ordinary	564
Retirement	12,746
Separation	38
<b>Total Annuitants</b>	<b>13,830</b>
<b>Active</b>	<b>11,130</b>
<b>Deferred</b>	<b>3,195</b>
<b>Total Population</b>	<b>28,155</b>

### **III. Financial Services**

- A. Staff continues to work with the actuary and financial auditor to review and substantiate the actuarial valuation.
- B. The Annual Comprehensive Financial Report (ACFR) is being reviewed. Our goal is to have the audit completed and ACFR approved by the A&O Committee and Board in July 2024.
- C. ERS' 2025 Budget Request was submitted to the City's Budget Office.

### **IV. Information Services**

- A. Perforce Upgrade completed.
- B. Struts Upgrade and Modernize MERITS Website in progress.
- C. IT Vulnerability Audit in progress.
- D. Third Party Review of Network Architecture Firmware Upgrade in progress.
- E. Network Infrastructure Firmware Upgrade in progress.
- F. Storage Area Network Firmware Upgrade in progress.
- G. IP Address Review and Cleanup 2023 in progress.
- H. DNS Review and Cleanup 2023 in progress.
- I. AD Review and Cleanup 2023 in progress.
- J. Firewall Review and Cleanup 2023 in progress.
- K. MS Windows Desktop and Laptop OS Upgrade in progress.
- L. Tracker Upgrade in progress.

- M. Upgrade FileNet P8 to IBM CloudPak4BA in progress.
- N. Change Auditor Upgrade in progress.
- O. Altiris/Symantec IT Management Suite Upgrade in progress.
- P. Backup Exec Upgrade in progress.

## **V. Administration**

I'm looking forward to continuing to serve as ERS Executive Director and Board Secretary until the end of 2025 (Lord willing) in order to complete the implementation of Act 12, including the transition of all new hires into the WRS, the state financial and actuarial audits, the Callan proposed asset-liability study review of the investment policy for ERS as a closed plan and the annual actuarial valuations and financial statement prep under new the new Act 12 funding requirements.

So, please don't consider the attached draft ED succession plan decision tree outline and exhibits as any indication of a desire for an earlier departure. The purpose of this draft is to be responsive in a timely way to previous Trustee inquiries about the succession process. The draft is based on policy requirements codified in Chapter 36, the Board rules and the administrative process employed by the Board in 2007 when the ED position was last vacant. The succession process at that time was a bit more complex because the salary ordinance did not provide for competitive pay back then but that issue has been successfully dealt with thanks to the Board's persistence and should not require another time-consuming attempt to resolve as was the case in 2007. The whole process played out over about one year from March 2007 to February 2008 when I joined ERS. Similarly, the draft succession plan process is expected to require no more than one year to implement beginning in January 2025.

## Succession Plan Outline for ERS Executive Director

<b>Board Decision</b>	<b>CSC Exempt Position</b> <ul style="list-style-type: none"> <li>• MCC 36-15-7 requirements and Board rules govern (see Exhibit 1)</li> <li>• Serves at the pleasure of the Board (6 votes required to terminate appointment)</li> <li>• City employee liability limitation &amp; indemnification per state law</li> <li>• Exempt Position recommended due to fiduciary duty requirements for a \$7.5 billion IRS qualified plan and need to be responsive to Board</li> </ul>	<b>CSC Non-Exempt Position</b> <ul style="list-style-type: none"> <li>• MCC-6-15-7 requirements and CSC hiring rules govern</li> <li>• CSC rules govern termination of employment</li> <li>• City employee liability limitation &amp; indemnification per state law</li> </ul>
<b>Board Decision</b>	<b>Do national search</b> <ul style="list-style-type: none"> <li>• Larger talent pool available</li> <li>• National search recommended as best fiduciary practice</li> </ul>	<b>Internal candidates only</b> <ul style="list-style-type: none"> <li>• Smaller pool</li> <li>• Known individuals</li> </ul>
<b>Process</b>	<b>Submit request to fill vacancy to F&amp;P and obtain CSC position exemption, if exempt position desired (see Exhibit 2)</b> <i>Time Line: Begin January 2025</i>	
<b>Board Decision</b>	<b>External recruitment firm conducts search</b> <ul style="list-style-type: none"> <li>• Governed by Board contract</li> </ul>	<b>DER runs hiring process</b> <ul style="list-style-type: none"> <li>• Governed by CSC rules</li> </ul>
	<i>Recommendation: External Recruiter recommended; better market outreach</i>	
<b>Process</b>	<b>Develop RFP for external recruiter, conduct vendor search and contract with finalist (see Exhibits 3,4,5,6&amp;7)</b> <ul style="list-style-type: none"> <li>• Review current job description and recruitment posting/ad, board rules, etc.</li> <li>• Fine tune; what is each Board member looking for in the candidates</li> <li>• Position requirements (experience, education, etc.)</li> </ul> <i>Time Line: January-March 2025</i>	
<b>Process</b>	<b>Develop candidate evaluation criteria</b> <ul style="list-style-type: none"> <li>• Questions</li> <li>• References and prior employer / coworkers' evaluations</li> <li>• Evaluate fit to City / ERS culture</li> </ul> <i>Time Line: April-May 2025</i>	
<b>Board Decision</b>	<b>Initial interviews may be via teleconference</b>	<b>All interviews are in person</b>
	<i>Recommendation: Remote initial interviews recommended for cost reasons; in person finalist interviews</i>	
<b>Board Decision</b>	<b>Hiring committee is committee of the whole</b> <ul style="list-style-type: none"> <li>• Everyone has a say at all stages</li> </ul>	<b>Hiring committee is subset of Board</b> <ul style="list-style-type: none"> <li>• More nimble</li> </ul>
	<i>Recommendation: Full Board recommended for hiring committee as for previous ED searches; staff does leg work</i>	
<b>Process</b>	<b>Publish job posting</b>	
<b>Process</b>	<b>DER / recruiting firm triages and presents reasonable candidates</b>	
<b>Process</b>	<b>Committee reviews applicants and short lists / ranks</b>	
<b>Process</b>	<b>Committee / recruiting firm (or DER) set up interviews</b>	
<b>Process</b>	<b>Candidates visit office and meet staff</b>	
<b>Process</b>	<b>Committee ranks interviewed candidates and negotiates hiring terms</b> <ul style="list-style-type: none"> <li>• Will require DER and F&amp;P involvement regardless of position type (for approval of salary and benefits)</li> </ul> <i>Time Line: June-December 2025</i>	



## **Draft Amendment to Board Rule II**

### **Creating a New, Section 8**

#### **8. PURPOSE**

The purpose of this policy is to establish temporary and permanent succession planning procedures and guidelines with respect to the executive management positions in the Employees' Retirement System of the City of Milwaukee (ERS). While leadership change is inevitable in every organization, proper planning and policy development is fundamental to the sustenance of a healthy, thriving organization. Proper planning and policy development in regards to succession issues can help limit the problems of leadership transition and provide a degree of stability.

#### **POLICY**

It is the policy of the Annuity and Pension Board (Board) to comply with City of Milwaukee Charter Section 36-1-7 which grants the Board the sole responsibility to hire and assess the permanent leadership needs of the Employees' Retirement System including the selection of an Executive Director and Secretary who is a good fit for the ERS mission, vision, values, goals and objectives and who has the necessary skills to lead the organization.

In this regard, the Board hereby establishes these appropriate procedures and guidelines to ensure that ERS operations are continued without interruption on a short- and long-term basis.

#### **PROCEDURES AND GUIDELINES**

##### **1. Priority Functions and Temporary Strategies**

- a. The Executive Director and Secretary shall be responsible for managing succession in key staff positions and shall report to the Board as appropriate.
- b. In order to help ensure continuity in the position of Executive Director and Secretary, the Board has established Deputy Director positions. Therefore, the Deputy Directors shall be familiar with all aspects of the administration of ERS including investments and benefit administration.

## **2. Succession plan in the event of a Temporary Short-Term Absence**

### **a. Definitions**

- i) A temporary absence is one in which it is expected that the Executive Director and Secretary will return once the events precipitating the absence are resolved. A temporary absence is ninety (90) days or less.
- ii) An unplanned absence is one that arises unexpectedly, in contrast to a planned leave such as a vacation or a sabbatical.

### **b. Temporary Staffing Strategy**

- i) For temporary planned or unplanned absences of five (5) weeks or less, the Temporary Staffing Strategy described above shall be initiated as directed by the Executive Director and Secretary.

### **c. Acting Executive Director and Secretary**

- i) For temporary absences between six-to-twelve (6-12) weeks, and considering the accessibility of the Executive Director and Secretary, the Board may appoint an Acting Executive Director and Secretary, or continue to implement the Temporary Staffing Strategy.

### **d. Standing Appointees to the Position of Acting Executive Director and Secretary**

- i) The first position in line to be Acting Executive Director and Secretary is a Deputy Director.
- ii) The second position in line is the Chief Financial Officer.

### **e. Cross-Training Plan**

- i) The Executive Director and Secretary shall exercise best efforts to train staff for each of the key functions of the Executive Director and Secretary and ensure that procedures are in place to achieve the objectives of this policy.

- f. Board Oversight and Support of the Acting Executive Director and Secretary
  - i) The Acting Executive Director and Secretary shall have the powers of duties of the Executive Director and Secretary and shall report and be accountable to the Board as would the Executive Director and Secretary.
- g. Communication Plan
  - i) Upon appointment of an Acting Executive Director and Secretary, the Board Chair shall announce ERS temporary leadership to staff and the City.
- h. Salary Adjustments
  - i) There shall be no salary adjustment for the Temporary Staffing Strategy.
  - ii) An appointed Acting Executive Director and Secretary shall be paid as determined by the Board.

### **3. Succession plan in the event of a Temporary Long-Term Absence**

- a. Definition
  - i) A long-term absence is ninety (90) consecutive days or more.
- b. Procedures
  - i) Procedures and conditions to be followed shall be the same as for a temporary short-term absence with the following additions:
    - 1) The Board shall give immediate consideration with the Executive Director and Secretary or Acting Executive Director and Secretary, to temporarily filling the management position left vacant by the Acting Executive Director and Secretary, or reassigning priority responsibilities where help is needed to other staff. This is in recognition that, for a term of ninety (90) days or more, it may not be reasonable to expect the Acting

Executive Director and Secretary to carry the duties of both positions.

**4. Succession plan in the event of a Permanent Absence**

a. Definition

- i) A permanent absence is one in which it is firmly determined that the Executive Director and Secretary will not be returning to the position.

b. Procedures

- i) Procedures and conditions to be followed shall be the same as for a temporary short-term absence with the following additions:

The Board shall consider the need to hire an interim Executive Director and Secretary

c. Hiring an Interim Executive Director and Secretary

- i) If an Interim Executive Director and Secretary is hired, the Board Chair and legal counsel shall negotiate a contract agreement with a defined scope of work.
- ii) The scope of the agreement with an Interim Executive Director and Secretary shall be determined based on an assessment of the organizations needs at the time of the leadership transition.

d. Responsibilities of the Interim Executive Director and Secretary

- i) An Interim Executive Director and Secretary shall have full authority for day-to-day decision-making and independent action as the regular Executive Director and Secretary.

**5. Board Oversight and Support to the Interim Executive Director and Secretary**

a. The Interim Executive Director and Secretary reports to the Board Chair.

b. The Board shall be alerted to the special support needs of the Interim Executive Director and Secretary in this temporary role. The Board

Chair shall meet once per month with the Interim Executive Director and Secretary.

- c. The Board Chair will consult with staff and the Interim Executive Director and Secretary to assure a smooth transition within two (2) months and at least quarterly thereafter.

**6. Succession Plan for Key Management Positions**

- a. The Executive Director and Secretary shall use similar procedures in case of an executive transition that involves any key management positions. (For Example, the Deputy Chief Investment Officer to serve in the absence of the Chief Investment Officer.)
- b. The Executive Director and Secretary shall exercise best efforts to train staff for each of the key functions of the organization and ensure procedures are in place to achieve the objectives of this policy.

**7. Executive Director and Secretary Recruitment Procedure**

- a. The Board shall ensure that the recruitment is in compliance with Federal Equal Employment Opportunity (EEO) Laws.
- b. Pursuant to Chapter 36-15-7, the Board shall be the body responsible for the oversight of the selection process for the position of Executive Director and Secretary and may create an ad-hoc Committee of Board Members to oversee the search process. A copy of the Executive Director Succession Plan Decision Tree Outline and Job Description is attached as reference for the process and the tasks and skills required for the position.
- c. The Board may, pursuant to Chapter 36-15-7-a, elect to fill the position as either a City Service Exempt or Non-Exempt Position subject to approval of the City Service Commission.
- d. The Board may elect to utilize a hiring/recruitment consultant in combination with or in lieu of the City's Department of Employee Relations. If so, a Request for Proposal (RFP) process shall be utilized to select the consultant. Staff and legal counsel will assist the Board through the RFP process to select the consultant that will conduct the recruitment and selection process. The RFP shall include the method, plan, and timeframe that will be utilized in the search. The Board

should outline the process, including preparation of an updated RFP on file, ranking system, and interview questions for immediate use, if needed.

- e. The consultant will work with the Board to hire a replacement for the Executive Director and Secretary position. Legal counsel and staff will assist the Board and the selected consultant, including creating an offer of employment consistent with the City's Salary Ordinance and Chapter 350 of the City Code of Ordinances.

## **Exhibit 1**

### **MCC 36-15-7 and Board Rules Duties of Executive Director & Secretary**

## **MCC 36-15**

### **7. OFFICERS AND EMPLOYEES**

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.



## Board Rules & Regulations II.C.4

### Secretary and Executive Director

Currently, the civil service status position of Secretary and Executive Director filled under civil service procedure combines the following duties of the Executive Director and of the Secretary:

#### a. Executive Director

Under Section 36-15-7 of the Milwaukee City Charter, the ERS shall appoint an Executive Director. The Executive Director shall serve as the Department Head of the ERS and manage the staff, which includes the Benefits Section, Accounting Section, Group Life Insurance and Clerical Personnel. The responsibilities include planning, organizing, directing and managing a professional staff involved in servicing members and beneficiaries of the ERS, **and all functions** necessary to assist the Board in carrying out its responsibilities in making effective the provisions of Chapter 36 of the Milwaukee City Charter, governing the ERS.

The Executive Director shall:

- 1) be the chief administrative officer and shall have supervision over all of the book, files, records and seal of the ERS.
- 2) prepare and present the annual report of the Board.
- 3) keep a record of all proceedings of the Board.
- 4) sign all vouchers and checks lawfully authorized by the Board for payments from the various funds of the ERS.
- 5) hereby be authorized as part of his or her administrative duties and responsibilities under the Employees' Retirement Act to process, on a current basis, all vouchers and checks for payment of services and materials and all vouchers and checks for retirement allowances, separation refunds and death benefits due and payable under provisions of that act which in his or her judgment constitutes administrative procedures and determinations. In the event, however, any question shall arise as to the propriety of the payment of any item heretofore referred to, it shall be the duty of the Executive Director to bring such matter to the attention of the Board at the next meeting of such Board and such payments and disbursements shall be reported to the Board at the next meeting

following the payment of any of the above items where no question exists.

- 6) administer the daily operations of the ERS, including interpreting and implementing the proper application of Chapter 36, including all rules, charter ordinances and legal opinions that apply thereto;
- 7) monitor the activities of the Chief Investment Officer relative to review of the investment activities of the ERS;
- 8) develop, justify and manage the departmental budget;
- 9) direct the planning of work and set schedules to ensure that the department's goals are achieved;
- 10) support and implement the affirmative action and equal employment policies;
- 11) administer the Group Life Insurance program for the City of Milwaukee;
- 12) supervise the Management Team and the Administrative Assistant;  
**(Amended 09-24-2001 Board Meeting)**
- 13) manage the staff, including
  - a) establishing goals, monitoring and evaluating management employee performance;
  - b) providing a comprehensive, ongoing training program for all staff;
  - c) providing a work atmosphere that encourages teamwork and productivity innovation;
- 14) annually monitor the preparation of the Annual Report for distribution to the members and beneficiaries showing the fiscal transactions of the ERS 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 system;
- 15) annually monitor the preparation and procedures for the processing of yearend work in order to initiate the distribution of the annual statements to the members of the system;

- 16) direct the preparation of the records of data to serve as the basis for the actuarial report and interpret information received from the Actuary;
- 17) supervise and develop the process and procedures used in the calculation of benefits;
- 18) administer the accounting system, including investment accounting benefit payment and contributions;
- 19) review the results of the findings of the Medical Panels and Council for consistent application of the Act;
- 20) approve payment of claims for death and disability benefits; and
- 21) oversee the retiree pension payroll to ensure that monthly benefits are processed timely.

The Executive Director reports to the Board and shall perform other similar or related duties as required or assigned by the Board.

Source: Milwaukee City Charter § 36-15-7;  
Rules and Regulations, § I.4.d (Officers and Employees);  
City of Milwaukee Job Descriptions, 01/28/91 (Department  
Employees' Retirement System; Title – Executive Director)

b. Secretary

Under Section 36-15-7 of the Milwaukee City Charter, the ERS shall appoint a Secretary. The Secretary shall:

- 1) provide direction and support services to the Board, prepare the agenda for Board meetings, attend Board meetings and maintain a permanent record of such meetings.
- 2) investigate the operation and effect of the rules and procedures affecting the ERS and report any findings or recommend changes to the Board.
- 3) be authorized to prepare and recommend any legislative changes, which may become necessary due to a change in Board policy, the legal environment or any other circumstance.
- 4) represent the Board before various legislative committees as needed and keep the Board informed of any legislative matters or current developments that may affect the Board.

- 5) follow the activities and performance of the Fund's investment managers and consultants;
- 6) prepare reports as requested by the Board.

The position of Secretary may be filled by the person serving as the Executive Director.

Source: Milwaukee City Charter § 36-15-7;  
Rules and Regulations, § I.4.d (Officers and Employees);  
City of Milwaukee Job Description, 01/28/91 (Department  
Employees' Retirement System; Title - Executive Director)

## **Exhibit 2**

### **DER / CSC Letter Approving Exemption of Position**



Department of Employee Relations  
Board of City Service Commissioners

**Jeffrey Hansen**  
President

**Francis Bock**  
Vice President

**Julie Pedretti**  
**Filiberto Murguia**  
**Reynolds Honold**  
Commissioners

June 7, 2007

W. Martin Morics  
Chairman  
Annuity and Pension Board  
City Hall, Room 603  
City Of Milwaukee

Dear Mr. Morics:

RE: Your Request to Exempt Position

This is to confirm the action taken by the Board of City Service Commissioners at its meeting of June 5, 2007 to grant your request to exempt the following position:

ERS-Executive Director

If you have any questions, please contact this office at extension 3398.

Sincerely,

MARIA MONTEAGUDO  
Director

## **Exhibit 3**

### **Job Description**

# JOB DESCRIPTION

## FOR DER USE ONLY

### Vacancy No.

City Service  
Commission:  
Fire & Police  
Commission:

Finance  
Committee:  
Common  
Council:

**Instructions:** Complete all sections. Refer to the *Guidelines for Preparing Job Descriptions* for instructions on completing specific items.

<b>1. Date Prepared/ Revised:</b> 03/30/2022		<b>2. Present Incumbent:</b> Bernard J. Allen		<b>Is incumbent underfilling position?</b>	
<b>3. Date Filled:</b> 02/18/2008		<b>4. Previous Incumbent:</b> Michael Dolsen		YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> If YES, indicate Underfill Title in box 10.	
<b>5. Department:</b> Employees' Retirement System		<b>Bureau:</b> <b>Division:</b> Administration		<b>Unit:</b> <b>Section:</b>	
<b>6. Work Location:</b> 789 N Water St, Ste 300 Milwaukee, WI 53202		<b>Telephone:</b> 414-286-5454 <b>Email:</b> jerry.allen@cmers.com		<b>Work Schedule:</b> Hours: 8am – 4:45pm / Days: M-F	
<b>7. Represented by a Union?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<b>8. Bargaining Unit:</b> Non-Mgmt/Non-Rep If in District Council 48, which local?		<b>9. FLSA Status (check one):</b> <input checked="" type="checkbox"/> Exempt <input type="checkbox"/> Non-Exempt	
<b>10. Official Title:</b> ERS Executive Director & Secretary <b>Underfill Title (if applicable):</b> <b>Requested Title (if applicable):</b>				<b>Pay Range</b>	<b>Job Code</b>
				1MX	
<b>Recommended Title (DER Use Only):</b>				<b>Approved by:</b>  <b>Date:</b>	

## 11. BASIC FUNCTION OF POSITION:

This position serves as the Department Head of the Employees' Retirement System and the Secretary and Executive Director of the Annuity and Pension Board. Responsibilities include planning, organizing, directing and managing a professional staff of 50 individuals involved in servicing members and beneficiaries of the System, and all functions necessary to assist the Annuity and Pension Board in carrying out its fiduciary responsibilities in making effective the provisions of Chapter 36 of the Employees' Retirement System Law.

## 12. DESCRIPTION OF JOB (Check if description applies to **Official Title** ☒ or **Underfill Title** ☐):

### A. ESSENTIAL FUNCTIONS/Duties and Responsibilities: (Refer to the "Guidelines for Preparing Job Descriptions" for instructions on determining Essential Functions.)

% of Time	ESSENTIAL FUNCTION
25%	• Responsible for administering the daily operation of the Employees' Retirement System (ERS). Interprets and implements the proper application of ERS Law (Chapter 36) including all rules, charter ordinances and legal opinions that apply thereto
25%	• Monitors the activities of the Deputy Director, Chief Investment Officer, Chief Financial Officer, Chief Technology Officer, ERS Operations Director, Member Services Manager and ERS Business Operations Analyst relative to all agency activities of the ERS.
10%	• Develop, justify and manage the department budget.
3%	• Directs the planning of work and setting schedules to ensure that the department's goals are achieved.
1%	• Support and implement the Affirmative Action and equal employment policies of the City.
1%	• Administers the Group Life Insurance program and Retiree Medical Benefits program for the City of Milwaukee.
10%	• Manage the staff of the ERS. Establish goals, monitor and evaluate management employee performance. Provide a comprehensive, on-going training program for all staff. Provide a work atmosphere that encourages teamwork and productivity innovation.
5%	• Annually monitor the preparation of the Annual Comprehensive Financial 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 actuarial valuation of the system, for distribution to the member and beneficiaries.

The above statements are intended to summarize the nature and level of work and typical responsibilities and duties being performed by the incumbent(s) of this job. They are not intended to be an exhaustive list of all responsibilities, duties, and tasks required of the position.



% of Time	ESSENTIAL FUNCTION
1%	<ul style="list-style-type: none"> <li>Annually monitor the preparation and procedures for the processing of year-end work in order to initiate the distribution of the annual statements to the members of the system.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Direct the preparation of the records of data to serve as the basis for the actuarial report, and interpret information received from the actuary.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Supervise and develop the process and procedures used in the calculation of benefits.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Administer the accounting system including accounting, benefit payment and contributions.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Reviews the results of the finding of the Medical Panels and Council for consistent application of the Act.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Approves payment of claims for death and disability benefits</li> </ul>
1%	<ul style="list-style-type: none"> <li>Oversees the retiree pension payroll to ensure that monthly benefits are processed timely.</li> </ul>
10%	<ul style="list-style-type: none"> <li>Serves as Secretary to the Annuity and Pension Board. Provides direction and support services to the eight member board. Prepares agendas for meetings. Attends the meetings and maintains a permanent record of the same. Investigates the operation and effect of the retirement system's rules and procedures and reports any findings or recommended changes to the Board.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Prepares reports as requested by the Board.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Must keep abreast on the activities and performance of the Fund's investment managers and consultants.</li> </ul>
1%	<ul style="list-style-type: none"> <li>Recommends and prepares legislative changes which may become necessary due to a change in Board policy, change in legal environment or any other such circumstances. Also represents the Board before various legislative committees as needed, and keeps the Board informed of any legislative matters or current developments the Board may be affected by.</li> </ul>

**B. PERIPHERAL DUTIES:**

% of Time	PERIPHERAL DUTY
	<ul style="list-style-type: none"> <li>Other duties as assigned by the Annuity and Pension Board.</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>

**C. NAME AND TITLE OF IMMEDIATE SUPERVISOR:**

Annuity and Pension Board.

**D. SUPERVISION RECEIVED:** (Describe the extent to which work assignments and methods are outlined, reviewed, and approved by this position's supervisor.)

This position is a department head and reports to the Annuity and Pension Board

**E. SUPERVISION EXERCISED:**

Total number of employees for whom responsible, either directly or indirectly = 50.

**Direct Supervision:** List the number and titles of personnel directly supervised. Specify the kind and extent of supervision exercised by indicating one or more of the following:

a. Assign duties	e. Sign or approve work
b. Outline methods	f. Make hiring recommendations
c. Direct work in progress	g. Prepare performance appraisals
d. Check or inspect completed work	h. Take disciplinary action or effectively recommend such

Number Supervised	Job Title	Extent of Supervision Exercised (Select those that apply from list above, a - h)
1	Deputy Director	A - H
1	Chief Investment Officer	A - H
1	ERS Chief Financial Officer	A - H
1	ERS Chief Technology Officer	A - H
1	Disability Deputy Director	A - H
1	ERS Operations Director	A - H
1	Retirement Plan Manager	A - H
1	ERS Business Operations Analyst	A - H
1	Administrative Assistant IV	A - H

**F. MINIMUM QUALIFICATIONS REQUIRED:** (Indicate the MINIMUM qualifications required to enter the job.)

*The above statements are intended to summarize the nature and level of work and typical responsibilities and duties being performed by the incumbent(s) of this job. They are not intended to be an exhaustive list of all responsibilities, duties, and tasks required of the position.*

- i. Education and Experience:  
Bachelor's degree from an accredited college or university, with a major in Accounting or Finance. Advanced degree in business helpful, but not required. Five years as a plan administrator or assistant of public or private plan of comparable size, or equivalent, as determined by the Annuity and Pension Board.
- ii. Knowledge, Skills and Abilities:  
is one involving the exercise of a high degree of judgment. It requires extensive knowledge of principles, purposes, techniques and trends of private or governmental retirement systems; including principles and practices of portfolio management; ability for interpretation and understanding of actuarial studies and reports; knowledge of accounting and administrative procedures; and the ability to provide support and direction for the entire department. Is responsible for the safeguarding of the assets of the system for a \$6.1 billion dollar fund, including oversight of the fund managers and consultants
- iii. Certifications, Licenses, Registrations:
- iv. Other Requirements:

### 13. PHYSICAL AND ENVIRONMENTAL DEMANDS: TOOLS AND EQUIPMENT USED

The Americans with Disabilities Act (ADA) of 1990, as amended by the Americans with Disabilities Act Amendments Act (ADAAA) of 2008 requires job descriptions to provide detailed information regarding the physical demands required to perform the essential functions of a job; the conditions under which the job is performed; and the tools and equipment the employee will be required to use on the job. Reasonable accommodations may be made to enable qualified individuals to perform the essential duties and responsibilities of the job for each of the categories listed below.

- G. PHYSICAL ACTIVITY OF THE POSITION:** (List the physical activities that are representative of those that must be met to successfully perform the essential functions of the job).

**CHECK ALL THAT APPLY:**

<input type="checkbox"/>	<b>Climbing:</b> Ascending or descending ladders, stairs, scaffolding, ramps, poles, and the like; using feet and legs and/or hands and arms. Body agility is emphasized. Check only if the amount and kind of climbing required exceeds that required for ordinary locomotion.
<input type="checkbox"/>	<b>Balancing:</b> Maintaining body equilibrium to prevent falling when walking, standing or crouching on narrow, slippery or erratically moving surfaces. Check only if the amount and kind of balancing exceeds that needed for ordinary locomotion and maintenance of body equilibrium.
<input type="checkbox"/>	<b>Stooping:</b> Bending body downward and forward by bending spine at the waist. Check only if it occurs to a considerable degree and requires full use of the lower extremities and back muscles.
<input type="checkbox"/>	<b>Kneeling:</b> Bending legs at knee to come to a rest on knee or knees.
<input type="checkbox"/>	<b>Crouching:</b> Bending the body downward and forward by bending leg and spine.
<input type="checkbox"/>	<b>Crawling:</b> Moving about on hands and knees or hands and feet.
<input type="checkbox"/>	<b>Reaching:</b> Extending Hand(s) and arm(s) in any direction.
<input checked="" type="checkbox"/>	<b>Standing:</b> Particularly for sustained periods of time.
<input checked="" type="checkbox"/>	<b>Walking:</b> Moving about on foot to accomplish tasks, particularly for long distances.
<input type="checkbox"/>	<b>Pushing:</b> Using upper extremities to exert force in order to draw, press against something with steady force in order to thrust forward, downward or outward.
<input type="checkbox"/>	<b>Pulling:</b> Using upper extremities to exert force in order to draw, drag, haul or tug objects in a sustained motion.
<input checked="" type="checkbox"/>	<b>Lifting:</b> Raising objects from a lower to a higher position or moving objects horizontally from position-to-position. Check only if it occurs to a considerable degree and requires substantial use of the upper extremities and back muscles.
<input checked="" type="checkbox"/>	<b>Fingering:</b> Picking, pinching, typing or otherwise working primarily with fingers rather than with the whole hand or arm, as in handling.
<input type="checkbox"/>	<b>Grasping:</b> Applying pressure to an object with fingers and palm.
<input type="checkbox"/>	<b>Feeling:</b> Perceiving attributes of objects such as size, shape, temperature or texture by touching with the skin, particularly that of the fingertips.

*The above statements are intended to summarize the nature and level of work and typical responsibilities and duties being performed by the incumbent(s) of this job. They are not intended to be an exhaustive list of all responsibilities, duties, and tasks required of the position.*

<input checked="" type="checkbox"/>	<b>Talking:</b> Expressing or exchanging ideas by means of the spoken word. Those activities which demand detailed or important instructions spoken to other workers accurately, loudly or quickly.
<input checked="" type="checkbox"/>	<b>Hearing:</b> Perceiving the nature of sounds with no less than a 40 db loss. Ability to receive oral communication and make fine discriminations in sound.
<input checked="" type="checkbox"/>	<b>Repetitive Motions:</b> Substantial movements (motions) of the wrist, hands, and/or fingers.
<input checked="" type="checkbox"/>	<b>Driving:</b> Minimum standards required by State Law (including license).

**H. PHYSICAL REQUIREMENTS OF THE POSITION:** (List the physical requirements that are essential functions of the job.)

**CHECK ONE:**

<input checked="" type="checkbox"/>	<b>Sedentary Work:</b> Exerting up to 10 pounds of force occasionally and/or negligible amount of force frequently or constantly to lift, carry, push, pull or otherwise move objects. Sedentary work involves sitting most of the time. Jobs are sedentary if walking and standing are required only occasionally and all other sedentary criteria are met.
<input type="checkbox"/>	<b>Light Work:</b> Exerting up to 10 pounds of force occasionally and/or negligible amount of force constantly to move objects. If the use of arm and/or leg controls requires exertion of forces greater than that for sedentary work and the worker sits most of the time, the job is rated for Light Work.
<input type="checkbox"/>	<b>Medium Work:</b> Exerting up to 50 pounds of force occasionally and/or up to 20 pounds of force frequently, and/or up to 10 pounds of force constantly to move objects.
<input type="checkbox"/>	<b>Heavy Work:</b> Exerting up to 100 pounds of force occasionally, and/or up to 50 pounds of force frequently, and/or up to 20 pounds of force constantly to move objects.
<input type="checkbox"/>	<b>Very Heavy Work:</b> Exerting in excess of 100 pounds of force occasionally, and/or in excess of 50 pounds of force frequently, and/or in excess of 20 pounds of force constantly to move objects.

**I. VISUAL ACUITY REQUIREMENTS:** (List the visual acuity requirements that are essential functions of the job.)

**CHECK ONE:**

<input checked="" type="checkbox"/>	<b>Operators (Electronic Equipment), Inspection, Close Assembly, Clerical, Administrative:</b> This is a minimum standard for use with those whose job requires work done at close visual range (i.e. preparing and analyzing data and figures, accounting, transcription, computer terminal, extensive reading, visual inspection involving small parts, operation of machines, using measurement devices, assembly or fabrication of parts).
<input type="checkbox"/>	<b>Machine Operators, Mechanics, Skilled Tradespeople:</b> This is a minimum standard for use with those whose work deals with machines where the seeing job is at or within arm's reach. This also includes mechanics and skilled tradespeople and those who do work of a non-repetitive nature such as carpenters, technicians, service people, plumbers, painters, mechanics, etc. (If the machine operator also inspects, check the "Operators" box.)
<input type="checkbox"/>	<b>Mobile Equipment Operators:</b> This is a minimum standard for use with those who operate cars, trucks, forklifts, cranes, and high lift equipment.
<input type="checkbox"/>	<b>Other:</b> This is a minimum standard based on the criteria of accuracy and neatness of work for janitors, sweepers, etc.

**J. THE CONDITIONS THE WORKER WILL BE SUBJECT TO IN THIS POSITION:**

List the environmental/working conditions to which the employee may be exposed while performing the essential functions of the job. Include scheduling considerations such as on-call for emergencies, rotating shift, etc. **Approximate Percentage of time performing field work:** \_\_\_\_%

**CHECK ALL THAT APPLY:**

<input checked="" type="checkbox"/>	<b>None:</b> The worker is not substantially exposed to adverse environmental conditions (such as typical office or administrative work).
<input type="checkbox"/>	<b>The worker is subject to inside environmental conditions:</b> Protection from weather conditions but not necessarily from temperature changes (i.e. warehouses, covered loading docks, garages, etc.)
<input type="checkbox"/>	<b>The worker is subject to outside environmental conditions:</b> No effective protection from weather.
<input type="checkbox"/>	<b>The worker is subject to extreme cold:</b> Temperatures below 32 degrees for period of more than one hour.
<input type="checkbox"/>	<b>The worker is subject to extreme heat:</b> Temperatures above 100 degrees for periods of more than one hour.
<input type="checkbox"/>	<b>The worker is subject to noise:</b> There is sufficient noise to cause the worker to shout in order to be heard above the surrounding noise level.
<input type="checkbox"/>	<b>The worker is subject to vibration:</b> Exposure to oscillating movements of the extremities or whole body.
<input type="checkbox"/>	<b>The worker is subject to hazards:</b> Includes a variety of physical conditions, such as proximity to moving mechanical parts, electrical current, working on scaffolding and high places or exposure to chemicals.
<input type="checkbox"/>	<b>The worker is subject to atmospheric conditions:</b> One or more of the following conditions that affect the respiratory system or the skin: Fumes, odors, dust, mists, gases or poor ventilation.
<input type="checkbox"/>	<b>The worker is subject to oil:</b> There is air and/or skin exposure to oils and other cutting fluids.

The above statements are intended to summarize the nature and level of work and typical responsibilities and duties being performed by the incumbent(s) of this job. They are not intended to be an exhaustive list of all responsibilities, duties, and tasks required of the position.

☐ The worker is required to wear a respirator.

- K. MACHINE, TOOLS, EQUIPMENT, ELECTRONIC DEVICES, SOFTWARE, ETC. USED BY POSITION:**  
List equipment needed to successfully perform the essential functions of the job. Reasonable accommodations may be made to enable qualified individuals with disabilities to perform the essential functions.)

**CHECK ALL THAT APPLY:**

<input type="checkbox"/> Camera and photographic equipment	<input checked="" type="checkbox"/> Office Equipment (desk, chair, telephone, etc.)
<input type="checkbox"/> Cleaning supplies	<input checked="" type="checkbox"/> Office supplies (pens, staplers, pencils, etc.)
<input type="checkbox"/> Commercial vehicle	<input type="checkbox"/> Packing materials (boxes, shrink wrap, etc.)
<input checked="" type="checkbox"/> Data processing equipment	<input checked="" type="checkbox"/> PC equipment (monitor, keyboard, printer, etc.)
<input type="checkbox"/> Handcart	<input checked="" type="checkbox"/> PC software
<input type="checkbox"/> Hand tools ( <i>please list</i> ):	
<input type="checkbox"/> Office Machines ( <i>check all that apply</i> ): <input checked="" type="checkbox"/> Copier <input checked="" type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Calculator <input type="checkbox"/> Cash register	
<input type="checkbox"/> Other ( <i>please list</i> ):	

- L. SUPPLEMENTARY INFORMATION:** (Indicate any other information which further explains the importance, difficulty, or uniqueness of the position, such as its scope of responsibility related to finances, equipment, people, information, etc. Also indicate success factors such a personal characteristics that contribute to an individual's ability to perform well in the job, and any other special considerations.)

- M. I believe that the statements made above in describing this job are complete and accurate.**

\_\_\_\_\_  
*Signature of Department Head or Designated Representative*

*The above statements are intended to summarize the nature and level of work and typical responsibilities and duties being performed by the incumbent(s) of this job. They are not intended to be an exhaustive list of all responsibilities, duties, and tasks required of the position.*

## **Exhibit 4**

### **DER Document Expounding on Roles for DER versus Recruitment Consultant**

**Employees' Retirement System  
Executive Director  
Recruitment and Selection Process  
Roles of Consultant versus Department of Employee Relations (DER)**

**Recruitment** This consists of the complete recruitment/advertising process including searching for/identifying potential applicants not in the job market.

**Consultant's role:** Entire recruitment process including development of a recruitment brochure.

**DER's role:** Approval of the recruitment brochure including job requirements and posting the position in the City's official newspaper (the Daily Reporter), on its website, and in its office.

**Evaluation of applications** After a preliminary screening to eliminate applicants who do not meet the requirements, a rating panel comprised of job experts evaluates the qualified candidates to determine the best qualified to be invited to the oral examination.

**Consultant's role:** Subject to DER review, develops an application/training and experience questionnaire to be completed by candidates, carries out preliminary screening to eliminate unqualified applicants, develops rating guidelines for candidate evaluation, and advises DER in the selection of a rating panel.

**DER's role:** Review of preliminary screening to eliminate unqualified applicants, review of the training and experience questionnaire and rating guidelines, selection of a rating panel, and administration of the rating panel process.

**Oral examination** A rating panel comprised of job experts evaluates the candidates through an oral examination based on job-related dimensions. The final list of candidates is based on rank according to oral examination score.

**Consultant's role:** Subject to review by DER, determines knowledges, skills, and abilities required by the job (job dimensions), develops oral examinations questions and rating guidelines, and advises DER regarding selection of oral panel members. Schedules candidates for oral examination and makes travel arrangements for out-of-town candidates.

**DER's role:** Review of job dimensions, oral examination questions, and rating guidelines. Selection of oral panel members and administration of the oral examination process.

**Credential verification, reference checks, and background investigation**

Verification of educational, licensing, and experience credentials, professional reference checks, and background investigations are completed for candidates (the top five) under consideration based on results of the oral examination.

**Consultant's role:** Carrying out entire process including credential verification, professional reference checks, and background investigations for the top five candidates.

**DER's role:** Review of information provided by the consultant.

**Interview by Pension Board** The Pension Board interviews the top five candidates plus eligible veterans. The Board may interview out-of-town candidates when they are in Milwaukee for their oral examinations.

**Consultant's role:** Arranging interviews, recommending interview questions, and providing credential, reference, and background investigation information to the Pension Board. Making travel arrangements and providing relocation information and assistance.

**DER's role:** Providing the names and application material of the top five candidates and providing any requested assistance. Provide information/assistance regarding travel and relocation policies.

## **Exhibit 5**

### **RFP**

**(letter sent to various recruiting firms  
soliciting proposals)**





**ANNUITY AND  
PENSION BOARD**

**W. Martin Morics, Chairman**  
**John Barmore**  
**William C. Carey**  
**Thomas Fischer**  
**Larry Holland**  
**Alderman Michael J. Murphy**  
**Sebastian C.J. Raclaw**  
**Ronald Walter**

March 5, 2007

Mr. Gary Hudepohl – Principal  
Hudepohl & Associates  
150 West Wilson Bridge Road – Suite 203  
Worthington OH 43085

Dear Mr. Hudepohl:

The Employees' Retirement System (ERS) of the City of Milwaukee is searching for a new Executive Director. We invite your firm to put together a proposal for services to conduct a search, including an analysis of the competitiveness of the position's compensation package.

We request that you submit a written proposal by March 15, 2007. No formal presentation is required at this time. Please find attached to this letter a copy of the job description and Pension Board Rules and Regulations pertaining to this position.

Your proposal should include:

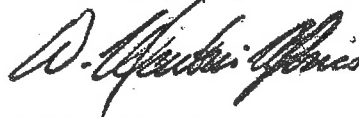
- General information about your firm.
- Your firm's experience in public pension recruitment; identification of the personnel to be assigned to this project, and their experience in recruiting for public pension systems.
- A description of the proposed process for analyzing the competitiveness of the compensation package for this position. The current salary range is \$91,340 to \$127,883.
- A description of the proposed recruitment and selection processes including:
  - The search strategy including the proposed resources and parameters for this recruitment.
  - The selection strategy including applicant screening, selection of the most qualified candidates, and evaluation of the most qualified candidates.
  - Verification of education, licenses, and experience, the conducting of reference checks, and the conducting of background investigations on recommended candidates.

Mr. Gary Hudepohl  
March 5, 2007  
Page 2

- Your ability to work within prescribed civil service procedures. Since the position is under the City's civil service system, the recruitment and selection processes must comply with civil service requirements administered by the Department of Employee Relations (DER). See attachment.
- Schedule.
- Pricing, including fees and expenses.
- References.

We look forward to reviewing your proposal. The Administration and Operations Sub-committee of the ERS Board will review proposals at its meeting on March 20<sup>th</sup> and the full Board will consider the matter on March 26<sup>th</sup>. We will contact you after the Board has made its decision. If you have questions, please contact me at 414-286-2301.

Sincerely yours,

A handwritten signature in black ink, appearing to read "W. Martin Morics", written in a cursive style.

W. Martin Morics  
Chairman  
Annuity and Pension Board

## **Exhibit 6**

### **Advertisement and Job Profile (used for Recruitment in 2007)**

**High Visibility.  
High Impact.  
Great Opportunity...**

*Our client is a well-known retirement system serving over 16,000 members and 10,000 retirees. This position is located in Milwaukee, Wisconsin.*

## **EXECUTIVE DIRECTOR**

The Employees' Retirement System of Milwaukee is seeking an Executive Director to lead this \$5+ billion pension fund. The Director serves as the chief executive officer of the ERS, and oversees the \$26.5 million budget and a staff of 40, including areas of finance, benefits administration, and information technology. The Director reports directly to the Board and has oversight responsibility of asset management, while working closely with the Chief Investment Officer on all investment matters.

**With a  
financially stable  
public fund**

Requirements include a Bachelor's degree (Master's preferred) and a minimum of 5 years of relevant experience. Preference will be given to candidates with broad-based pension fund experience. The Director must be a positive leader and excellent communicator, who practices a participatory management style, facilitates effective consensus building among divergent stakeholders, has strong political skills, and possesses the highest integrity and ethics.

Compensation includes a base salary and excellent benefits, including health care, retirement, and relocation assistance. To apply, qualified applicants should send resume and cover letter electronically to Jackie Tisch, Senior Consultant: [jtsch@hudepohl.com](mailto:jtsch@hudepohl.com)

**Hudepohl & Associates**

EXECUTIVE SEARCH SERVICES

614 - 854-7300/ 614 - 854-7301 (fax)  
[www.hudepohl.com](http://www.hudepohl.com)

*ERS is an Equal Opportunity Employer.*

## **Pensions & Investments**

Issue: 8/11  
Due: 7/30  
Size: 2(4) x 6  
Cost: \$4392.00



**Position Profile**  
**Milwaukee Employees' Retirement System**  
**Executive Director**

**Retirement System Background**

The Employees' Retirement System of Milwaukee (ERS or System), located in Milwaukee, Wisconsin is hiring an Executive Director (Director). The Annuity and Pension Board (Board) governs the ERS, and serves as Trustee of the System's funds. The Director is responsible for daily operations of this \$5+ billion pension fund, and also serves as Secretary to the Board.

Established in 1937, the ERS was created by an act of the Wisconsin Legislature to provide retirement-related benefits for members and their beneficiaries including:

- Service retirement benefits
- Disability retirement benefits
- Separation benefits
- Death benefits
- Survivorship options
- Group life insurance for City employees
- Retiree health and dental insurance programs for City employees

In addition, the ERS also oversees the City's contribution for payment of the employer's share of Social Security.

The ERS covers approximately 16,000 active or deferred employees and 10,000 retirees from the City of Milwaukee or its participating city agencies including any division, department, office or agency of the City government, including

- Milwaukee Public Schools non-certified staff
- Milwaukee Metropolitan Sewerage District
- United Water
- Milwaukee Area Technical College
- Wisconsin Center District
- Housing Authority of the City of Milwaukee
- Redevelopment Authority of the City of Milwaukee

### **City of Milwaukee**

Milwaukee, "*A Great Place on a Great Lake*," is Wisconsin's largest city and located on the western shores of Lake Michigan. The population is just under 600,000 and the metropolitan area is home to more than 1.5 million people. Milwaukee is the country's 19<sup>th</sup> largest city and its economy is diversified and built on a firm foundation of industrial, financial, high-tech, and service sector jobs.

Milwaukee has become known as a city of festivals. Summerfest, the world's largest music festival, is an 11-day music festival held on the lakefront grounds. The cultural scene includes a world-class symphony orchestra, distinguished museums, and more than 20 performing arts groups including a ballet and opera companies.

The University of Wisconsin-Milwaukee is the area's largest institution of higher learning with enrollment exceeding 26,000 students. Marquette University, with more than 11,000 students, is the area's largest private school.

For recreation, the City supports several professional sports teams including the Milwaukee Brewers and the Milwaukee Bucks. There are almost 15,000 acres of parkland in Milwaukee County, including several miles with lakefront access for hiking, jogging and biking.

### **Organizational Structure**

The Director works at the pleasure of the Board, comprising eight members—four elected representing the active and retiree members; three appointed by the Common Council President and approved by the City Common Council; and the City Comptroller, serving in an Ex-Officio capacity representing the City. The Board members hold a four-year term, while appointed members serve a two-year term.

The Director is responsible for a staff of approximately 40 and an operating budget of approximately \$26.5 million, of which \$15.0 million is investment advisory fees. The

budget is funded by the System's assets; the Board and City Common Council approve the budget.

The Director's Leadership Team includes the Deputy Director, Member Services Manager, Financial Manager and Information Systems Manager, and is considered to be a "very strong" and effective team. The Director oversees all functional areas, including finance, benefits administration and information technology.

The Chief Investment Officer (CIO) reports to the Board and administratively to the Director. While the Director is not directly responsible for the investment management of the System's assets, he/she does have oversight responsibilities and must work closely with the CIO and Board on investment related matters. The Director is also responsible to represent the ERS before local and state legislative bodies to ensure ERS's interests are effectively communicated and advocated.

#### **Job Responsibilities/Key Objectives**

The Director is responsible for planning, organizing and managing all functions involved in servicing members and beneficiaries of the System, including functions necessary to assist the Board in carrying out its fiduciary responsibilities. The ERS is a very complex system as it manages benefits for four different employee groups (General City employees, Police Officers, Firefighters and Elected officials), governed by Chapter 36 of the City Code of Ordinances, which is the Employees' Retirement System Law. The Director is responsible for interpreting and administering Chapter 36, including all rules, charter ordinances and legal opinions.

Other broad responsibilities include activities, such as:

- Administering the daily operation of the System
- Preparing and managing the department's budget
- Monitoring preparation of the Annual Report, and the Actuarial Report (being able to interpret information from actuary)
- Monitoring processes and procedures surrounding calculation of benefits, developing changes when necessary
- Reviewing Medical Panels and Council findings for consistent application

- Approving claims for death and disability benefits
- Administering the Group Life Insurance program for the City
- Overseeing the retiree pension payroll for timely benefit payments
- Recommend and prepare any legislative changes necessary due to Board policy, and/or legal environment changes
- Represent Board before various legislative committees
- Keep current on activities and performance of the Fund's investment managers and consultants

The ERS operates very efficiently and is fortunate to be over-funded, reporting a funding level of 132% based on the market value of assets as of January 1, 2007. The Board is searching for a Director that will continue the success ERS has enjoyed, yet is able to identify opportunities to improve member service, operational efficiencies, and investment performance. The Board has identified two major initiatives for the Director:

- Review and identify a permanent solution to the ongoing system failures that the ERS has experienced with the \$23 million MERITS integrated pension fund management system installed in 2006 (project started in 2003).
- Develop a succession plan for key ERS management, as three managers have either recently retired, announced their retirement, or will be eligible within the next three years. These key managers include the Information System Manager (retired in late 2006 and currently working as a consultant on the MERITS project), Financial Manager, and Member Services Manager. In addition, several other key senior staff in these areas will be eligible to retire within the next several years.

### **Qualifications and Experience**

A Bachelor's degree in accounting, finance, business or public administration, public finance or a related field is required (Master's degree preferred). For consideration, candidates should possess at least five years of relevant experience.

The ERS is seeking candidates that have "generalist" experience—a Director with broad based and balanced experience in member services, investments, benefits administration, and legislative affairs—preference will be given to candidates with strength in benefits administration and finance. While it is highly preferred that the Director has public pension fund experience, candidates with other experience managing complex organizations will be considered.



The Director must have strong management skills, be a positive leader, inspire confidence, be approachable, possess strong team building skills, practice a participatory management style, and be effective at building consensus among divergent stakeholders. The successful Director will be “politically savvy” and able to build consensus among Trustees.

He/she must be of the highest integrity, a “straight shooter” and have “strength of character,” and possess the courage to make tough decisions, always in the best interest of the ERS and its members. The successful Director will be collaborative, a coach, and committed to the training and development of all associates.

### **Compensation**

Compensation includes a competitive base salary with excellent benefits. Benefits include:

- Comprehensive health insurance (majority of costs paid by City)
- Retirement plan, total annual contribution of 5.5% (all employer and employee contributions paid by City)
- Option to participate in the 457 Plan, long-term disability and life insurance
- Vacations and holidays.

In addition, the City will provide relocation assistance. There is a residency requirement and the Director must establish residency within the City within six months of his/her start date.

**For additional information or to forward a cover letter and resume, please contact:**

**Hudepohl & Associates**  
EXECUTIVE SEARCH SERVICES

Jackie Tisch  
Senior Consultant  
150 W. Wilson Bridge Road, Suite 203  
Worthington, OH 43085  
614-854-7300  
[jtisch@hudepohl.com](mailto:jtisch@hudepohl.com)

## **Exhibit 7**

**Contract Executed with Hudepohl  
(recruiting firm selected in 2007)**

**CONTRACT FOR SERVICES  
BETWEEN THE EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF MILWAUKEE  
AND  
HUDEPOHL & ASSOCIATES, INC.**

---

**SERVICE DESCRIPTION (General):** To assist in the recruitment and selection of the Executive Director of the Employees' Retirement System of the City of Milwaukee.

**TIME OF PERFORMANCE:** To terminate when all functions described in this Contract are completed.

**TOTAL AMOUNT OF CONTRACT:** Maximum Amount of Compensation Not to Exceed a Placement Fee (as defined in Sec. IV) of \$30,000.00. Additionally, Other Expenses (as defined in Sec. IV) shall not exceed \$6,500.00. Expenses paid by the CONTRACTOR on behalf of the ERS, which may include the actual costs associated with the development and placement of any advertising, which has been approved by the ERS, and the actual costs associated with candidate travel to interview with the ERS, shall be reimbursed at the actual amounts and are in addition to the stated "not to exceed" amounts in this Section.

THIS AGREEMENT, entered into by and between Hudepohl & Associates, Inc. (hereinafter referred to as the "CONTRACTOR"), and the Employees' Retirement System of the City of Milwaukee, a body corporate and politic under the laws of the State of Wisconsin (hereinafter referred to as the "ERS").

Performance and schedules will be approved by the Chief Investment Officer of the Employees' Retirement System, or designee, subject to the terms of performance and acceptance herein.

The following constitute the Contract documents. If there is a conflict or ambiguity, the Contract shall be governed by these listed documents in descending order of precedence.

- A. This Contract for Services
- B. Contractor's Proposal dated March 7, 2007 (Exhibit A).
- C. Project Schedule (Exhibit B).

Work may commence in accordance with the terms and conditions of this Contract after the CONTRACTOR has executed the Contract, and (a) been notified in writing to commence the Performance of Services, or (b) received from the ERS an original of the Contract that is complete and fully executed.

WHEREAS, THE CONTRACTOR represents self as being capable, experienced and qualified to undertake and perform those certain services, as hereinafter set forth, as are required in accomplishing fulfillment of the obligations under the terms and conditions of this Contract as an independent entrepreneur and not as an employee of the ERS.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

- I. **RETENTION OF SERVICES.** The ERS hereby agrees to engage the CONTRACTOR and the CONTRACTOR hereby agrees to personally perform, as an independent contractor and not as an employee of the ERS, the services hereinafter set forth, all in accordance with the terms and conditions of this Contract. CONTRACTOR agrees time is of the essence and will meet all deadlines and any schedules as herein set forth, unless meeting such deadlines and schedules are delayed by circumstances caused by the ERS or under Sec. XXVIII.H. of this Contract.
- II. **REQUIREMENTS.** The CONTRACTOR is required to
  - A. Do, perform, and carry out in a satisfactory, timely, and proper manner, the services delineated in this contract.
  - B. Comply with any requirements of the Contract documents with respect to reporting on progress of the services, additional approvals required, and other matters relating to the performance of the services.
  - C. Comply with time schedules and payment terms.

*The provisions of this contract have been approved by the Office of the City Attorney*

- III. SCOPE OF SERVICES. To assist in the recruitment and selection of the Executive Director of the ERS as more fully described in Exhibits A and B.

*CONTINUATION OF THIS CONTRACT BEYOND DECEMBER 31 OF ANY YEAR IS CONTINGENT UPON THE APPROPRIATION OF SUFFICIENT FUNDS BY THE PROPER CITY OFFICIALS.*

- IV. SPECIFIC CONDITIONS OF PAYMENT: Payment will be made to the following schedules if completion is satisfactory.

The "Placement Fee" of \$30,000.00 shall include: all related professional time expended by CONTRACTOR, all related research hours as conducted by CONTRACTOR, all related telephone and administrative expenses CONTRACTOR may incur (with the exception of all actual costs associated with the development and placement of any advertising, which the CONTRACTOR shall re-bill to the ERS, and the ERS shall pay), the completion of a researched and updated salary survey (based on current market data) and candidate background investigations (not to exceed five candidates). "Other Expenses" shall include actual costs of: travel expenses to attend the ERS meetings and conduct candidate personal interviews, and candidate reference interviews (not to exceed three candidates). Additional reference interviews requested on more than three candidates (cost is \$550 per candidate), and additional background investigations on more than five candidates (cost is \$250 per candidate) shall be paid for by the ERS, and shall be considered additional expenses, separate from the Placement Fee and Other Expenses.

The Placement Fee will be payable in three payments of \$10,000 each as a retainer for the CONTRACTOR's services. These payments shall be made according to the following schedule (i) \$10,000 due upon initiation of the search, (ii) \$10,000 within 45 days, and (ii) \$10,000 upon completion of the search. Out-of-Pocket expenses shall be billed monthly.

The fee is due whether the candidate hired is directly sourced by the CONTRACTOR, a direct applicant to ERS, an internal applicant, an ERS referral, or from any other source.

The CONTRACTOR agrees to pay, on behalf of the ERS, and arrange the candidate's reasonable travel, lodging and meal expenses associated with the ERS interviews in accordance with ERS policy. The CONTRACTOR will re-bill the actual candidate expenses and the ERS agrees to pay the expenses incurred.

*THE ERS STRIVES TO MAKE TIMELY PAYMENT ON ALL INVOICES. PAYMENT TO THE CONTRACTOR WILL BE DEEMED TIMELY IF THE PAYMENT IS MAILED, DELIVERED, OR TRANSFERRED WITHIN 60 CALENDAR DAYS AFTER RECEIPT OF A PROPERLY COMPLETED INVOICE OR RECEIPT AND ACCEPTANCE OF THE PROPERTY OR SERVICE UNDER THE ORDER OR CONTRACT, WHICHEVER IS LATER. IF THE ERS DOES NOT MAKE PAYMENT BY THE 60TH CALENDAR DAY, THE ERS SHALL PAY SIMPLE INTEREST BEGINNING WITH THE 31ST CALENDAR DAY AT THE RATE OF ONE PERCENT (1%) PER MONTH (UNLESS THE ERS DISPUTES THE AMOUNT OF THE INVOICE). REFERENCE COMMON COUNCIL FILE NO. 900859 ADOPTED OCTOBER 16, 1990, PROVISIONS OF STATE STATUTE 66.285 AND 66.286.*

- V. NOTICES: Any and all notices shall be in writing and deemed served upon depositing same with the United States Postal Services as "Certified Mail, Return Receipt Requested," addressed to the CONTRACTOR at:

Gary Hudepohl  
Principal and Managing Director  
Hudepohl & Associates Executive Search Services  
150 West Wilson Bridge Road, Suite 203  
Worthington, OH 43085

and to the ERS at:

EMPLOYEES' RETIREMENT SYSTEM  
200 EAST WELLS, SUITE 603  
MILWAUKEE, WISCONSIN 53202

Attention: Mr. Thomas Rick, CFA, Chief Investment Officer

All other correspondence shall be addressed as above, but may be sent "Regular Mail" and deemed delivered upon receipt by the addressee.

## VI. REPORTS

- A. The CONTRACTOR agrees to submit reports as may be required by the ERS at such times as may be scheduled for submittal, pursuant to the Contract documents, unless otherwise agreed to in writing.
- B. All reports, studies, analysis, memoranda and related data and material as may be developed during the performance of this Contract shall be submitted to and be the exclusive property of the ERS, which shall have the right to use same for any purpose without any further compensation to the CONTRACTOR other than hereinafter provided. All of the aforesaid documents and materials prepared or assembled by the CONTRACTOR under this Contract are confidential and the CONTRACTOR agrees that it will not, without prior written approval by the ERS, submit or make same available to any individual, agency, public body or organization other than the ERS, except as may be otherwise herein provided. Both parties recognize that this Contract is subject to the provisions of the State of Wisconsin Public Records Law.

- VII. TIME OF PERFORMANCE. The services to be performed under the terms and conditions of this Contract shall be in force and shall commence upon execution of this Agreement by the CONTRACTOR and upon written notice from the ERS to proceed, or when the CONTRACTOR has received an original of the Contract which is complete and fully executed, and shall be undertaken and completed in such sequence as to assure its expeditious completion in the light of the purposes of this Contract, but in any event, provided that there are no circumstances beyond the control of CONTRACTOR that cause delays, all of the services required hereunder shall be completed as indicated on page 1 under "Time of Performance," which includes the termination date of this Contract. In addition to all other remedies inuring to the ERS should the Contract not be completed by the date specified in accordance with all of its terms, requirements and conditions therein set forth, the CONTRACTOR shall continue to be obligated thereafter to fulfill CONTRACTOR's responsibility to complete the scope of services and to execute any necessary, agreed-upon amendments to this CONTRACT.

## VIII. CONDITIONS OF PERFORMANCE AND COMPENSATION.

- A. Performance. Notwithstanding any references to the contrary in the contract documents, the CONTRACTOR agrees that the performance of CONTRACTOR's work, services and the results therefrom, pursuant to the terms, conditions and agreements of this Contract, shall conform to such recognized high professional standards as are prevalent in this field of endeavor and like services.
- B. Place of Performance. The CONTRACTOR shall conduct CONTRACTOR's services as required under the terms and conditions of this Contract at such place or places as is necessary so as to enable the CONTRACTOR to fulfill CONTRACTOR's obligations under this Contract.
- C. Compensation. The ERS agrees to pay, subject to the contingencies herein, and the CONTRACTOR agrees to accept for the satisfactory performance of the services under this Contract the maximum as indicated on page 1 under "Total Amount of Contract," inclusive of all expenses, it being expressly understood and agreed that in no event will the total compensation to be paid hereunder exceed the maximum sum for all of the services required.
- D. Additional Fringe or Employee Benefits. The CONTRACTOR shall not receive nor be eligible for any fringe benefits or any other benefits to which ERS salaried employees are entitled to or are receiving.
- E. Taxes, Social Security, Insurance, and Government Reporting. Personal income tax payments, social security contributions, insurance, and all other governmental reporting and contributions required as a consequence of the CONTRACTOR receiving payment under this Contract shall be the sole responsibility of the CONTRACTOR. The ERS affirms it is a tax-exempt entity. Insurance requirements are set forth in Article XI.

The CONTRACTOR shall be solely responsible to meet CONTRACTOR's insurance needs as required by the ERS during the terms of this Contract or any extension thereof. A Certificate of Insurance shall be provided to the ERS as an additional insured providing for a thirty (30) day notice to the ERS prior to change, termination or cancellation. The insurance requirements are attached as Exhibit B.

- F. Subcontracting. The CONTRACTOR shall not subcontract for the performance of any of the services herein set forth without prior written approval obtained from the ERS Chief Investment Officer, which approval shall not be unreasonably withheld. The ERS agrees that the CONTRACTOR may use approved subcontractors for research, background checks, reference interviews and ad placement.

IX. METHOD OF PAYMENT. In the event of a dispute as to the services performed or the compensation to be paid, the decision of the ERS Chief Investment Officer or its designee shall prevail, and CONTRACTOR may pursue any remedies in regard to that decision that may be available to it in court.

X. DEFENSE OF SUITS. In case any action in court or proceeding before an administrative agency is brought against the ERS or any of its officers, agents, or employees for the failure or neglect of the CONTRACTOR in whole or in part to perform any of the covenants, acts, matters or things by this Contract undertaken, or for injury or damage caused by the alleged negligence of the CONTRACTOR, its officers, agents or employees, the CONTRACTOR shall indemnify and save harmless the ERS and its officers, agents and employees from all losses, damages, costs, expenses, judgments, or decrees arising out of such action. The ERS shall tender the defense of any claim or action at law or in equity to the CONTRACTOR or CONTRACTOR's insurer, and upon such tender it shall be the duty of the CONTRACTOR and CONTRACTOR's insurer to defend such claim or action without cost or expense to the ERS or its officers, agents, or employees. The CONTRACTOR shall be solely responsible for the conduct and performance of the services required under the terms and conditions of this Contract and for the results therefrom.

XI. INSURANCE

A. General Requirements

The CONTRACTOR will secure and maintain throughout the duration of the Contract, insurance of such types and in such amounts as may be necessary to protect itself and the interests of the ERS against all hazards or risks of loss as hereafter specified.

1. The form and limits of such insurance, together with the underwriter thereof in each case, will be required to be acceptable to the ERS; but regardless of any ERS review, it will be the responsibility of the CONTRACTOR to maintain adequate insurance coverage at all times.
2. Failure of the CONTRACTOR to maintain adequate coverage will not relieve it of any contract responsibility or obligation.
3. All policies are to contain notice requirements that ensure that thirty (30) days advance written notice will be provided to the ERS prior to cancellation/renewal or alteration of terms and conditions of the policies.
4. Certificates of Insurance for all of the coverage limits referenced herein must be provided prior to the effective date of the Contract and for each year that the Contract is in effect.
5. It will be the responsibility of the prime CONTRACTOR to ensure that all subcontractors comply with all insurance and bonding requirements.
6. All policies other than Workers Compensation/Employers Liability and Professional Liability are to include the ERS, its Board, employees, agents and representatives and all subcontractors as additional named insureds.

B. Comprehensive Automobile Liability

This insurance will be written in comprehensive form and will protect the CONTRACTOR and the ERS against all claims for injuries to members of the public and damage to property of others arising from the CONTRACTOR's use of motor vehicles and will cover operation on or off the site of all motor vehicles licensed for highway use whether they are owned, non-owned or hired. The liability limits will not be less than the following:

Bodily Injury/Property Damage	
Per occurrence	\$1,000,000
Uninsured Motorists/Underinsured Motorists protection	
Per occurrence	\$1,000,000

C. General Liability

This insurance will be written on a commercial general liability form which will protect the CONTRACTOR and the ERS for those sums the CONTRACTOR becomes legally obligated to pay as damages because of bodily injury, personal injury or property damage.

The insurance will include:

1. Commercial General Liability Insuring Agreement that provides occurrence coverage.
2. Contractual Liability Coverage for the risks assumed in this Contract.
3. CONTRACTOR will certify that the policy be renewed each year of the Contract.

The limits applicable to the commercial general liability policy will not be less than the following:

Bodily Injury/Property Damage	
Each occurrence	\$1,000,000
General aggregate	\$1,000,000
Operations aggregate	\$1,000,000
Personal Injury	
Aggregate	\$1,000,000

D. Professional Liability (Errors and Omissions)

Wrongful Act	
Each incident	\$1,000,000
Aggregate	\$1,000,000

If coverage is provided in a claims-made form, the CONTRACTOR will ensure that the retroactive date will not change during the duration of the Contract or at any renewal date. If a change in the retroactive date is unavoidable, the CONTRACTOR must ensure that the extended reporting provision (buyout) of the policy will be exercised for no less than three (3) years irrespective of the termination/expiration date of this Contract or that any replacement policy use the original retroactive date. The ERS will have no responsibility to fund any portion of the expense related to any buyout extension.

E. Self Insurance.

Any request for self-insurance must be submitted in writing to the ERS and the ERS' Risk Management Consultant for consideration.

- XII. INDEMNIFICATION. Notwithstanding any references to the contrary in the contract documents, CONTRACTOR assumes full liability for all of its acts in the performance of this Contract. CONTRACTOR will save and indemnify and keep harmless the ERS of Milwaukee against all liabilities, judgments, costs, and expenses which may be claimed against the ERS in consequence of the granting of this contract to said CONTRACTOR, or which may result from the carelessness or neglect of said CONTRACTOR, or the agents, employees or workers of said CONTRACTOR in any respect whatever. If judgment is recovered, whether in suits of law or in equity, against the ERS by reason of the carelessness, negligence, or by acts of commission of the CONTRACTOR, such persons, firms or corporations carrying out the provisions of the contract for the CONTRACTOR, the CONTRACTOR assumes full liability for such judgment not only as to the amount of damages, but also the cost of reasonable attorneys fees or other expenses resulting therefrom.

The ERS assumes full liability for all of its acts in connection with the performance of this contract. The ERS will save and indemnify and keep harmless the CONTRACTOR against all liabilities, judgments, costs, and expenses which may be claimed against the CONTRACTOR that may result solely from the carelessness, neglect or express directives of the ERS, or the agents, employees or workers of ERS in any respect whatever. If judgment is recovered, whether in suits of law or in equity, against the CONTRACTOR by reason of the sole carelessness, negligence, express directives or by acts of commission by the ERS or its employees and agents, the ERS assumes full liability for such judgment not only as to the amount of damages, but also the cost of reasonable attorneys fees or other expenses resulting therefrom

Both parties understand that the ERS is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. § 19.21, *et seq.* CONTRACTOR acknowledges that is obligated to assist the ERS in retaining and producing records that are subject to Wisconsin Public

Records Law, and that the failure to do so shall constitute a material breach of this Agreement and that the CONTRACTOR must defend and hold the ERS harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years after receipt of final payment under this Agreement.

XIII. REGULATIONS. Contractor agrees to comply with all of the requirements of all federal, state and local laws related thereto.

XIV. TERMINATION OF CONTRACT FOR CAUSE. If, through any cause, the CONTRACTOR shall fail to fulfill in timely and proper manner its obligations under this Contract, or if the CONTRACTOR shall violate any of the covenants, agreements, or stipulations of this Contract, the ERS Chief Investment Officer shall thereupon have the right to terminate this Contract by giving written notice to the CONTRACTOR of such termination and specifying the effective date thereof, at least ten (10) days before the effective date of the termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, reports, or other materials related to the services prepared by the CONTRACTOR under this Contract shall, at the option of the ERS, become the property of the ERS.

Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the ERS for damages sustained by the ERS by virtue of any breach of the CONTRACT by the CONTRACTOR, and the ERS may withhold any payments to the CONTRACTOR for the purpose of set off until such time as the exact amount of damages due to the ERS from the CONTRACTOR is determined.

XV. TERMINATION FOR CONVENIENCE OF THE ERS. The ERS may terminate this Contract at any time for any reason by giving at least ten (10) days' notice in writing from the ERS Chief Investment Officer to the CONTRACTOR. If the CONTRACTOR is terminated by the ERS as provided herein, the CONTRACTOR will be paid an amount which bears the same ratio to the total compensation as the services actually and satisfactorily performed bear to the total services of the CONTRACTOR covered by this Contract, less payments for such services as were previously made. Other costs incurred in reliance on full performance of the Contract it shall be reimbursed by the ERS. Provided, however, that if less than sixty percent (60%) of the services covered by this Contract have been performed upon the effective date of such termination the CONTRACTOR shall be reimbursed (in addition to the above payment) for that portion of the actual out-of-pocket expenses (not otherwise reimbursed under the Contract) incurred by the CONTRACTOR during the Contract period which are directly attributable to the uncompleted portion of the services covered by this Contract. If this Contract is terminated due to the fault of the CONTRACTOR, Paragraph XIII hereof, relative to termination, shall apply.

XVI. CHANGES. The ERS Chief Investment Officer may, from time to time, request changes in the scope of services of the CONTRACTOR to be performed hereunder. Such changes, including any increase or decrease in the amount of CONTRACTOR's compensation which are mutually agreed upon by and between the ERS and the CONTRACTOR, shall be incorporated in written amendments to the Contract.

XVII. PERSONNEL

A. The CONTRACTOR represents that it has or will secure at its own expense all personnel required in performing the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the ERS.

B. All of the services required hereunder will be performed by the CONTRACTOR or under their supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under state and local law to perform such services.

C. None of the work or services covered by this Contract shall be subcontracted without the prior written approval of the ERS Chief Investment Officer, which shall not be unreasonably withheld. If any work or services is subcontracted, it shall be specified by written contract or agreement and shall be subject to each applicable provision of this Contract. The CONTRACTOR shall be as fully responsible to the ERS for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by it, as its for the acts and omissions of persons directly employed by them.

XVIII. ASSIGNABILITY. The CONTRACTOR shall not assign any interest in this Contract and shall not transfer any interest in same (whether by assignment, novation or any other manner), without the prior written consent of the ERS Chief Investment Officer. Provided, however that claims for money due or to become due the CONTRACTOR from the ERS under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Notices of any such assignment or transfer shall be furnished promptly to the ERS Chief Investment Officer.



XIX. RECORDS.

- A. Establishment and Maintenance of Records. Records shall be maintained in accordance with requirements prescribed by the ERS with respect to all matters covered by this Contract. Except as otherwise authorized, these records shall be maintained for a period of seven (7) years after receipt of the final payment under this Contract.
- B. Documentation of Costs. All costs shall be supported by properly executed payrolls, time records, invoices, contracts or vouchers, or other official documentation evidencing in proper detail the nature and propriety of other accounting documents pertaining in whole or in part to this Contract and shall be clearly identified and readily accessible.

XX. REPORT AND INFORMATION. At such times and in such forms as the ERS may reasonably require, there shall be furnished by the ERS Chief Investment Officer such statements, records, reports, data, and information as the ERS may request pertaining to matters covered by this Contract.

XXI. AUDITS AND INSPECTIONS. At any time during normal business hours and as often as the ERS, or if federal or state grants or aids are involved, as the appropriate federal or state agency may deem necessary, there shall be made available to the ERS or such agency for examination all of its records with respect to all matters covered by this Contract and CONTRACTOR shall permit the ERS or such agency and/or representatives of the Comptroller General to audit, examine, and make excerpts or transcripts from such records, and to make reasonable audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Contract. Subject to the Wisconsin Public Records Law, the ERS shall maintain the confidentiality of information and records obtained by the ERS as a result of such audits.

XXII. FINDINGS CONFIDENTIAL. All of the reports, information, data, etc. prepared or assembled by the CONTRACTOR under this Contract are confidential and the CONTRACTOR agrees that they shall not be made available to any individual or organization, other than an appropriate agency of the United States Government, without the prior written approval of the ERS Chief Investment Officer.

XXIII. CONFLICT OF INTEREST

- A. Interest in Contract. No officer, employee or agent of the ERS who exercises any functions or responsibilities in connection with the carrying out of any services or requirements to which this Contract pertains, shall have any personal interest, direct or indirect in this Contract.
- B. Interest of Other Local Public Officials. No member of the governing body of the locality and no other public official of such locality who exercises any functions or responsibilities in the review or approval of the carrying out of this Contract shall have any personal interest, direct or indirect, in this Contract.
- C. Interest of Contractor and Employees. The CONTRACTOR covenants that no person described in Paragraph XXII, A and B above who presently exercises any functions or responsibilities in connection with the Contract has any personal financial interest, direct or indirect, in this Contract. The CONTRACTOR further covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. The CONTRACTOR further covenants that in the performance of this Contract no person having any conflicting interest shall be employed. An interest on the part of the CONTRACTOR or its employees must be disclosed to the ERS. Provided, however, that this paragraph shall be interpreted in such a manner so as not to unreasonably impede the statutory requirement that maximum opportunity be provided for employment of and participation by residents of the area.

XXIV. DISCRIMINATION PROHIBITED

- A. In all hiring or employment made possible by or resulting from this Contract there (1) will not be any discrimination against any employee or applicant for employment because of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status, and (2) affirmative action will be taken to ensure that applicants are employed and that employees are treated during employment without regard to their sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status.

This requirement shall apply to but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. There shall be posted in conspicuous places available to employees and applicants for employment, notices required or to be provided by federal or state agencies involved setting forth the provisions of the clause. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status.

- B. No person in the United States shall, on the ground of sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status or sexual orientation or familial status, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Contract. The ERS and each employer will comply with all requirements imposed by or pursuant to the regulations of the appropriate federal agency effectuating Title VI of the Civil Rights Act of 1964.
  - C. The CONTRACTOR will cause the foregoing provisions to be inserted in all subcontracts, if any, for any work covered by this Contract so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.
  - D. Contractor agrees that they will comply with all applicable requirements of the Americans with Disability Act of 1990, 42 U.S.C. 12101, et seq.
- XXV. WORKER'S COMPENSATION INSURANCE. The CONTRACTOR, and all contractors, if any, shall provide to the ERS an affidavit or other satisfactory proof which the ERS may reasonably require evidencing that the CONTRACTOR and all subcontractors have obtained Worker's Compensation Insurance for all persons performing any work or services under the Contract or subcontract as is required by the Worker's Compensation Act of the State of Wisconsin. No payments or disbursements under the Contract shall be made if such proof has not been furnished.
- XXVI. WITHHOLDING OF SALARIES. If in the performance of this Contract there is any underpayment of salaries by the CONTRACTOR or by any subcontractor thereunder, the ERS shall withhold from the CONTRACTOR out of payments due to it an amount sufficient to pay to employees underpaid the difference between the salaries required hereby to be paid and the salaries actually paid such employees for the total number of hours worked. The amounts withheld shall be disbursed by the ERS for and on account of the CONTRACTOR or subcontractor, if any, to the respective employees to whom they are due.
- XXVII. CLAIMS AND DISPUTES PERTAINING TO SALARY RATES. Claims and disputes pertaining to salary rates or to classifications of architects, draftsmen, technical engineers, and technicians, if any, performing work under this Contract shall be promptly reported in writing by the CONTRACTOR to the ERS for the latter's decision, which shall be final with respect thereto.
- XXVIII. OTHER PROVISIONS
- A. Subject to the Wisconsin Public Records Law, any and all information, plans, reports and conclusions derived or developed as a consequence or result of this Contract may be utilized by the ERS in such manner and purpose as the ERS desires or determines without permission or approval of the CONTRACTOR or compensation to the CONTRACTOR therefor other than herein provided.
  - B. Both parties understand that the ERS is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. § 19.21, et seq. CONTRACTOR acknowledges that is obligated to assist the ERS in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of this Agreement and that the CONTRACTOR must defend and hold the ERS harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years after receipt of final payment under this Agreement.
  - C. Headings. All headings and titles used in contract documents exist for the purposes of document organization and reference and will not be considered a term or condition of any agreement entered into by the CONTRACTOR and the ERS.

- D. Consent to Breach Not Waiver. The consent to a breach of any term or condition of this Agreement by either party will not be considered a waiver of such term or condition nor will such breach be considered consent to a subsequent breach.
- E. Governing Law. The provisions of the Contract will be constructed in accordance with the laws on the State of Wisconsin.
- F. Jurisdiction. The venue for any proceedings before a court of law will be in Milwaukee County, Wisconsin.
- G. Confidentiality Agreement. All of CONTRACTOR'S personnel assigned to work on the project may be required to sign a confidentiality agreement form in which they agree not to disclose and to keep confidential all non-public information relating the ERS and its members, both active and retired.
- H. Force Majeure. Neither party will be liable for any failure or delay in the performance of its obligations under this Agreement (and the failure or delay will not be deemed a default of this Agreement or grounds for termination) if either of the following conditions are satisfied: (1) the failure or delay could not have been prevented by reasonable precautions, and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, work-around plans, or other means; and (2) the failure or delay is caused, directly or indirectly, by reason of fire or other casualty or accident; strikes or labor disputes; inability to procure raw materials, equipment, power or supplies; war, terrorism or other violence; any law, order, proclamation, regulation, ordinance, demand, or requirement of any governmental agency or intergovernmental body other than a party hereto; or any other act or condition beyond the reasonable control of the non-performing party. Upon the occurrence of an event which satisfies both of the above conditions (a "Force Majeure Event"), the non-performing party will be excused from any further performance of those obligations under this Agreement affected by the Force Majeure Event for as long as (a) the Force Majeure Event continues; and (b) the non-performing party continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. Upon the occurrence of a Force Majeure Event, the non-performing party will immediately notify the other party by telephone (to be confirmed by written notice within two (2) business days of the failure or delay) of the occurrence of a Force Majeure Event and will describe in reasonable detail the nature of the Force Majeure Event.
- I. Representations and Warranties. The CONTRACTOR warrants that if the ERS (via its governing authority) or the employee terminates employment for any reason within one year from the employee's start date, CONTRACTOR will replace the person for expenses only, except for termination resulting from a change of control; lack of funding; a material change in job responsibilities from that which was originally presented; a merger, acquisition or restructuring; failure of the ERS to fulfill its obligations, financial or otherwise, to the employee.
- The CONTRACTOR warrants that: (a) it has the authority to enter into this Agreement and perform the Services provided herein; (b) it will comply with all applicable laws; and (c) it has not paid, and will not pay, any remuneration directly or indirectly to the ERS or any of its members, officers, employees, or agents, or any third party in connection with obtaining this Agreement, including but not limited to, a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.
- J. Survival. The obligations of the parties under sections VI (B), XII, XXII, XXVIII (I), (Reports, Indemnification, Findings Confidential, and Representations and Warranties) shall survive the termination of this Agreement for any reason and shall continue to remain in full force and effect.

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

IN WITNESS WHEREOF, the CONTRACTOR and the ERS have caused this Contract to be executed for and on their respective behalf as of the dates hereinafter set forth.

EMPLOYES' RETIREMENT SYSTEM

HUDEPOHL & ASSOCIATES, INC.

By: \_\_\_\_\_  
W. Martin Morics, President, Annuity & Pension Board

By: Gary A. Hudspeth

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Thomas Rick, CFA, ERS Chief Investment Officer

Date: \_\_\_\_\_

Examined and approved as to form and execution this  
\_\_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Assistant City Attorney

PLEASE NOTE CORPORATIONS MUST COMPLETE THE STATEMENT BELOW

(Note: Someone other than the individual who executed this Contract must certify the following):

CERTIFICATE RE: CORPORATION

I, GARY L. HUDERDORF certify that I am the Principal Manager of the above  
PRINT NAME PRINT TITLE  
named CONTRACTOR herein; that HUDERDORF ASSOCIATES, INC., who executed this Contract on  
PRINT SIGNATOR OF CONTRACTOR  
behalf of the CONTRACTOR was then PRESIDENT of said corporation, and  
OFFICIAL CAPAERS OF SIGNATOR  
in said capacity, duly signed said Contract for and on behalf of said corporation, being duly authorized so to do  
under its bylaws or is authorized so to do by action of its duly constituted Board, all of which is within the scope  
of its corporate powers.

Dated at COLUMBUS, OHIO this May day of 2007  
LOCATION

[Signature]  
SIGNATURE

BCC: bcc

5/09/07

1054-2007-1254/118985

# Basic Website Metrics

	2023									2024			
	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Visits	5,447	5,137	4,907	5,735	5,601	5,341	5,626	5,370	5,023	5,918	6,216	5,417	5,847
Users	3,859	3,589	3,380	3,663	3,667	3,490	3,758	3,923	3,525	4,121	4,119	3,860	4,019
Page Views	13,201	12,927	12,220	13,694	13,930	12,747	14,150	13,570	12,238	14,925	15,831	12,712	13,809
Ave. Visit	1:28	1:33	1:40	1:32	2:24	1:31	1:35	1:29	1:30	1:35	1:11	1:23	1:34

## VI.

### INFORMATIONAL

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (VI.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 Administration & Operations Committee Meeting Held April 17, 2024.
- F. Minutes of the Investment Committee Meeting Held April 18, 2024.
- G. Report on Bills.
- H. Deployment of Assets.
- I. Securities Lending Revenue and Budget Report.
- J. Preliminary Performance Report and Asset Allocation.



**May 28, 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\*\***

- **05/06/24** Court denies Plaintiffs' Motion for Attorney Fees.
- **05/31/24** Status Conference to be held.

#### **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 at 1:30 pm to hear Defendants' Motion to Dismiss.
- **07/02/24** Defendants' Motion to Dismiss rescheduled from May 22, 2024 to July 2, 2024 at 9:00 am.



**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\*\*

- 03/29/24 Respondent's Brief in Opposition to Petition for Writ of Certiorari filed.
- **04/22/24** Petitioner's Reply Brief filed with court.

**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.
- 01/23/22 Brief of Respondents filed.
- 02/03/23 Appellants' Reply Brief filed. Awaiting case assignment.
- 02/03/23 Case submitted on briefs. Pending decision.
- **04/23/24** Appellate Court affirms Circuit Court's 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 pending scheduling.

**James Gentry; Administrative Case No. 1522**

- 03/18/24 Administrative Appeal Hearing held; awaiting hearing examiner's report.
- **04/17/24** Hearing Examiner's Report issued.
- **05/08/24** Appellant's brief to the Board received by ERS. Pending Board's final determination.

**Part 3. Notice of Claim filed with ERS**

None.

**Part 4. ERS Litigation through Outside Legal Counsel**

None.

FILED

05-07-2024

Anna Maria Hodges

Clerk of Circuit Court

2018CV001274

BY THE COURT:

DATE SIGNED: May 6, 2024

Electronically signed by Brittany C. Grayson  
Circuit Court Judge

STATE OF WISCONSIN

CIRCUIT COURT

MILWAUKEE COUNTY

Branch 16

MILWAUKEE POLICE SUPERVISORS  
ORGANIZATION, et al.,

Plaintiffs,

v.

Case No. 2018-CV-1274

CITY OF MILWAUKEE, et al.,

Defendants.

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### DECISION AND ORDER

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The Milwaukee Police Supervisors Organization, et al., (“MPSO”)<sup>1</sup> and Milwaukee Professional Firefighters Association Local 215 (“Local 215”)<sup>2</sup>, et al.<sup>3</sup>, separately move the court for attorney fees incurred during this litigation under the common fund doctrine. The City of Milwaukee (“the City”) and the Milwaukee Employees’ Retirement System (“MERS”)<sup>4</sup> have opposed Plaintiffs’ motions. The Milwaukee Police Association (“MPA”) was permitted to intervene for the purpose of objecting to Local 215’s motion. For the following reasons, the court **DENIES** Plaintiffs’ respective motions attorney fees pursuant to the common fund doctrine.

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<sup>1</sup> The Milwaukee Police Supervisors Organization originally brought suit along with 14 individual retirees on February 13, 2018. *See* Dkt. 1. An amended complaint was filed on March 23, 2018. *See* Dkt. 8.

<sup>2</sup> The Milwaukee Professional Firefighters Association Local 215 and twenty-one individual union members moved to intervene, a request which was granted by the court on June 27, 2018. *See* Dkts. 15 – 17, 23.

<sup>3</sup> Collectively, “Plaintiffs”

<sup>4</sup> Collectively, “Defendants”

## **LEGAL STANDARD**

### **I. The American Rule**

Wisconsin has generally adopted the American Rule with respect to attorney fees, which provides that “the parties to a lawsuit bear the cost of their own attorney fees absent legislative authorization to shift costs.” *Kolupar v. Wilde Pontiac Cadillac, Inc.*, 2004 WI 112, ¶ 17, 275 Wis. 2d 1, 683 N.W.2d 58. A court may require a losing litigant to pay the prevailing party’s attorney fees “only when expressly authorized by statute or contract.” *Wisconsin Retired Teachers Ass’n, Inc. v. Employee Trust Funds Bd.*, 207 Wis. 2d 1, 36, 558 N.W.2d 83 (1997) (citing *DeChant v. Monarch Life Ins. Co.*, 200 Wis. 2d 559, 571, 547 N.W.2d 592 (1996)). “[I]n the absence of statutory authority or a contractual provision to the contrary, Wisconsin courts have strictly adhered to the American Rule.” *DeChant*, 200 Wis. 2d at 571.

### **II. The Common Fund Doctrine as an Exception to the American Rule**

The common fund doctrine is rooted in the perception that “persons who obtain the benefit of a lawsuit without contributing to its cost are unjustly enriched at the successful litigant’s expense.” *Wisconsin Retired Teachers*, 207 Wis. 2d at 36 (citing *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478, 100 S.Ct. 745, 62 L.Ed.2d 676 (1980)). The doctrine has been “widely used to deal with the ‘free rider’ problem inherent in class actions.” *Wisconsin Retired Teachers*, 207 Wis. 2d at 36. The United States Supreme Court previously outlined factors that must be present before the court may adopt the common fund approach. *Id.* at 37. Those benefiting from the litigation should be small in number and easily identifiable, the benefits should be traceable with some accuracy, and the attorney fees should be capable of being shifted with some exactitude to those benefiting. *Id.* (citing *Alyeska Pipeline Co. v. Wilderness Society*, 421 U.S. 240, 257, 95 S.Ct. 1612, 44 L.Ed.2d 141 (1975)).

The Wisconsin Supreme Court has found the common fund doctrine to be consistent with principles of the American Rule. *Wisconsin Retired Teachers*, 207 Wis. 2d at 38. “A losing litigant does not pay attorney fees in addition to the amount of recovery; [r]ather, attorney fees are deducted from the recovery. Thus, a losing litigant is no better or worse off as a result of the doctrine’s application.” *Id.*

### **A Review of Wisconsin law**

Few Wisconsin cases have analyzed the common fund doctrine as an exception to the American Rule. This court will briefly discuss informative cases here.

In *Wisconsin Retired Teachers*, the Wisconsin Supreme Court considered the application of the common fund doctrine in a suit brought by three associations representing Wisconsin Retirement System annuitants who alleged that Special Performance Interest Dividend legislation constituted taking under the state constitution. 207 Wis. 2d 1 (1997). The Court ultimately held that the plaintiffs were entitled to attorney fees under the common fund doctrine because “[b]y recovering funds paid from the annuity reserve under Act 27, the attorneys [for the associations] are vindicating the property rights of all annuitants, not just those of the members of the three groups.” *Id.* at 37. The Court additionally found that once the recovery was equitably distributed, the benefiting annuitants would be identified with certainty and ease, leaving the “benefits and costs of litigation . . . easily apportioned among the recipient annuitants.” *Id.*

The Court went on to state that “a trust estate must bear the expenses of its administration . . . and where one of many parties having a common interest in a trust fund, at his own expense takes proper proceeding to save it from destruction and to restore it to the purposes of the trust, he is entitled to reimbursement.” *Id.* at 38 (quoting *Trustees v. Greenough*, 105 U.S. 527, 552-

33, 26 L.Ed. 1157 (1881)). Finally, the Court noted that the attorney fees in this case were “part of the cost of administering the trust” and were “therefore properly borne by the trust under the common fund doctrine.” *Id.*

In *Milwaukee Police Ass’n v. City of Milwaukee*, the Wisconsin Court of Appeals considered the application of the common fund doctrine in a declaratory judgment action brought by members of the city’s employees’ retirement system seeking a declaration that the ordinance which merged retirement and duty disability funds was unlawful. 222 Wis. 2d 259, 588 N.W.2d 636 (1998). In 1972, Charter Ordinance 382 amended the Milwaukee City Charter by creating a special fund to pay duty disability benefits and which required the city to contribute sufficient sums to meet the fund’s obligations. *Id.* at 264. That ordinance also mandated the maintenance of reserves in the city’s retirement fund, which was reaffirmed as being separate from all other funds. *Id.* at 265.

By 1995, the retirement fund had a substantial surplus, alleviating the city’s requirement to contribute, but the duty disability fund was running a deficit. *Id.* The city then adopted Charter Ordinance 950929, which sought to remove the wall between the duty disability and retirement funds, thus providing for payment of the duty disability benefits from the retirement fund. *Id.* at 265 – 66.

In determining the application of common fund doctrine was appropriate, the court held that the individuals who became members of the retirement fund prior to the enactment of Charter Ordinance 950929 and their beneficiaries were “small in number and easily identifiable.” *Id.* at 270. Additionally, the court held that the benefits attributable to plaintiff’s efforts were the “monies not diverted from the retirement fund to pay disability benefits” and that the shift in fees could be made with sufficient exactitude because the benefit can be measured by these same

monies. *Id.* at 271.

In *Johnson v. Ziegler*, the Wisconsin Court of Appeals considered whether the common fund doctrine applied to a subrogation claim made by DEC International, Inc. (“DEC”), pursuant to its self-funded benefit plan under the Federal Employee Retirement Income Security Act, after Johnson obtained a \$250,000 personal injury settlement. 2002 WI App 103, 255 Wis. 2d 751, 648 N.W.2d 480. DEC paid out over \$92,000 for medical expenses Johnson incurred as a result of his injuries. *Id.* at ¶ 3. The plain language of DEC’s plan precluded reductions of the attorney fees from the plan’s recovery of benefits, which Johnson did not challenge as being ambiguous. *Id.* at ¶ 18. The court affirmed the lower court’s ruling that the common fund doctrine did not apply, ultimately holding that permitting that provision to override application of the common fund doctrine “comports with our treatment of provisions which expressly override the ‘made whole’ doctrine,” which the court found to be “the current state of the law in federal courts.” *Id.*

## **DISCUSSION**

### **I. MPSO’s Motion for Attorney Fees under the Common Fund Doctrine**

MPSO seeks attorney fees under the common fund doctrine, plus costs, in an amount totaling \$129,289.31. Pl. Br., Dkt. 103, 1. MPSO argues that this litigation established and preserved a common fund for the sole benefit of all current and future police supervisor retirees hired before October 3, 2011. *Id.* at 3.

MPSO first argues that those benefiting from the litigation are small in number and easily identifiable because there are only sixteen current police supervisor disability retirees, fourteen of whom are named as plaintiffs with the other two simply being named in the complaint. *Id.* at 6. MPSO identifies the total potential group as either: one of the sixteen already established supervisors, about 250 current supervisors who might become disabled in the future, or MPD

patrol officers who might be promoted to supervisor and become disabled in the future. *Id.*

MPSO argues that this group is further limited in that these individuals must have been hired before October 3, 2011 to be eligible. *Id.*

Next, MPSO argues that the benefits obtained through the litigation are accurately traceable because duty disability retirement (“DDR”) benefits are calculated as a percentage of the retiree’s salary at the time of disability, such that the addition of 5.8% to the salary of each retiree is a mathematical calculation that can be traced to his or her recovery accurately and with precision. *Id.* at 7.

MPSO then argues that the third factor under the common doctrine fund is satisfied because the attorney fees can be shifted with some exactitude, as the benefit can be measured by the monies that would have been taken but for MPSO’s successful litigation. *Id.* at 7 – 8. MPSO argues that even though the entire class of police supervisor disability recipients, current and future, will obtain the increase in benefits secured through this litigation, the cost has been borne entirely by the named MPSO plaintiffs. *Id.*

Defendants argue that MPSO misapplies the common fund doctrine, as their argument is mainly one of fee shifting. Def. Br., Dkt. 106, 6. Defendants argue that this position is in direct conflict with prior rulings by the Wisconsin Court of Appeals, namely in *Milwaukee Police Ass’n*, where the court indicated that the common fund doctrine is not a mechanism for punishing an opposing party. *Id.* Additionally, Defendants argue that Wisconsin’s higher courts have already made clear that the common fund doctrine does not actually shift fees to the opposing party; rather the fees are deducted from the recovery. *Id.* at 7.

Defendants further argue that the common fund doctrine is inapplicable, as no fund has been created by this litigation. *Id.* at 8 – 9. Defendants assert that this litigation did not preserve

some discrete, misappropriated amount for the benefit of the entire trust (as was the case in *Wisconsin Retired Teachers* and *Milwaukee Police Ass'n*), but that it instead secured individual benefits at a cost to the trust. *Id.* Defendants characterize these as individual benefit awards wherein no plaintiff may claim a property right to the individual benefit award of another plaintiff. *Id.* at 9. Defendants further argue that this litigation benefited just sixteen of the several thousand MERS members who possess property interests in the trust, and that imposing litigation costs on the entire fund would improperly force a vast majority of its members who did not benefit to shoulder the financial burden. *Id.* at 10.

Lastly, Defendants point out that MPSO is already in possession of the very fund from which it seeks to recover fees, as attorney fees awarded under the common fund doctrine are taken from the actual recovery, and MERS has already returned the \$383,670 in back DDR benefit payments to MPSO members. *Id.* at 11.

## **II. Local 215's Motion for Attorney Fees Under the Common Fund Doctrine**

Local 215 argues that while twenty-one individually named plaintiffs have pursued this litigation, several hundred similarly situated non-plaintiffs will benefit as a direct result of its outcome despite not contributing to any attorney fees, leading to inequity and unjust enrichment. Pl. Br., Dkt. 178, 1.

Local 215 argues that the first factor of the common fund doctrine is satisfied, as the individuals benefitting from the litigation can be identified as Local 215 and MPA covered DDR recipients hired prior to October 3, 2011. *Id.* at 11. Local 215 asserts that not only are these individuals easily identifiable, but Defendants have already identified them in their attempts to classify those individuals affected by the Wisconsin Supreme Court's ruling in this litigation. *Id.*

Local 215 next argues that the benefits are traceable with accuracy, as the Local 215 and



MPA DDR recipients are owed retroactive damages for the time period in which the Defendants unlawfully withheld the 5.8% wage increase from their DDR payment. *Id.* at 12. Local 215 asserts their position is further supported by the fact that Defendants have already compiled charts that they claim contain the damage totals for all Local 215 and MPA members affected by the Wisconsin Supreme Court's ruling in this case. *Id.*

As for the third factor under the common fund doctrine, Local 215 argues that the attorney fees are capable of being shifted with some exactitude to those benefiting because the benefit accruing to them can be measured by the monies that would have been taken but for Local 215's successful litigation. *Id.* at 13. The benefits accruing to the beneficiaries of this litigation, according to Local 215, are simply the retroactive damages owed out of the MERS fund. *Id.* Local 215 requests a thirty-three and one-third contingency fee of this total sum to be awarded to them under the common fund doctrine, with the remaining sum then distributed to the beneficiaries, such that the cost of the litigation is equally borne by all benefiting DDR recipients. *Id.*

Defendants argue that Local 215's motion should be denied for four reasons: recovery of attorney fees from DDR benefits is per se unlawful under Wis. Stat. § 62.63(4); MERS has prohibited alienation or reduction of benefits; the common fund doctrine is inapplicable to this case as it does not involve a common fund; and Local 215 has failed to establish the reasonableness of its claimed attorney fees. Def. Br., Dkt 197, 4 – 5. Defendants argue that the common fund doctrine has typically been reserved for class action suits, and while it can be extended to other circumstances, the United States Supreme Court has indicated that such allowances are only in exceptional cases and for dominating reasons of justice. *Id.* at 6.

Defendants argue that Wis. Stat. § 62.63(4) strictly prohibits the reduction, garnishment,

or assignment of MERS benefits for any reason, except for certain specifically enumerated purposes related to child and spousal support. *Id.* at 8. This statute, Defendants argue, prohibits the relief that Local 215 seeks, as its applicability extends to all benefits and allowances, both before and after payment to any beneficiary. *Id.*

Defendants also argue that the MERS plan preempts application of the common fund doctrine by precluding benefit reductions for virtually any reason. *Id.* at 9. Citing similarity to the facts outlined in *Johnson*, Defendants note that MERS' plan document (Milwaukee City Charter Chapter 36) contains similar restrictions on benefit divisions as those outlined in Wis. Stat. § 62.63(4), namely that the taking or reduction of any MERS benefit or allowance by any process or proceeding issued out of or by any court of this state for the payment and ratification in whole or in part of any debt, claim, damage, demand, or judgment is prohibited. *Id.* at 10. This likewise applies both before and after payment to any beneficiary. *Id.*

Next, Defendants argue that no common fund has been created in this case. *Id.* at 11. Defendants urge the court to consider the persuasive value of the Eastern District of Wisconsin District Court's decision in *Market Street Securities, Inc. v. Midwest Air Group, Inc.*, 2009 WL 2985451, as Wisconsin courts have recognized the value of federal court decisions and Wisconsin's jurisprudence related to the common fund doctrine is severely underdeveloped. *Id.* at 12. Defendants argue that, like *Market Street*, the recovery in this case increases individually-held property interests, namely individual DDR benefit entitlements. *Id.* at 14. Defendants argue that just as the federal court determined in *Market Street* that no shareholder could claim a common interest in the shares of any other shareholder, here no DDR beneficiary could claim a common interest in the DDR benefits of any other beneficiary. *Id.* This is because under the Milwaukee Charter Chapter 36, DDR benefits are an individual, not a collective entitlement,

Defendants argue. *Id.*

Defendants take the position that Local 215 did not actually preserve or recover any portion of the MERS trust as a result of this litigation, which would be required under the common fund doctrine. *Id.* at 15. Instead, this litigation resulted in a reduction of the trust to pay for a series of individual benefit increases that will accrue only to a small segment of its membership. *Id.* at 15 – 16.

Defendants next take issue with Local 215's claim that it's entitled to a one-third cut of every benefit listed in two spreadsheets created by Defendants, even though this case originally named only twenty-one individual Local 215 plaintiffs. *Id.* at 4. Defendants argue that the total retroactive DDR benefits applicable to those twenty-one individuals amounts to \$429,881.19, which then amounts to a one-third contingency fee of \$143,293.73. *Id.* Conversely, the total retroactive DDR benefits applicable to all Local 215 and MPA covered members is \$6,066,160.90, which amounts to a one-third contingency fee of \$2,022,053.63. *Id.* Defendants argue that Local 215 cannot simply isolate a \$6,066,160.90 portion of the MERS trust's assets and label it a "common fund," as all MERS members retain an equal, undivided property interest in that money and any attempt to divide it based on this litigation would infringe upon property rights of those MERS members not actually affected by this litigation. *Id.* at 16.

Defendants distinguish this case from *Wisconsin Retired Teachers*, where the plaintiffs in that case all possessed the same undivided property interest in the trust funds as every other retirement system member. *Id.* at 17. By contrast, Defendants argue, this case involves individual DDR benefits that no other individual DDR beneficiary can claim an interest in. *Id.*

MPA adopts the arguments presented by the Defendants and additionally argues in opposition to Local 215's motion for attorney fees under the common fund doctrine for three

reasons: the common fund doctrine does not apply; Local 215's motion does not comply with Wis. Stat. § 802.01(2)(a); and this court lacks personal jurisdiction over the affected MPA members. Interv. Def. Br., Dkt. 196, 3.

MPA first points out that the individual MPA covered DDR recipients from whom Local 215 seeks attorney fees are made up of ninety-six disabled retired police officers who are not named parties to this lawsuit. *Id.* at 2. MPA indicates that the total retroactive DDR benefit payments for these individuals amounts to \$2,036,073.63, which would produce a one-third contingency fee totaling \$678,691.21. *Id.* at 3. MPA argues that Local 215's request would amount to disabled police officers paying money to a law firm that did not and does not represent them in this litigation. *Id.*

MPA argues that Local 215's brief neither defines the common fund, nor indicates the exact amount in the fund from which it seeks to recover attorney fees. *Id.* at 4. MPA distinguishes the facts of this case from *Wisconsin Retired Teachers*, as the heart of that case dealt with broader Wisconsin retirement system funds and this case deals with individual DDR recipient retroactive benefit payments. *Id.* at 5. MPA additionally argues that Wis. Stat. § 40.65 governs disability benefits and does not allow for a reduction of a recipient's benefits by litigation costs or attorney fees. *Id.* MPA further relies on Wis. Stat. § 62.63(4) and Milwaukee Charter Chapter 36, which provide that all beneficiary payments are exempt from taxation, execution, and assignment. *Id.*

MPA also urges this court to consider the persuasive value of the federal district court's decision in *Market Street*, which explored Wisconsin law relative to the common fund doctrine, and differentiated between the existence of a common fund versus a common benefit. *Id.* at 6. MPA also distinguishes this case from Local 215's reliance on *Milwaukee Police Ass'n*, as the

fund in that case was generally measured by the monies that would have been taken but for the plaintiff's successful litigation, and no such fund has been defined or determined to exist in the present case. *Id.* at 7.

MPA challenges Local 215's motion on procedural grounds as well, arguing that it is not in compliance with Wis. Stat. § 802.01(2)(a), as it does not describe with particularity the recipients affected by the request, the exact amount of fees being requested, and where those fees would come from. *Id.* at 7 – 8. Additionally, MPA argues that Local 215's affidavit in support of its motion fails to include the required detail and analysis to support any reasonable attorney fee award. *Id.* at 9.

Lastly, MPA argues that this court lacks personal jurisdiction over the ninety-six MPA covered DDR members, as none of them were served or made parties to this lawsuit. *Id.* at 10.

### **III. The court declines to apply the common fund doctrine**

The court will now look to the factors that must be present before the common fund doctrine may be adopted. The court finds that both MPSO and Local 215 have not sufficiently argued that those benefiting from the litigation are small in number and easily identifiable. MPSO makes a good faith attempt to identify this group, arguing that those benefiting are either the sixteen already established supervisors named in the complaint, about 250 current supervisors who may become disabled in the future, or MPD patrol officers who may be promoted to supervisor and become disabled in the future. This group is further limited to only those hired before October 3, 2011. This still leaves some ambiguity, however, regarding the identification of all those individuals benefiting from the litigation, as the number of supervisors who may become disabled in the future or individuals who may be promoted to supervisor and become disabled in the future, is uncertain. The court notes, however, that the limited Wisconsin

case law on the common fund doctrine does not provide substantial guidance in determining what characteristics make a particular group “small in number and easily identifiable.”

Local 215 first indicates that its motion seeks to distribute the attorney fees among *all* DDR recipients who will benefit from the Wisconsin Supreme Court ruling in this case. Local 215 then identifies those benefiting from this litigation as the twenty-one named plaintiffs and several hundred similarly situated non-plaintiffs, and mainly relies on spreadsheets it indicates were prepared by Defendants, which seemingly list those beneficiaries entitled to retroactive DDR payments. Local 215 later in its brief argues that all Local 215 and MPA covered DDR recipients hired prior to October 3, 2011 will benefit from this litigation. While all of these groups may overlap, it’s unclear, and this argument creates some perhaps unintended ambiguity, as individuals hired prior to October 3, 2011 who may become eligible for DDR payments, thus potentially benefiting from this litigation in the future, cannot be and have not been easily identified by Local 215 at this stage.

Turning to the second factor, both MPSO and Local 215 take the position that the benefits are easily traceable with some accuracy. This court finds that the calculation of the retroactive DDR payments due to disabled MPSO and Local 215 members can be determined with some accuracy, a fact which does not appear to be in dispute. However, the calculation of any future DDR payments for potential beneficiaries who *may* benefit from this litigation should they become disabled in the future cannot be determined or traceable with accuracy at this stage, since, as Defendants point out, any future DDR payment could inevitably vary in both amount and duration.

Lastly, the court is not convinced that the attorney fees are capable of being shifted with some exactitude to those benefiting. MPSO defines the fund from which it seeks to recover

attorney fees, including both the amount of that fund and the amount of fees. However, as the court noted with respect to the first factor, the identity of all those benefiting from the litigation cannot be deemed small in number and easily identifiable at this point. Local 215 simply identifies the fund it claims has been preserved by this litigation as the retroactive damages owed out of the MERS fund. It is important to note that Local 215 doesn't actually indicate the amount of the fund it claims has been preserved by this litigation or the fees it seeks to recover. Additionally, as the court noted above, Local 215's argument that it seeks to recover fees from all DDR recipients who will benefit from this litigation, while also limiting the pool of beneficiaries to those entitled to retroactive payments, thus not considering those who may benefit in the future, creates ambiguity in identifying who the fees would actually shift to.

The court additionally finds merit in several of the arguments advanced by the Defendants and MPA. First, this court is persuaded that a common fund has not actually been created or preserved as a result of Plaintiffs' efforts in this litigation. The court notes that, interestingly, the cases in which Wisconsin courts have elected to apply the common fund doctrine have identified a "fund" in which its members all enjoy a *shared* interest. *See Wisconsin Retired Teachers; see also Milwaukee Police Ass'n*. The court finds the facts here distinguishable, and more akin to the common "benefit" scenario outlined by the federal district court in *Market Street*, as a number of currently eligible DDR beneficiaries will receive the "benefit" of receiving their individual retroactive DDR payments, and future unidentified DDR beneficiaries may also receive that benefit, should they be deemed eligible.

Additionally, contrary to the position taken by Local 215, this court does find value in the persuasive authority outlined by the federal district court in *Market Street*, as Wisconsin case law on the common fund doctrine is relatively scarce, and it provides a helpful analysis on what may

be considered simply a common or shared benefit rather than a common fund.

Moreover, the court takes note of the concerns raised by both the Defendants and the MPA relative to Wis. Stat. § 62.63(4), an issue not addressed by the courts in *Wisconsin Retired Teachers* or *Milwaukee Police Ass'n*, possibly because those cases dealt with the preservation of surplus or excess benefits of the entire fund and did not have the effect of potentially resulting in a decrease of several individual retroactive DDR benefits payments.

The court is persuaded by the arguments of the Defendants and the MPA and finds that there is not a true common fund from which the court may order attorney fees to be paid. Rather than creating or preserving a common fund through Plaintiffs' collective efforts in this litigation, Defendants owe each affected benefits claimant an individually determined retroactive DDR payment award, of which no other benefits claimant has a shared interest.

### **CONCLUSION**

For the foregoing reason, the court **DENIES** Plaintiffs' respective motions for attorney fees under the Common Fund Doctrine.

**SO ORDERED.**



# Client Conferences 2024

**Board Meeting: May 28, 2024**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
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 10:30 am – 1:30 pm	“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
October 23, 2024 8:00 am – 10:30 am	2024 October Workshop Chicago, IL	Callan Associates

# Trustee Conferences 2024

**Board Meeting: May 28, 2024**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
June 5 – 7, 2024	2024 Visions, Insights, & Perspective (VIP) Infrastructure Washington, DC	Institutional Real Estate, Inc.
June 11 – 12, 2024 1:30 pm – 4:30 pm	2024 SWIB Investment Forum Virtual	SWIB, CFA Society Madison
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 <sup>th</sup> Annual Great Plains Institutional Forum Minneapolis, MN	Markets Group
September 24, 2024	2024 2024 Fixed Income & Credit Conference Chicago, IL	Pensions & Investments
October 8 – 9, 2024	2024 Roundtable for Consultants and Institutional Investors Chicago, IL	Institutional Investor

# Trustee Conferences 2024

**Board Meeting: May 28, 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
November 13 – 14, 2024	2024 Public Funds Conference Sacramento, CA	Pensions & Investments

# Upcoming Due Diligence Meetings

Date	Manager(s)	Team
June 25, 2024	Aptitude (NY)	David & Keith
July 24-25, 2024	MFS & Loomis Sayles, with additional Prologis meeting	Erich & Aaron
August 2024 (tentative)	UBS (NY) & AQR, with additional Morgan Stanley meeting	Erich & Keith
September 17-18, 2024	Aptitude (Seattle), with additional Principal meeting	David & Keith
September or October, 2024 (tentative)	UBS (London) with multiple additional manager meetings	Erich & Tim Heling

## 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
Petroleo Brasileiro SA	2/27/2024 \$	81,460
Oracle Corp.	5/10/2024 \$	212
Total Class Action Income Received in 2024 YTD		\$ 126,540

## Adjusted Quarterly Cost Basis of Equity March 31, 2024

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 %
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%
Mar-24	5,968,654,087	42.9%	4,668,405,133	35.6%

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

Minutes of the Administration and Operations Committee Meeting  
held April 17, 2024 via teleconference

The meeting was called to order at 9:00 a.m.

Committee Members Present: Molly King  
Thomas Klusman  
Timothy Heling, Chair

ERS Staff Present: Bernard Allen, Executive Director  
Melody Johnson, Deputy Director  
David Silber, Chief Investment Officer  
Erich Sauer, Deputy Chief Investment Officer  
Dan Gopalan, Chief Financial Officer  
Jeff Shober, Chief Technology Officer  
Gust Petropoulos, Deputy Director - Disability  
Mary Turk, Business Operations Analyst  
Jan Wills, Board Stenographer

Others Present: Lisa Kasel, Legislative Audit Bureau; Alex Foundos, City Attorney's Office; Bill Christianson, Comptroller; Terry Siddiqui, DS Consulting, Inc.

**Approval of Peraton Contract Amendment.** Mr. Shober stated the Peraton Contract Amendment is a simple contract amendment to extend the contract. He said the company name is Peraton now but the original contract was under a different name and he said the name has changed every few years. He said the negotiations started at a five percent annual increase and it has been negotiated down to a two percent annual increase. Mr. Shober noted this is a fraction of the cost of stateside resources and said the employees are located in India. He said the employees have expertise in the programming language used to maintain MERITS which is difficult to find in the United States and would be at a considerably higher cost. Mr. Shober commented that the employees assist with the coding language in the programming in which MERITS is written. Mr. Shober said Java language was used at that time. Discussion ensued. Mr. Foundos noted he reviewed the 2016 contract and said there was nothing about the contract's legal terms and conditions that he was concerned with. He said the Prompt Payment Policy language was appropriate and acceptable for the amendment. Discussion ensued.

It was moved by Mr. Klusman, and seconded by Ms. King, to approve the Approval of Peraton Contract Amendment.

**Approval of Draft ERS 2025 Budget.** Mr. Gopalan stated that since the Committee has a new chair, he wanted to go over some items about the budget. He said the administration and operations expenses are funded by the investment earnings of the plan and the Plan is seeded by employer

and employee contributions which are used to generate investment income that funds the benefit payments and the administrative expenses. Mr. Allen said that 75-80% of the money in the Plan comes from investment return. Mr. Gopalan said the ERS has an intergovernmental agreement with the City covering the ERS' administrative expenses. He noted the ERS submits its invoices and bills to the Comptroller's office to get those paid so there is an extra layer of control over the expenses. Mr. Gopalan said the City will pay the ERS' expenses as the invoices are submitted and every month, the ERS will reimburse the City for those ERS-related expenses. He said every March, the expenses from the prior year are reconciled and settle any balances due with the City. Mr. Gopalan said every April, a draft ERS budget is submitted to the A&O Committee which is approved first by the A&O Committee and then by the full Board. Then in May, the ERS' budget is submitted to the F&P Committee, the Common Council, and ultimately, the Mayor approves it. He said the due date is May 14. Mr. Gopalan then talked about the budget and noted the total increase requested is just under \$1.5 million. He said it is higher for 2025 than 2024 because the main driver is salaries at \$6 million resulting from market studies done by DER in 2023. There is still one more market study to implement for 2024. Mr. Gopalan said the fringe benefits are also based on salaries so that increased as well. He said the budgeted fringe rate is 45% of the total salaries which was the same rate in 2024. Mr. Gopalan said there was a decrease of \$466,000 for Professional Services due to a reduction in investment manager fees for 2025. He said because the asset allocation of Public Equities to Fixed Income was lowered, there is a reduction in investment manager fees. Mr. Gopalan noted that the budget does not cover all the investment management fees that are paid to the investment managers, it only covers the ones the ERS is invoiced for. He stated a majority of the investment manager fees are paid directly out of the Fund to the managers. Mr. Gopalan noted in the last audited financial statement for 2022, the total investment fees were \$64 million dollars and that out of the actual budget, about \$10 million are paid. Mr. Allen said all the fees are disclosed in the financial statement including the ones taken out of the assets and not invoiced separately. Mr. Gopalan then discussed the Information Technology expenses and said they increased by \$140,000, due to the hardware replacement cycle and in 2025. Windows 10 is getting mothballed by Microsoft and the desktop computers cannot run Windows 11, so those will be replaced as part of the technology refresh. He talked about the other operating expenses and said the ERS charges an indirect cost for management of non-ERS benefits like Life Insurance and Retiree Health, so the charge is related to salaries and the ERS charges 4.2% of its salaries. Mr. Gopalan discussed the non-trust items and said they administer Group Life, two legacy plans (the Policemen's and Annuity and Benefit Fund (PABF) and the Firefighters' Annuity and Benefit Fund (FABF) that is listed as the Retirees' Benefit Adjustment). He said the PABF closed to new employees in 1948 and one beneficiary is left in the Fund. Mr. Gopalan said for the FABF, there are six members remaining in that Fund. Mr. Gopalan said for Group Life, the City has a contract with SunLife, which can be extended for another three years after the contract ends in 2025. Discussion ensued. Ms. King asked if it was customary to leave the Employer's Pension Contribution area blank on the Draft Budget Request. She said it then looks like the budget declined dramatically. Mr. Gopalan said historically it has been left blank on the draft budget, but the Budget office pays attention to this because it is a large number and affects a lot of things. He said going forward an estimate can be added, pending the actuarial valuation.

It was moved by Ms. King, and seconded by Mr. Klusman, to approve the Approval of Draft ERS 2025 Budget.



It was moved by Ms. King and seconded by Mr. Klusman to adjourn the meeting.

Mr. Heling adjourned the meeting at 9:55 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.)

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

Minutes of the Investment Committee Meeting  
held April 18, 2024 via teleconference

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

Committee Members Present:       Matthew Bell  
  Bill Christianson  
  Deborah Ford  
  Timothy Heling  
  Thomas Klusman, Chair

Committee Members Not Present:   Molly King (arrived 9:35 a.m.)  
  Rudy Konrad (excused)  
  Nik Kovac (arrived 9:46 a.m.)

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

Others present: Jason Ellement, John Jackson, Adam Lozinski, Callan; Patrick McClain, Robin Pederson, City Attorney's Office; Lauren Albanese, Financial Investment News; Carolyn Stittleburg, Legislative Audit Bureau; Terry Siddiqui, DS Consulting, Inc.

Mr. Klusman stated that the first agenda item Election of Vice Chair would be moved to the end of the meeting at the request of Ms. King due to her delayed attendance at the meeting as a result of having an earlier meeting that morning. Mr. Silber asked if there would also be a delay on the second item Approval of FactSet Client License Agreement as Amended. Mr. Klusman then went to the third agenda item for the Callan Investment Manager Due Diligence Report.

**Callan Investment Manager Due Diligence Report.** As a matter of information, committee members received from Callan the Investment Manager Due Diligence Report. Mr. Jackson provided a presentation and said the due diligence report provides an assessment summary of the different investment managers and strategies CMERS has within the portfolio. He talked about the strategies and the factors, including the managers overall, and what are considered the five P's (Product People, Philosophy/Process, Short- and Long-Term Performance, Product Dynamics, and Product Overall), in looking at the firms and the strategies. Mr. Jackson said there are some notable changes but nothing of significance that would say there are any concerns with the firms. Discussion ensued.

Mr. Klusman then continued to take the meeting out of order to the fifth agenda item CMERS 1<sup>st</sup> Quarter 2024 Preliminary Performance Update and the sixth agenda item Chief Investment Officer Report.

**CMERS 1<sup>st</sup> Quarter 2024 Preliminary Performance Update.** As a matter of information, committee members received from ERS staff the 1<sup>st</sup> Quarter 2024 Preliminary Performance Update. Mr. Sauer provided a presentation on the topics of Fund Overview, Public Equity, Fixed Income, Absolute Return, and Recent Performance Update. He said this was a preliminary report as Staff is waiting for one of the hedge fund returns to come in. Mr. Sauer took a look at the Market Environment and said it was a good quarter for stocks with the ACWI IMI up 7.7%. He said bonds were down as interest rates rose in response to economic growth and inflation coming in higher than the market expected, and with rates going up, caused bond prices to fall. Mr. Sauer said the Real Estate market, part of the Real Assets allocation, was down and digesting the higher rates and the impact those have on the valuations of properties making up the Real Estate fund. He said the ODCE benchmark is driving the -3.5% return. Mr. Sauer said Private Equity is benchmarked to a public index, the Russell 3000, from one quarter ago due to the lag in Private Equity reporting. He said that worked out to a return of 12.4% for the benchmark. Mr. Sauer said they do not get Private Equity reports during the first quarter of the calendar year due to the extra time Fund of Funds managers spend finalizing year-end audited values. He said Absolute Return stayed pretty constant based on the 90-Day T-Bill + 3% annual premium and that was a 2.1% benchmark for the first quarter. Mr. Sauer said the CMERS Benchmark for the first quarter was 3.9%. He discussed the Relative Performance Expectations and said the Value Equity Bias and Small Cap Equity Bias, which went against the Fund this month, but there was a benefit in Fixed Income Credit. Mr. Sauer stated with Private Equity, they are comparing no data, with a slight fee drag, to a benchmark that was up significantly so that ended up being the big detractor for performance for the quarter. He said for the first quarter, CMERS Total Fund has a preliminary net-of-fee return of 2.8% versus the CMERS Benchmark of 3.9%. Mr. Sauer said for the Total Fund Performance, there was underperformance in the quarter and the one-year period, even though the one-year return was 9.4%. He said there was nice outperformance over the three years and longer time periods. He said the main driver of Manager Performance was Private Equity with a -1.61% deduction from relative return. Mr. Sauer said DFA Strategies, Loomis Sayles, Morgan Stanley, Blair, AQR, and Aptitude all outperformed. He noted Style Bias, primarily small cap and value in public equity detracted 30 basis points. Mr. Sauer said they picked up a benefit to Real Assets which added 17 basis points to returns for the quarter. He discussed the asset allocation and said Public Equity is overweight at 40.4%, due to Public Equity going up 7.7% on an index basis in the quarter. Mr. Sauer said for the underweight Real Assets, they are working in the capital calls throughout 2024. He said it was a strong quarter for Public Equity with a slight underperformance with the value biases. Mr. Sauer discussed the outperforming Active Equity Managers and said AQR outperformed by 3.8% with a 6.1% first quarter return, DFA International outperformed by 2.9% with a 5.3% first quarter return, DFA U.S. Large Value outperformed by 2.5% with a 11.5% first quarter return, William Blair outperformed by 1.9% with a 6.8% first quarter return, BlackRock Global Alpha Tilts outperformed by 0.8% with a 9.0% first quarter return, DFA U.S. Small Value outperformed by 0.5% with a 3.4% first quarter return, and ERS Public Equity underperformed by 0.2% with a 7.5% first quarter return. He said a couple of the growth managers underperformed with Polen at 2.9% with a 7.6% first quarter return and MFS at 1.8% with a 6.4% first quarter return. Mr. Sauer noted Brandes had a slight underperformance at 0.6% with a 5.2% first quarter return and was strong in the one-, three-, and five-year periods with a 24% return in the one-year time period. He said Fixed

Income was negative in the first quarter as interest rates rose, but the managers generated some outperformance over the longer time periods. Mr. Sauer stated of the individual Fixed Income managers, Loomis Sayles had strong outperformance over all time periods, including the first quarter, Reams had slight outperformance this quarter and outperformance over the longer time periods. He said they are happy with how Fixed Income is navigating the volatile interest rate environment and while the returns are low, the yields on the portfolios are much higher than two years ago. Mr. Sauer then discussed Absolute Return and said the way it is benchmarked for the individual managers is by the SOFR (Secured Overnight Financing Rate), plus a 4% premium and for the total asset class, a T-bill plus 3% premium is used. He stated when they started Absolute Return in 2014, T-bills and SOFR were close to zero, but now they are in the 4% to 5% range. Mr. Sauer said Aptitude is now up 10.1% in the past year, outperforming their benchmark by 0.8%. He said UBS has a preliminary report of 2.4% for the quarter and 8.4% for the past year and underperforming the benchmark by 0.9%. Mr. Sauer concluded with a Performance Update and noted the Fund's Market Value is \$5.82 billion as of April 17, 2024. He said the first quarter performance for the Fund is 2.8%. Mr. Sauer said for April there were strong reversals with inflation and markets have pushed off their timing for Fed rate cuts, making stocks go down and interest rates rise so the Fund loses on the stock and bond portfolio. Mr. Sauer said the April estimate is down 2.6% and the year-to-date estimate through April 17 is 0.2% versus 1.4% for the benchmark. Discussion ensued regarding Private Equity. Mr. Silber added that the Fund's Private Equity program is materially outperforming its benchmark, the Russell 3000 plus 2-3%, over the past 3-year, 5-year, 7-year, and 10-year time periods.

**Chief Investment Officer Report.** Mr. Silber welcomed Keith Dickerson, the new senior analyst, to the Investment team. He stated Mr. Dickerson has over 10 years of investment industry experience, is a CFA Charterholder, and has an MBA from Marquette University. Mr. Silber added the ERS has an accepted offer on the other analyst position for a start date in early May. He said that person is also a CFA Charterholder. Mr. Silber said the support from the Board and the City regarding the new salary structure and the pay the ERS could offer made a difference. He stated the recruitment process was very competitive. Mr. Silber said they are responding to many audit requests now and are working with Mr. Gopalan and Ms. Hayes to get them the information they need. Mr. Silber said there have already been a few due diligence visits this year, and planning for the remaining visits scheduled for this year will start picking up in the next couple of months. He said Board members can attend the trips and learn about the investment managers and what the investment team does when conducting due diligence and evaluating the Fund's investment managers. He reminded the Board that they are ultimately in charge of approving the contracts, and the hiring and firing of the managers. Mr. Silber discussed the current market environment and the Fund's liquidity profile, mentioning that during the past year they have replenished the Fund's liquidity sources.

Mr. Klusman welcomed Mr. Dickerson and then took the meeting to agenda item IV, Callan Presentation on Act 12 Framework & Peer Group Comparison.

**Callan Presentation on Act 12 Framework & Peer Group Comparison.** As a matter of information, committee members received from Callan their Presentation on Act 12 Framework & Peer Group Comparison. Mr. Jackson introduced Messrs. Ellement and Lozinski from Callan's Capital Markets Group. He noted the Committee heard from them during the asset-liability studies which Callan performed. Mr. Jackson said that given the changes from the recent legislation, they

put together information with respect to Act 12. Mr. Ellement said the first part would be talking about Act 12 at a high level and Callan thought it was necessary to conduct another asset-liability study in Fall 2024 after just completing one in June 2023. He said Act 12 modifies the CMERS Plan, and as a result the Committee may want to consider alternative asset mixes and de-risking approaches, reassesses liquidity needs and gradual winding down of illiquid investments, explore investment solutions such as cash flow matching, and re-assesses contribution volatility in light of Act 12 requirements. Mr. Ellement said in the second part of the presentation, Mr. Lozinski would discuss a peer group comparison. Mr. Ellement discussed the following topics:

- Act 12 Is A Game Changer
- Current Target Allocation
- Projected Funded Status
- CMERS Expected Benefit Payments
- Time Horizon
- S&P 500 Rolling Returns for 70 Years Ending 12/31/2023
- Liability Duration
- De-Risking Glide Path Strategies
- Liquidity

Mr. Lozinski presented the following topics to the Committee:

- Public Fund Return Assumptions
- Funded Status and Return Assumption
- Public Equity Target Allocation and Return Assumption
- Funded Status and Public Equity Target Allocation
- Public Fund Net Cashflows
- Net Cashflows and Liquid Assets Target Allocation
- Net Cashflows and Funded Status
- Callan Public Plan Universe Projected Risk and Return

Mr. Klusman then went to agenda item II., the Approval of FactSet Client License Agreement as Amended.

**Approval of FactSet Client License Agreement as Amended.** As a matter of information, Committee members received the FactSet Client License Agreement Amendment and FactSet Client License Agreement. Mr. Silber said FactSet is the internal system the Investment team heavily relies on for the Board reports and quarterly presentations they prepare. He said they input the data from the custodian; returns, holdings for stock and bond managers, market values, and weights. Mr. Silber said over the years they have customized many charts. He said FactSet also calculates the short- and long-term attribution, and holdings and exposure characteristics within the Fund's stock allocation. He said they have had FactSet since 2019, but had used three other systems previously. He said two systems were replaced with FactSet in 2019. Mr. Silber said the initial cost in 2019 was about \$65,500, and with annual increases it was about \$80,000 in 2023. He noted in the amendment, there is a first-year cost of \$83,285, which includes about \$10,000 in discounts FactSet offered. Mr. Silber said there are annual increases built into this. He said FactSet has recently talked about improved Fixed Income analysis that Staff is looking forward to learning more about. Mr. Silber said although this has not been vetted by the City Attorney's office, it is more of a user agreement which is non-negotiable because FactSet only utilizes CMERS'

investment holdings and return data and provides output. Mr. Silber noted three items in the amendment – the updated fee schedule, the permission to say the ERS is a client of theirs, and some language on AI, which, he said, may become more common in agreements. Discussion ensued.

It was moved by Mr. Klusman, seconded by Mr. Heling, and unanimously carried, to approve the Approval of FactSet Client License Agreement as Amended.

Mr. Klusman returned the meeting to Agenda item I. Election of Vice Chair.

**Election of Vice Chair.** Ms. King nominated Ms. Ford to be Vice Chair of the Investment Committee. Ms. Ford said she would be honored to be Vice Chair of the Investment Committee. Mr. Klusman asked three times for nominations. It was moved by Ms. King, seconded by Mr. Bell, and unanimously carried, to elect Ms. Ford as Vice Chair of the Investment Committee.

It was moved by Ms. King and seconded by Mr. Bell to adjourn the meeting.

There being no further business, Mr. Klusman adjourned the meeting at 11:22 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: 2024-05-31**

	Budget	2024-1	2024-2	2024-3	2024-4	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	349,712.62	478,458.42	344,187.61	1,408,804.64	-	(1,408,804.64)
Overtime Premium	-	65.67	46.60	-	17.86	130.13	-	(130.13)
Other Worked Compensation	-	-	-	-	294.00	294.00	-	(294.00)
Time Paid Not Worked	-	123,944.27	19,059.21	80,714.21	36,373.12	260,090.81	-	(260,090.81)
Employee Salaries & Wages	\$ 5,002,345.00	360,455.93	368,818.43	559,172.63	380,872.59	\$ 1,669,319.58	\$ -	\$ 3,333,025.42
Fringe Benefits Applied	2,251,055.00	-	-	-	-	-	-	2,251,055.00
Fringe Benefits Applied	-	124,252.37	183,773.99	251,429.93	180,870.60	740,326.89	-	(740,326.89)
Applied Employee Benefits	\$ 2,251,055.00	124,252.37	183,773.99	251,429.93	180,870.60	\$ 740,326.89	\$ -	\$ 1,510,728.11
Operating Expenditures	16,305,400.00	-	-	-	-	-	-	16,305,400.00
Office Supplies	-	349.31	969.71	123.32	596.60	2,038.94	-	(2,038.94)
Printed Forms	-	-	-	625.55	-	625.55	-	(625.55)
Magazines, Subscription	-	479.46	472.43	3,257.62	150.20	4,359.71	-	(4,359.71)
Postal and Mailing Services	-	130.00	12,219.29	13,567.05	14,473.89	40,390.23	-	(40,390.23)
Electricity	-	-	3,839.62	3,331.16	3,387.15	10,557.93	-	(10,557.93)
Other Operating Supply	-	1,450.00	769.65	601.92	-	2,821.57	-	(2,821.57)
Building Rental	-	75,773.06	52,700.39	39,288.27	40,525.36	208,287.08	-	(208,287.08)
Printing & Dupl Machine Rental	-	1,126.29	-	4,056.58	2,081.83	7,264.70	-	(7,264.70)
Consulting	-	16,921.68	47,549.15	48,145.48	41,754.90	154,371.21	-	(154,371.21)
Medical, Surgical & Lab	-	5,500.00	30,315.35	12,813.17	18,497.05	65,365.57	-	(65,365.57)
Administrative Charges	-	14,136.29	53,461.14	33,792.26	49,331.31	150,721.00	-	(150,721.00)
Other Professional Services	-	(1,233,143.40)	573,608.34	460,628.42	6,150.01	(192,756.63)	-	192,756.63
Systems Support	-	-	27,965.00	71,590.00	48,233.00	147,788.00	-	(147,788.00)
IT Infrastructure	-	-	6,170.00	7,362.00	-	13,532.00	-	(13,532.00)
Infrastructure	-	-	-	-	537.81	537.81	-	(537.81)
Telephone, Communications	-	5,721.23	4,245.76	9,976.28	160.76	20,104.03	-	(20,104.03)
Bldgs-Machinery & Equip Repair	-	-	-	-	3,148.58	3,148.58	-	(3,148.58)
Travel & Subsistence	-	5,667.01	1,973.23	851.19	5,064.71	13,556.14	-	(13,556.14)
Printing Services	-	-	840.70	223.83	2,368.44	3,432.97	-	(3,432.97)
Insurance-Non Health	-	11,569.00	-	-	-	11,569.00	-	(11,569.00)
Other Misc Services	-	14,121.84	210.00	2,194.71	826.21	17,458.48	-	(17,458.48)
Operating Expenditures	\$ 16,305,400.00	(1,080,198.23)	817,309.76	712,428.81	237,287.81	\$ 685,173.87	\$ -	\$ 15,620,226.13
All Equipment	713,000.00	-	-	-	-	-	-	713,000.00
Computer Server & Components	-	10,194.14	37,375.00	-	-	47,569.14	-	(47,569.14)
Total Equipment	\$ 713,000.00	10,194.14	37,375.00	-	-	\$ 47,569.14	\$ -	\$ 665,430.86
<b>Total Regular Class</b>	<b>\$ 24,271,800.00</b>	<b>(585,295.79)</b>	<b>1,407,277.18</b>	<b>1,523,031.37</b>	<b>799,031.00</b>	<b>\$ 3,142,389.48</b>	<b>\$ -</b>	<b>\$ 21,129,410.52</b>
<i>Other Departmental Appropriations:</i>								
Pol Pension Lump-Sum Sup Cont	2,000.00	-	-	2,000.00	-	2,000.00	-	-
PABF Payroll	12,000.00	-	1,000.00	1,000.00	-	2,000.00	-	10,000.00
Group Life Insurance Premium	4,200,000.00	-	696,585.42	338,945.41	337,745.11	1,373,275.94	-	2,826,724.06
Retiree's Benefit Adjustment	25,000.00	1,467.22	-	2,578.33	-	4,045.55	-	20,954.45
Other Classes	\$ 4,239,000.00	1,467.22	697,585.42	344,523.74	337,745.11	\$ 1,381,321.49	\$ -	\$ 2,857,678.51
<b>Total Dept Appropriations</b>	<b>\$ 28,510,800.00</b>	<b>(583,828.57)</b>	<b>2,104,862.60</b>	<b>1,867,555.11</b>	<b>1,136,776.11</b>	<b>\$ 4,523,710.97</b>	<b>\$ -</b>	<b>\$ 23,987,089.03</b>

# Monthly Board Report

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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	89,247,272.50	0.00	0.00	0.00	0.00	89,247,272.50
2605491	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	1.51%
MILWAUKEE-THE NORTHERN TRS	0.00	0.00	199,310,701.00	0.00	0.00	0.00	199,310,701.00
2605496	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.38%
MILWAUKEE-ERS EXPENSE FUND	0.00	483,741.40	0.00	0.00	0.00	0.00	483,741.40
2605504	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.01%
MILWAUKEE-PABF BENEFIT PAYMENT	0.00	2,698.65	0.00	0.00	0.00	0.00	2,698.65
2610128	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MILWAUKEE-DFA INTERNATIONAL	0.00	0.00	168,825,056.70	0.00	0.00	0.00	168,825,056.70
2619838	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	2.86%
MILWAUKEE-EARNEST -SL	0.00	5,418,021.56	159,790,821.50	0.00	0.00	0.00	165,208,843.00
2630942	0.00%	3.28%	96.72%	0.00%	0.00%	0.00%	2.80%
MILWAUKEE - UBS A&Q	0.00	0.00	0.00	0.00	258,840,254.80	0.00	258,840,254.80
2637239	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	4.39%
MILWAUKEE-DFA	0.00	0.00	179,809,258.10	0.00	0.00	0.00	179,809,258.10
2637848	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.05%
MILWAUKEE-BAIRD	0.00	27,080,368.18	0.00	60,508,106.50	0.00	-1,672,481.25	85,915,993.43
2674604	0.00%	31.52%	0.00%	70.43%	0.00%	-1.95%	1.46%
MILWAUKEE - BLACKROCK R1000V	0.00	0.00	201,128,299.10	0.00	0.00	0.00	201,128,299.10
4472746	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.41%
MILWAUKEE-LOOMIS SAYLE	8,306,026.60	0.00	7,924,221.14	436,611,294.50	0.00	-4,390,796.92	448,450,745.30
CME01	1.85%	0.00%	1.77%	97.36%	0.00%	-0.98%	7.61%
MILWAUKEE-BRANDES INT'L EQUITY	4,141,324.42	0.00	329,273,127.50	0.00	1,998,065.01	0.00	335,412,516.90
CME03	1.23%	0.00%	98.17%	0.00%	0.60%	0.00%	5.69%
MILWAUKEE-REAMS	135,493,462.30	0.00	0.00	806,672,742.60	6,255,660.98	-244,890,636.60	703,531,229.30
CME04	19.26%	0.00%	0.00%	114.66%	0.89%	-34.81%	11.94%
MILWAUKEE-BLAIR	1,280,270.99	0.00	225,599,490.80	0.00	950,226.47	-57.30	227,829,931.00
CME05	0.56%	0.00%	99.02%	0.00%	0.42%	0.00%	3.87%
MILWAUKEE-MFS	2,335,383.35	0.00	199,160,453.40	0.00	451,920.21	0.00	201,947,756.90
CME12	1.16%	0.00%	98.62%	0.00%	0.22%	0.00%	3.43%



# Monthly Board Report

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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-POLEN 2644553	0.00 0.00%	3,443,775.83 2.91%	114,968,716.10 97.09%	0.00 0.00%	0.00 0.00%	0.00 0.00%	118,412,492.00 2.01%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	175,345,333.10 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	175,345,333.10 2.98%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	254,045,269.90 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	254,045,269.90 4.31%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	113,513,011.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	113,513,011.00 1.93%
MILWAUKEE-APTITUDE / 4479682 4479682	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	192,008,231.00 100.00%	0.00 0.00%	192,008,231.00 3.26%
MILWAUKEE - DFA US LCV CME15	521,338.77 0.35%	0.00 0.00%	147,280,055.00 99.63%	0.00 0.00%	0.00 0.00%	24,663.79 0.02%	147,826,057.60 2.51%
MILWAUKEE-REAL ESTATE MULTIPLE	0.00 0.00%	-250,594.02 -0.06%	0.00 0.00%	0.00 0.00%	448,492,454.33 100.00%	246,019.27 0.05%	448,487,879.53 7.61%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	764,965,099.00 100.00%	0.00 0.00%	764,965,099.00 12.98%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	400,565,028.40 100.00%	0.00 0.00%	0.00 0.00%	400,565,028.40 6.80%

# Monthly Board Report

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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
<b>Total for consolidation</b>	<b>152,077,806.43</b>	<b>125,425,284.10</b>	<b>2,475,973,814.34</b>	<b>1,704,357,172.00</b>	<b>1,686,461,911.80</b>	<b>-250,683,289.01</b>	<b>5,893,612,699.61</b>
<b>% for consolidation</b>	<b>2.58%</b>	<b>2.13%</b>	<b>42.01%</b>	<b>28.92%</b>	<b>28.62%</b>	<b>-4.25%</b>	<b>100.00%</b>

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 APRIL 30, 2024**

<b>Date</b>	<b>Amounts Expended</b>			<b>Balance</b>
	<b>Income From Lending</b>	<b>Fees</b>	<b>Administrative Transfers</b>	
<b>Balance 12-31-23</b>				<b>\$852,821.09</b>
<b>Quarter 1 Totals</b>	\$497,937.30	\$97,968.54	\$853,000.00	\$399,789.85
04/03/24	\$1,685.67	\$0.00	\$0.00	\$401,475.52
04/15/24	\$100,520.69	\$20,098.36	\$0.00	\$481,897.85
<b>Current Totals</b>	<b>\$600,143.66</b>	<b>\$118,066.90</b>	<b>\$853,000.00</b>	<b>\$481,897.85</b>

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

**MERS PERFORMANCE ESTIMATES**  
**April 30, 2024**

Account	2023 Return	1st Quarter 2024	Apr 2024	YTD Thru 4/30/24
<b>Northern Trust S&amp;P 500 Index</b>	26.30%	10.55%	-4.08%	6.04%
S&P 500	<u>26.29%</u>	<u>10.56%</u>	<u>-4.08%</u>	<u>6.04%</u>
Difference	0.01%	-0.01%	0.00%	0.00%
<b>BlackRock Russell 1000 Value Index</b>	11.51%	8.99%	-4.27%	4.33%
Russell 1000 Value	<u>11.46%</u>	<u>8.99%</u>	<u>-4.27%</u>	<u>4.33%</u>
Difference	0.05%	0.00%	0.00%	0.00%
<b>DFA US Large Cap Value</b>	12.49%	11.56%	-4.37%	6.69%
Russell 1000 Value	<u>11.46%</u>	<u>8.99%</u>	<u>-4.27%</u>	<u>4.33%</u>
Difference	1.03%	2.58%	-0.10%	2.36%
<b>Polen</b>	38.59%	7.73%	-5.51%	1.79%
S&P 500	<u>26.29%</u>	<u>10.56%</u>	<u>-4.08%</u>	<u>6.04%</u>
Difference	12.30%	-2.83%	-1.43%	-4.25%
<b>Earnest</b>	17.75%	8.17%	-5.93%	1.75%
Russell MidCap	<u>17.23%</u>	<u>8.60%</u>	<u>-5.40%</u>	<u>2.73%</u>
Difference	0.52%	-0.43%	-0.53%	-0.98%
<b>CastleArk</b>	10.67%	8.75%		8.75%
Russell 2000 Growth	<u>18.66%</u>	<u>2.17%</u>		<u>2.17%</u>
Difference	-7.99%	6.58%		6.58%
<b>DFA US Small Cap Value</b>	21.83%	3.61%	-5.94%	-2.54%
Russell 2000 Value	<u>14.65%</u>	<u>2.90%</u>	<u>-6.37%</u>	<u>-3.66%</u>
Difference	7.18%	0.71%	0.43%	1.12%
<b>Brandes</b>	31.52%	5.27%	-1.04%	4.17%
MSCI EAFE	<u>18.24%</u>	<u>5.78%</u>	<u>-2.56%</u>	<u>3.08%</u>
Difference	13.29%	-0.52%	1.52%	1.09%
<b>William Blair</b>	15.90%	6.83%	-4.65%	1.86%
MSCI ACWI ex US	<u>16.21%</u>	<u>4.81%</u>	<u>-1.72%</u>	<u>3.01%</u>
Difference	-0.31%	2.02%	-2.94%	-1.15%
<b>DFA Int'l Small Cap Value</b>	17.56%	5.32%	-1.16%	4.09%
MSCI EAFE Small Cap	<u>13.16%</u>	<u>2.40%</u>	<u>-2.97%</u>	<u>-0.64%</u>
Difference	4.40%	2.92%	1.81%	4.73%
<b>AQR</b>	17.92%	6.14%	0.46%	6.63%
MSCI EM	<u>9.83%</u>	<u>2.37%</u>	<u>0.45%</u>	<u>2.83%</u>
Difference	8.09%	3.77%	0.01%	3.80%
<b>BlackRock Global Alpha Tilts</b>	23.33%	9.12%	-3.48%	5.32%
MSCI ACWI	<u>22.20%</u>	<u>8.20%</u>	<u>-3.30%</u>	<u>4.63%</u>
Difference	1.13%	0.92%	-0.18%	0.69%
<b>MFS</b>	21.34%	6.48%	-3.88%	2.35%
MSCI ACWI	<u>22.20%</u>	<u>8.20%</u>	<u>-3.30%</u>	<u>4.63%</u>
Difference	-0.87%	-1.72%	-0.58%	-2.28%
<b>BlackRock Gov't Bond Index</b>	4.26%	-0.90%	-2.24%	-3.11%
Bloomberg Gov't Bond	<u>4.09%</u>	<u>-0.93%</u>	<u>-2.30%</u>	<u>-3.21%</u>
Difference	0.17%	0.04%	0.06%	0.10%
<b>Reams</b>	6.76%	-0.63%	-2.77%	-3.39%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.78%</u>	<u>-2.53%</u>	<u>-3.28%</u>
Difference	1.23%	0.14%	-0.24%	-0.11%
<b>Loomis Sayles</b>	8.53%	0.63%	-2.39%	-1.78%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.78%</u>	<u>-2.53%</u>	<u>-3.28%</u>
Difference	3.00%	1.41%	0.13%	1.50%
<b>UBS</b>	6.80%	2.57%	0.37%	2.95%
SOFR + 4%	<u>9.02%</u>	<u>2.31%</u>	<u>0.78%</u>	<u>3.11%</u>
Difference	-2.21%	0.27%	-0.41%	-0.16%
<b>Aptitude</b>	5.24%	4.80%	0.00%	4.81%
SOFR + 4%	<u>9.02%</u>	<u>2.31%</u>	<u>0.78%</u>	<u>3.11%</u>
Difference	-3.78%	2.50%	-0.78%	1.70%
<b>Principal</b>	3.31%	1.68%	-1.79%	-0.15%
Blended Benchmark	<u>4.31%</u>	<u>0.67%</u>	<u>-1.53%</u>	<u>-0.87%</u>
Difference	-1.00%	1.01%	-0.26%	0.72%
<b>Baird</b>	5.46%	0.96%	-0.01%	0.95%
Bloomberg Govt/Credit 1-3 Year	<u>4.61%</u>	<u>0.42%</u>	<u>-0.33%</u>	<u>0.09%</u>
Difference	0.85%	0.54%	0.32%	0.86%
<b>Total MERS</b>	<b>9.98%</b>	<b>2.82%</b>	<b>-2.08%</b>	<b>0.69%</b>

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)  
 CastleArk performance runs through February 14, 2024.

# ACTUAL ALLOCATIONS

April 30, 2024

		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 199,310,701	3.43%
	BlackRock (Russell 1000 Value)	3.45%	\$ 201,128,299	3.46%
	Sub-Total Passive Large Cap Equity	6.90%	\$ 400,439,000	6.89%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 118,412,492	2.04%
	DFA (Russell 1000 Value)	2.46%	\$ 147,826,058	2.54%
	Sub-Total Active Large Cap Equity	4.40%	\$ 266,238,550	4.58%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	\$ 165,208,843	2.84%
	CastleArk (Russell 2000 Growth)	0.00%	\$ -	0.00%
	DFA (Russell 2000 Value)	3.05%	\$ 179,809,258	3.10%
	Sub-Total Active Mid/Small Cap Equity	6.24%	\$ 345,018,101	5.94%
Total Domestic		17.55%	\$ 1,011,695,651	17.42%
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 335,412,517	5.77%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 227,829,931	3.92%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 168,825,057	2.91%
	AQR (MSCI EM)	1.76%	\$ 113,513,011	1.95%
Total International		13.65%	\$ 845,580,516	14.56%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 254,045,270	4.37%
	MFS (MSCI ACWI)	3.51%	\$ 201,947,757	3.48%
Total Global		7.80%	\$ 455,993,027	7.85%
<b>Total Public Equity</b>		<b>39.00%</b>	<b>\$ 2,313,269,193</b>	<b>39.82%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 307,838,330	5.30%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 285,634,917	4.92%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 70,588,139	1.22%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 100,903,713	1.74%
<b>Total Private Equity</b>		<b>12.00%</b>	<b>\$ 764,965,099</b>	<b>13.17%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>51.00%</b>	<b>\$ 3,078,234,292</b>	<b>52.99%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash		1.00%	\$ 89,733,713	1.54%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 400,565,028	6.90%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	\$ 703,531,229	12.11%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 448,450,745	7.72%
	Sub-Total Active Fixed Income	20.78%	\$ 1,151,981,975	19.83%
<b>Total Fixed Income</b>		<b>29.00%</b>	<b>\$ 1,642,280,716</b>	<b>28.27%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 192,014,655	3.31%
	UBS (SOFR + 4%)	4.00%	\$ 259,794,328	4.47%
<b>Total Absolute Return</b>		<b>7.00%</b>	<b>\$ 451,808,983</b>	<b>7.78%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>36.00%</b>	<b>\$ 2,094,089,699</b>	<b>36.05%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 107,734,921	1.85%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 144,358,834	2.49%
	LaSalle (NFI-ODCE)	2.30%	\$ 105,165,929	1.81%
	Prologis (NFI-ODCE)	1.30%	\$ 80,862,796	1.39%
	Harrison Street (NFI-ODCE)	0.90%	\$ 12,500,000	0.22%
	Sub-Total Private Real Estate - Core	9.70%	\$ 450,622,480	7.76%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 10,365,399	0.18%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 175,345,333	3.02%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 636,333,213</b>	<b>10.95%</b>
<b>TOTAL ERS</b>			<b>\$ 5,808,657,204</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>	<b>R. W. Baird</b>		<b>85,915,993</b>	

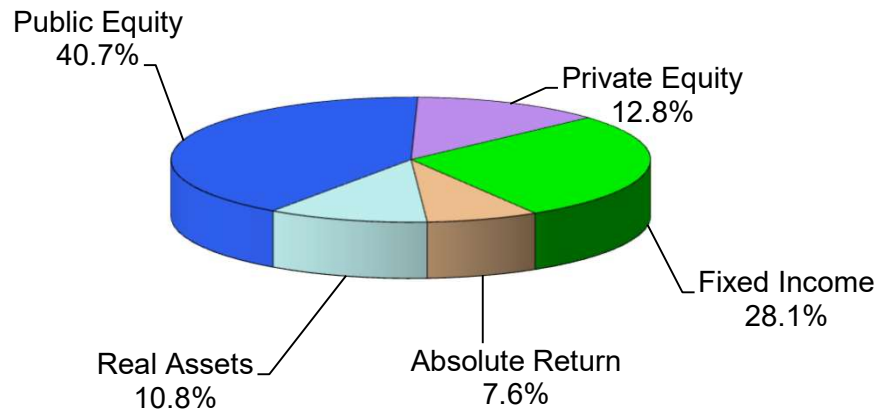
# PROJECTED TARGET ALLOCATIONS

May 21, 2024

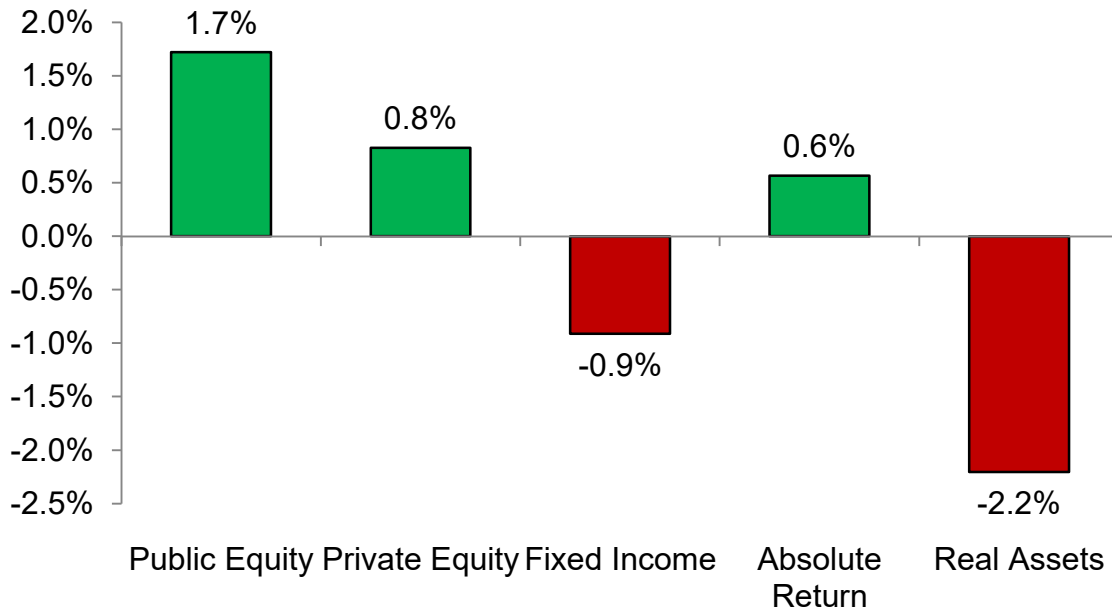
		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 210,872,896	3.53%
	BlackRock (Russell 1000 Value)	3.45%	\$ 209,525,156	3.51%
	Sub-Total Passive Large Cap Equity	6.90%	\$ 420,398,052	7.04%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 124,481,231	2.08%
	DFA (Russell 1000 Value)	2.46%	\$ 152,467,909	2.55%
	Sub-Total Active Large Cap Equity	4.40%	\$ 276,949,140	4.64%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	\$ 169,695,163	2.84%
	DFA (Russell 2000 Value)	3.05%	\$ 190,549,486	3.19%
	Sub-Total Active Mid/Small Cap Equity	6.24%	\$ 360,244,648	6.03%
Total Domestic		17.55%	\$ 1,057,591,840	17.71%
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 355,299,176	5.95%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 237,578,731	3.98%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 178,535,556	2.99%
	AQR (MSCI EM)	1.76%	\$ 118,888,717	1.99%
Total International		13.65%	\$ 890,302,181	14.91%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 269,375,964	4.51%
	MFS (MSCI ACWI)	3.51%	\$ 214,156,398	3.59%
Total Global		7.80%	\$ 483,532,362	8.10%
Total Public Equity		39.00%	\$ 2,431,426,383	40.72%
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 308,675,431	5.17%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 285,634,917	4.78%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 70,451,438	1.18%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 101,101,519	1.69%
Total Private Equity		12.00%	\$ 765,863,305	12.83%
TOTAL EQUITY (Public Equity + Private Equity)		51.00%	\$ 3,197,289,688	53.55%
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash		1.00%	\$ 90,346,317	1.51%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 407,568,924	6.83%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	\$ 720,619,241	12.07%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 458,764,251	7.68%
	Sub-Total Active Fixed Income	20.78%	\$ 1,179,383,492	19.75%
Total Fixed Income		29.00%	\$ 1,677,298,733	28.09%
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 192,014,655	3.22%
	UBS (SOFR + 4%)	4.00%	\$ 259,794,328	4.35%
Total Absolute Return		7.00%	\$ 451,808,983	7.57%
TOTAL FIXED INCOME & ABSOLUTE RETURN		36.00%	\$ 2,129,107,717	35.66%
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 107,734,921	1.80%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 144,358,834	2.42%
	LaSalle (NFI-ODCE)	2.30%	\$ 105,166,209	1.76%
	Prologis (NFI-ODCE)	1.30%	\$ 80,862,796	1.35%
	Harrison Street (NFI-ODCE)	0.90%	\$ 12,500,000	0.21%
	Sub-Total Private Real Estate - Core	9.70%	\$ 450,622,760	7.55%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 10,023,638	0.17%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 184,048,605	3.08%
TOTAL REAL ASSETS		13.00%	\$ 644,695,003	10.80%
TOTAL ERS			\$ 5,971,092,409	100.00%
Total City Reserve Fund	R. W. Baird		86,402,206	

# 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>May 21, 2024</u>		
Retiree Payroll Expense		\$ (156,869,698)	
PABF Payroll Expense		\$ (4,000)	
Expenses Paid		\$ (6,363,343)	
GPS Benefit Payments		\$ (2,651,828)	
Sub-Total Monthly Cash Outflows			\$ (165,888,868)
Monthly Cash Inflows thru	<u>May 21, 2024</u>		
Contributions		\$ 219,460,161	
PABF Contribution		\$ 4,000	
Sub-Total Monthly Contributions			\$ 219,464,161
Capital Market Gain/(Loss)			<u>\$ 206,646,310</u>
Value including City Reserve & PABF Accounts as of	<u>May 21, 2024</u>		<u>\$ 6,057,494,615</u>
Less City Reserve Account <sup>1</sup>			\$ 86,402,206
Less PABF Fund <sup>2</sup>			\$ 2,707
Net Projected ERS Fund Value as of	<u>May 21, 2024</u>		<u><u>\$ 5,971,089,702</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 5/22/2024

(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	
<b>Beginning Cash Account Balance</b>													
Townsend Cash Account	-	-	-	-	-								
Cash Contribution Account	-	-	-	-	-								
Milwaukee Cash Account	46,059	179,092	167,742	134,564	88,675								
Total Cash Available	46,059	179,092	167,742	134,564	88,675								
Less: Estimated Cash Needs for non-Investment Outflows	39,500	39,500	39,500	39,500	39,500								
Cash Available for Other Outflows	6,559	139,592	128,242	95,064	49,175								
<b>For Monthly Cash Outflows of:</b>													
Retiree Payroll Expense	(40,300)	(39,713)	(39,957)	(39,552)	(40,368)	(40,466)	(40,565)	(40,664)	(40,763)	(40,862)	(40,962)	(41,062)	(485,234)
Normal Retirement Payroll	(39,242)	(38,947)	(39,410)	(39,270)	(39,368)	(39,466)	(39,565)	(39,664)	(39,763)	(39,862)	(39,962)	(40,062)	(474,582)
Retiree Lump Sum Payments	(1,058)	(765)	(546)	(282)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(10,652)
Real Estate Capital Calls	-	-	(23)	(12,500)	-	-	-	-	-	-	-	-	(12,523)
Private Equity Capital Calls	(2,149)	(3,464)	(6,173)	(14,033)	(614)	-	-	-	-	-	-	-	(26,433)
Expenses Paid through City	(2,023)	(2,156)	(1,198)	-	(986)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(2,023)	(20,524)
PABF Payroll	(1)	(3)	(1)	(1)	-	-	-	-	-	-	-	-	(4)
Sub-Total Monthly Cash Outflows	(44,472)	(45,336)	(47,351)	(66,085)	(41,968)	(42,489)	(42,588)	(42,687)	(42,786)	(42,885)	(42,985)	(43,085)	(544,718)
<b>For Monthly Cash Inflows:</b>													
Sponsoring Agency and Employee Contribution	2,710	2,721	2,049	3,675	2,735	2,742	2,749	4,133	2,762	2,769	2,776	2,783	34,604
Real Estate Distributions	1,920	-	92	4,428	-	-	-	-	-	-	-	-	6,441
Private Equity Distributions	904	3,891	11,310	1,935	1,047	-	-	-	-	-	-	-	19,087
Miscellaneous Income	163	950	790	755	573	95	95	95	95	95	95	95	3,896
Security Lending Transfer	853	-	-	-	-	-	-	-	-	-	-	-	853
City and Agency Required Contribution	205,954	987	-	-	-	-	-	-	-	-	-	-	206,941
PABF Inflow	-	1	-	3	1	-	-	-	-	-	-	-	5
Sub-Total Monthly Cash Inflows	212,505	8,551	14,242	10,796	4,355	2,837	2,844	4,228	2,857	2,864	2,871	2,878	271,827
Net Monthly Cash Inflows/(Outflows) Before Withdrawals	168,033	(36,785)	(33,110)	(55,290)	(37,613)	(39,653)	(39,744)	(38,459)	(39,929)	(40,021)	(40,114)	(40,207)	(272,891)
Net Monthly Cash Surplus (Need)	174,592	102,807	95,132	39,775	11,562	(39,653)	(39,744)	(38,459)	(39,929)	(40,021)	(40,114)	(40,207)	145,741
<b>Monthly Cash Withdrawals (Additions)</b>													
AQR													
BlackRock Global Alpha Tilts			9,400										
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			7,400										
Polen			4,500										
Principal													
Reams													
Transition Account		25,435	33										
UBS A&Q	19,000												
Goldman/Aptitude			(12,000)										
William Blair													
Sub-Total Monthly Cash Withdrawals	(35,000)	25,435	9,333	-	-								
<b>Estimated Month-End Cash Balance</b>													
Cash Available	139,592	128,242	104,464	39,775	11,562								
Estimated Cash Needs for non-Investment Outflows	39,500	39,500	39,500	39,500	39,500								
Total Cash Estimated on Hand For Next Month	179,092	167,742	143,964	79,275	51,062								