REGULAR MEETING OF THE ANNUITY AND PENSION BOARD
EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
789 N. WATER ST. (Employes' Retirement System)
WEDNESDAY, JULY 22, 2026 – 9:00 A.M.

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

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

REGULAR MEETING

I. Approval of Minutes.
  A. Regular Meeting Held June 24, 2026.

II. Chief Investment Officer Report.

III. New Business.
  A. Retirements, Death Claims, and Refunds (June).
  B. Conference Requests – July 22, 2026 Board Meeting.
  C. Approval of 2025 Basic Financial Statements - Unaudited.
  D. Approval to Suspend Disability Benefits for Non-Compliance with Outside Earnings Limitation.
  E. Approval of August Resolution.

IV. Medical Reports.
  A. All Duty & Ordinary Disability Applications & Re-examinations (July).

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following items (IV.B.), as provided in Section 19.85(1)(f), Wisconsin 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.
  B. Disability Findings.
    - Frank Lockett

V. Unfinished Business.

A. Pending Legal Opinions and Service Requests Report.

B. Pending Legislation Report.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (V.C.), as provided in Section 19.85(1)(g), Wisconsin State Statutes, to confer with legal counsel concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Board may then vote to reconvene in open session following the closed session.

C. Pending Litigation Report.

D. Executive Director's Report – Inventory of ERS Projects.

VI. Informational.

A. Conferences.

B. Class Action Income 2026 YTD.

C. Minutes of the Investment Committee Meeting Held June 4, 2026.

D. Minutes of the Administration and Operations Committee Held June 17, 2026.

E. Report on Bills.

F. Securities Lending Revenue and Budget Report.

G. Preliminary Performance Report and Asset Allocation.

MEETING REMINDERS

INVESTMENT COMMITTEE MEETING

THURSDAY, SEPTEMBER 10, 2026 – 9:00 A.M.

789 N. WATER ST.

ADMINISTRATION & OPERATIONS COMMITTEE MEETING

THURSDAY, SEPTEMBER 17, 2026 – 9:00 A.M.

789 N. WATER ST.

REGULAR MEETING OF THE ANNUITY AND PENSION BOARD

THURSDAY, SEPTEMBER 24, 2026 – 9:00 A.M.

789 N. WATER ST.

I.

APPROVAL OF MINUTES

A. Regular Meeting Held June 24, 2026.

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

Minutes of the Regular Meeting
held June 24, 2026 via teleconference

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

Board Members Present:	Jerry Allen John Barmore Matthew Bell, Chair Bill Christianson Justin DeCleene Timothy Heling
Board Members Not Present:	Deborah Ford (arrived 9:18 a.m.) Nik Kovac (arrived 9:05 a.m.)
Retirement System Staff Present:	Patrick McClain, Executive Director Daniel Gopalan, Deputy Director Gust Petropoulos, Deputy Director David Silber, Chief Investment Officer Erich Sauer, Deputy Chief Investment Officer Keith Dickerson, Pension Investment Analyst - Senior Thomas Courtright, Pension Investment Analyst II Robin Hayes, Pension Accounting Manager Mary Turk, Business Operations Analyst Jan Wills, Board Stenographer

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

Approval of Minutes.

Regular Meeting Held May 27, 2026.

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

Chief Investment Officer Report.

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

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

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

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

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

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

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

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

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

New Business.

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Committee Report.

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

The Board did not convene in closed session as noticed.

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

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

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

Approval of Statement of Investment Policy Update.

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

A&O Committee Report.

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

Approval of A&O Committee Internal Audit Charter.

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

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

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

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

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

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

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

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

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

New Business.

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

Administrative Withdrawal	$11,768.66
Full Refund	$79,096.16
Active Death Benefits reported	$0.00
Deferred Death	$0.00
Deferred Death-Member Only Refund	$0.00
Ordinary Death Benefits reported	$0.00
Retired Death Benefits reported	$35,413.97
Survivor Death – Termination Benefits reported	$14,671.08
Refund of Member Contributions paid	$44,909.72

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

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

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

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

David Silber	Brandes and DFA Due Diligence
Sponsors:	Brandes and DFA
Locations:	Santa Monica and La Jolla, CA
Date(s):	September 22-24, 2026
Estimated Cost:	$1,950.00
David Silber	2026 LaSalle Americas Investor Summit
Sponsor:	LaSalle Investment Management
Location:	Chicago, IL
Date(s):	October 29-30, 2026
Estimated Cost:	$500.00
David Silber	The Institutional Partnership – Leaders Retreat
Sponsors:	With Intelligence / S&P Global
Location:	Miami, FL
Date(s):	November 15-18, 2026
Estimated Cost:	$2,100.00

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

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

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

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

Medical Reports.

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

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

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

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

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

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

Unfinished Business.

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

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

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (VI.C.) as provided in Section 19.85(1)(g), Wisconsin State Statutes, to confer with legal counsel concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Board may then vote to reconvene in open session following the closed session.

Pending Litigation Report. Ms. Rollings did not anticipate needing to go into closed session but if Board members have questions that would require closed session, a motion could be entertained at that time. She said her only update was under Part 2., The Frank Lockett Administrative Case. Ms. Rollings noted both parties submitted post-hearing briefs on June 8,

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

The Board did not convene in closed session as noticed.

Executive Director's Report – Inventory of ERS Projects. As a matter of information, Staff presented a report on the ERS projects and updated the Board on ERS activities, a copy of which is on file with the Board Secretary and by reference incorporated as part of these minutes.

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

Informational.

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

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

4) Report on Bills.
5) Securities Lending Revenue and Budget Report.
6) Preliminary Performance Report and Asset Allocation.

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

There being no further business to come before the meeting, it was moved by Mr. Bell and seconded by Mr. Kovac to adjourn the meeting. The motion was adopted by unanimous consent.

Mr. Bell adjourned the meeting at 12:28 p.m.

Patrick J. McClain
Secretary and Executive Director

NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employes' Retirement System, 789 N. Water Street, Suite 300.)

II.

CHIEF INVESTMENT OFFICER REPORT

Milwaukee Employes' Retirement System - July 22, 2026

Fund as of June 30, 2026

***Fund value of $6.71b.**

***Fund return of 0.2% in June, net of fees, outperformed by approximately 52bp.**

***Primary Relative Perf. Drivers:**

Manager Selection	
Private Equity	**32bp**
Brandes	**-8bp**
Public Equity Style Bias	**32bp**
Primarily Small and Value	

***Fund is outperforming in the YTD, 5, and 10-year time periods, while underperforming or in line in all other time periods.**

<u>July Update (as of 7/15/26)</u>

***Fund return**	**0.3% MTD**
***Fund return**	**5.9% YTD**
***Fund value**	**$6.72b**

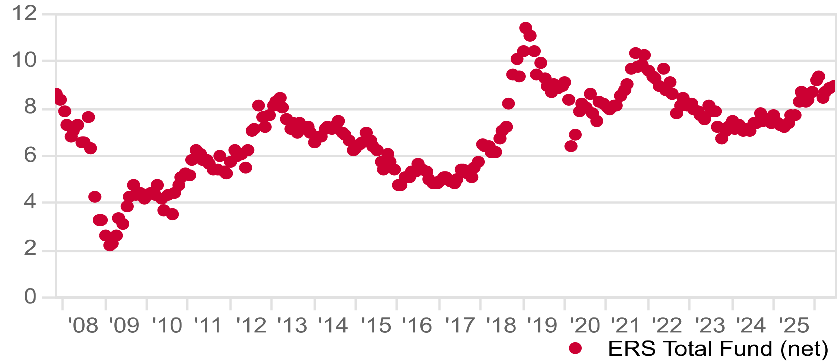
***8 out of 13 active mandates outperforming YTD.**

***Public Equity, Fixed Income, and Absolute Return asset classes, along with the Total Fund, are exceeding their respective benchmarks YTD, net of fees.**

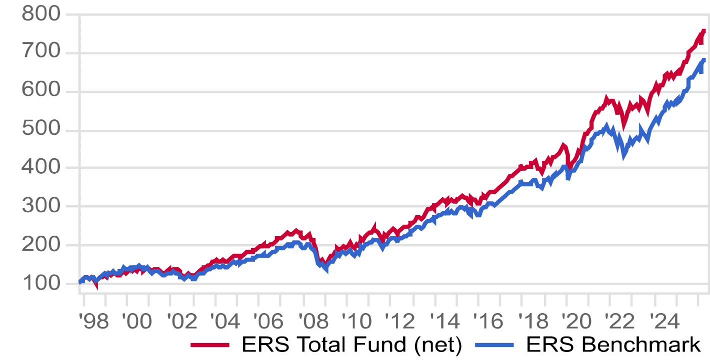
***Investment Change:**	**$389.5m**
***Contributions:**	**224.1m**
***Benefits & Expenses:**	**263.3m**

<u>Monthly Withdrawals:</u>
To be determined

Total Fund - 10-Year Rolling Returns
11/28/1997 to 06/30/2026



Growth of $100 - Total Fund & ERS Benchmark
11/28/1997 to 06/30/2026



Return Data

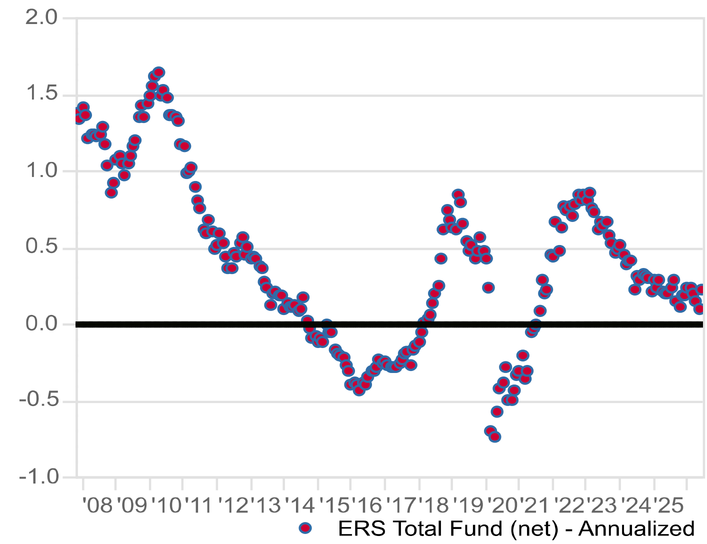
Source Data: Monthly Return

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	0.2	5.6	12.6	7.0	8.9	8.2	7.1
ERS Benchmark	-0.3	5.3	13.6	6.9	8.7	8.2	7.2

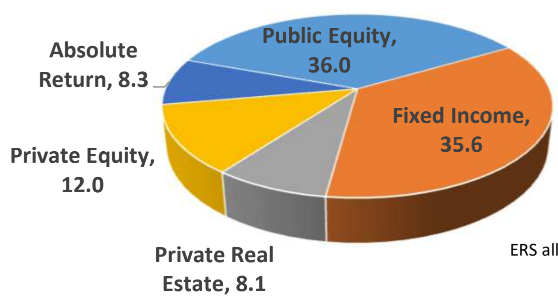
Total Fund - 20-Year Risk & Return Data

	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.1	10.2	2.5	0.0	0.5	-0.6	1.1
ERS Benchmark	7.2	9.2	--	--	0.6	0.0	1.0

Total Fund - 10-Year Rolling Excess Returns
11/28/1997 to 06/30/2026

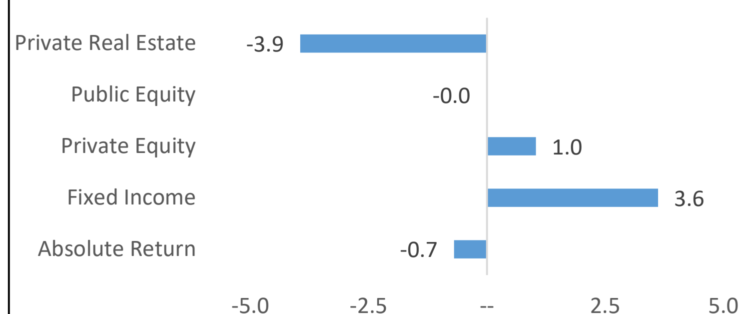


ERS Allocation as of June 30, 2026



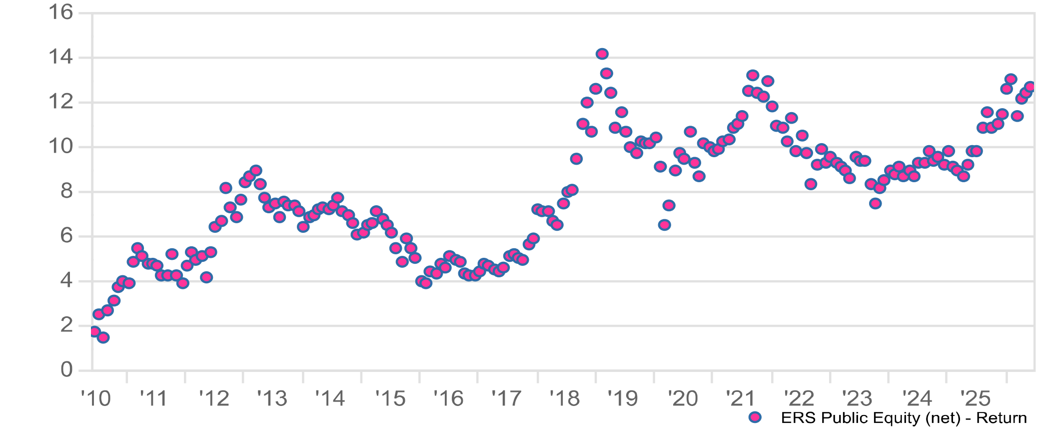
ERS allocation weights may not total 100% due to rounding

Asset Allocation vs Policy as of June 30, 2026

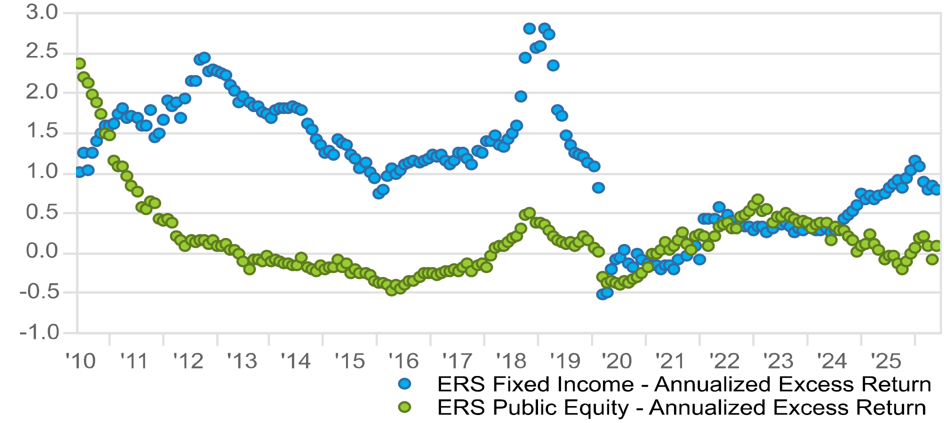


Milwaukee Employes' Retirement System - July 22, 2026

Public Equity - 10-Year Rolling Returns
06/30/2000 to 06/30/2026



Asset Class - 10-Year Rolling Excess Returns
06/30/2000 to 06/30/2026



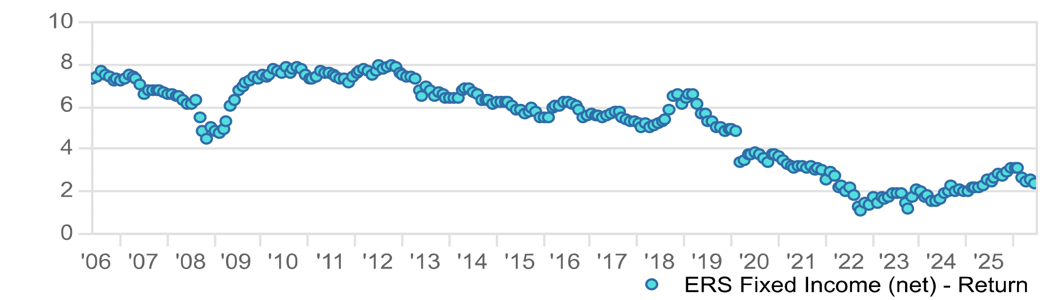
Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	0.2	12.1	24.5	10.5	13.0	11.1	8.9
Public Equity (net)	0.1	11.9	24.1	10.1	12.6	10.7	8.5
Public Equity Benchmark	-0.6	11.8	24.2	10.6	12.5	10.8	8.7
MSCI ACWI IMI NR USD	-0.6	11.8	24.2	10.6	12.5	10.1	8.4

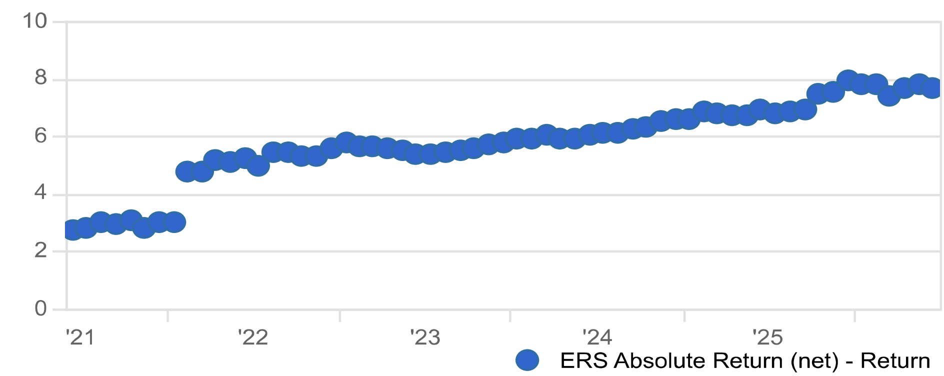
Risk Adjusted Returns (6/30/14 - 6/30/26)*

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	10.3	14.9	0.6	-25.3
Fixed Income (net)	2.3	6.2	0.0	-13.6
Absolute Return (net)	6.8	8.5	0.6	-27.1

Fixed Income - 10-Year Rolling Returns
06/28/1996 to 06/30/2026



Absolute Return - 7-Year Rolling Returns
06/30/2014 to 06/30/2026



Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	0.3	0.7	4.3	2.2	2.5	3.0	4.4
Fixed Income (net)	0.2	0.7	4.2	2.1	2.3	2.8	4.3
Bbg US Agg Bond TR USD	0.2	0.6	3.8	0.1	1.5	2.3	3.3

Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	Inception*
Absolute Return (net)	1.5	6.3	12.4	12.9	7.1	6.8
90-Day T-Bill + 3%	0.6	3.3	6.9	6.8	5.4	5.0

*Absolute Return inception date is June 30, 2014

III.

NEW BUSINESS

A. Retirements, Death Claims, and Refunds (June).
B. Conference Requests – July 22, 2026 Board Meeting.
C. Approval of 2025 Basic Financial Statements - Unaudited.
D. Approval to Suspend Disability Benefits for Non-Compliance with Outside Earnings Limitation.
E. Approval of August Resolution.

Board Report - June 2026

Retirements

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	HACH	GARY	10/24/2017	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	JASSO	ARTHUR	1/24/2019	MAX	COMPTROLLER
Regular	Deferred	ADAMS	MARY	7/29/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	SLIGHTAM	JULIE	8/28/2023	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	VIRCHOW	RONALD	5/2/2026	100	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	ZOSKE	MARIA	5/3/2026	100	POLICE DEPARTMENT
Regular	Deferred	WARD	JEFFREY	5/4/2026	75	CITY OF MILWAUKEE
Regular	Deferred	LEWIS	MICHAEL	5/7/2026	100	MILWAUKEE FIRE DEPARTMENT
Regular	Deferred	HINTON	SHARON	5/8/2026	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BECKHAM	LINDA	5/8/2026	100	DER - OPERATIONS DIVISION
Regular	Service	WALDEN	KIM	5/8/2026	100	MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Regular	Deferred	ROBERTSON	VICTORIA	5/9/2026	50	LIBRARY - ADMINISTRATION SRVC
Regular	Service	LOWRY	DAVID	5/9/2026	100	DPW-OPS-FLEET SERVICES
Regular	Service	O'CONNOR	MARY	5/9/2026	MAX	MUNICIPAL COURT
Regular	Deferred	HARPER	RACHEL	5/14/2026	100	CITY OF MILWAUKEE
Regular	Service	SWIERCZ	MIROSLAW	5/14/2026	50	DPW-WATER-BUSINESS
Regular	Deferred	COSEY	BRIAN	5/15/2026	100	WISCONSIN CENTER DISTRICT
Regular	Deferred	FLORES	MIGUEL	5/15/2026	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BENITES	ANAMARIA	5/16/2026	100	DPW-ADMINISTRATION SERVICES
Regular	Service	LEE	LUKE	5/16/2026	MAX	POLICE DEPARTMENT
Regular	Deferred	LENICH	RANDAL	5/17/2026	MAX	DPW-OPS-FLEET SERVICES
Regular	Service	KOKALJ	JOHN	5/17/2026	75	FIRE OPERATIONS BUREAU
Regular	Service	BARTOSHEVICH	PAUL	5/21/2026	50	DPW-OPS-FLEET SERVICES
Regular	Early	BARNES	SHARON	5/22/2026	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BLIESNER	DALE	5/23/2026	MAX	DPW-OPS-FLEET SERVICES
Regular	Service	LINTONEN	JEFFREY	5/23/2026	100	POLICE DEPARTMENT
Regular	Service	LOCK	ELVIS	5/23/2026	MAX	POLICE DEPARTMENT
Regular	Service	ROBERSON	JOE	5/23/2026	50	POLICE DEPARTMENT
Regular	Service	SCHMITZ	SCOTT	5/23/2026	100	POLICE DEPARTMENT
Regular	Service	ZIECH	JAMES	5/23/2026	75	EMS/Training/Education Bureau
Regular	Service	ZIEGLER	CONNIE	5/23/2026	MAX	MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Regular	Deferred	MUTCH	SCOTT	5/26/2026	100	DEPT OF NEIGHBORHOOD SRVCS
Regular	Deferred	SMITH	LESLIE	5/26/2026	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	GARCIA	ARIEL	5/27/2026	MAX	FIRE OPERATIONS BUREAU
Regular	Service	ROBERTS	PAMELA	5/27/2026	25	POLICE DEPARTMENT
Regular	Service	VANDERHOEF	JOSEPH	5/28/2026	100	FIRE OPERATIONS BUREAU
Regular	Service	SCHAEFER	JENNIFER	5/29/2026	MAX	FIRE OPERATIONS BUREAU
Regular	Service	INGLES	MARK	5/30/2026	MAX	DPW-INFRA-TRANSP-OPS
Regular	Service	KENNEY	DANIEL	5/30/2026	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	SEELOW	CHARLES	5/30/2026	100	POLICE DEPARTMENT
Regular	Conversion (Duty Disability to Regular)	HARVEY	REGINALD	5/31/2026	MAX	HACM

Board Report - June 2026 **Deaths**

Type	Last Name	First Name	Death Date	Payment Date	Amount
Deferred Death	LEKNES	NANCY-ANNE	1/29/2026	6/30/2026	$ 147,554.15
Deferred Death-Member Only Refund	DOBBRATZ	DEREK	8/27/2020	6/30/2026	$ 20,489.98
Deferred Death-Member Only Refund	RUFFIN	MIRONDA	6/21/2024	6/30/2026	$ 2,563.63
Ordinary Death	CASHIN	DANIEL	3/4/2026	6/30/2026	$ 181,746.26
Retiree Death-Termination	BERG	WILLIAM	7/22/2025	6/30/2026	$ 2,417.64
Retiree Death-Termination	BUBNICH	TERRY	3/27/2026	6/30/2026	$ 1,905.99
Retiree Death-Termination	CEEL	SUSANJEAN	4/12/2025	6/30/2026	$ 135.33
Retiree Death-Termination	CHUDY	SHARON	4/18/2026	6/30/2026	$ 2,519.50
Retiree Death-Termination	GROHOLSKI	FERDINAND	1/29/2026	6/30/2026	$ 3,026.80
Retiree Death-Termination	HEIDENREICH	JERROLD	4/8/2026	6/30/2026	$ 257.40
Retiree Death-Termination	HEMPE	ROBERT	9/29/2023	6/30/2026	$ 13,114.18
Retiree Death-Termination	KLINGBEIL	MICHELE	4/12/2026	6/30/2026	$ 104.87
Retiree Death-Termination	LANDIS	DANIEL	4/16/2026	6/30/2026	$ 1,126.92
Retiree Death-Termination	OSZEWSKI	LOIS	1/22/2026	6/30/2026	$ 123.74
Retiree Death-Termination	SAGUNSKY	ARLEEN	2/14/2026	6/30/2026	$ 376.16
Retiree Death-Termination	SMITH	FREIDA	4/18/2026	6/30/2026	$ 2,160.44
Retiree Death-Termination	STANLEY	VIOLA	9/26/2025	6/30/2026	$ 1,179.06
Retiree Death-Termination	TETZLAFF	PAUL	4/5/2026	6/30/2026	$ 752.19
Retiree Death-Termination	VANDER HEYDEN	GERALDINE	5/4/2026	6/30/2026	$ 110.91
Retiree Death-Termination	WIESE	DENNIS	4/8/2026	6/30/2026	$ 568.20
Retiree Death-Termination	YANKE	HOWARD	4/2/2026	6/30/2026	$ 67.41
Surv Death-Termination	COTTER	MARGARET	3/9/2026	6/30/2026	$ 491.48
Surv Death-Termination	DUDZIK	ROSE	5/2/2026	6/30/2026	$ 65.70
Surv Death-Termination	KALTENBACH	CAROL	5/8/2026	6/30/2026	$ 739.24
Surv Death-Termination	LONG	MARCIA	4/27/2026	6/30/2026	$ 543.38
Surv Death-Termination	OSZEWSKI	LOIS	1/22/2026	6/30/2026	$ 379.04
Surv Death-Termination	ROMANO	ANN	3/25/2026	6/30/2026	$ 850.41
Surv Death-Termination	WARRAS	ROSEMARY	1/19/2026	6/30/2026	$ 492.28
Surv Death-Termination	WICHGERS	BARBARA	5/7/2026	6/30/2026	$ 388.58
				TOTAL	**$ 386,250.87**

Retiree Death-Cont Opt	BEASON	ELLIS	6/13/2026	6/1/2026
Retiree Death-Cont Opt	FAUSEL	EDWARD	5/20/2026	6/1/2026
Retiree Death-Cont Opt	GAYDOS	DONALD	6/21/2026	6/1/2026

Type	Last Name	First Name	Death Date	Payment Date	Amount
Retiree Death-Cont Opt	GERKHARDT	GERALD	6/9/2026	6/1/2026	
Retiree Death-Cont Opt	HENDERSON	MARY	6/1/2026	6/1/2026	
Retiree Death-Cont Opt	MAKOWSKI	THAD	5/11/2026	6/1/2026	
Retiree Death-Cont Opt	MONTEEN	GARYLEE	5/2/2026	6/1/2026	
Retiree Death-Cont Opt	MYERS	CHRISTINE	5/17/2026	6/1/2026	
Retiree Death-Cont Opt	POMEROY	ELIZABETH	6/6/2026	6/1/2026	
Retiree Death-Cont Opt	POTT	RICHARD	5/13/2026	6/1/2026	
Retiree Death-Cont Opt	SAWATSKE	PAULINE	6/5/2026	6/1/2026	
Retiree Death-Cont Opt	SZYMANSKI	GARY	5/7/2026	6/1/2026	
Retiree Death-Cont Opt	WILEY	BILL	5/28/2026	6/1/2026	

Board Report - June 2026

Withdrawals

Type	Last Name	First Name	Payment Date		Amount
Administrative Withdrawal	BROOKS	AUDREY	6/30/2026	$	1,319.90
Administrative Withdrawal	LEWIS	TYRONE	6/30/2026	$	1,205.09
Administrative Withdrawal	MCDONALD	MARIE	6/30/2026	$	1,348.92
Administrative Withdrawal	MORENO	JOSE	6/30/2026	$	8,191.42
Administrative Withdrawal	RANKIN	JEREMY	6/30/2026	$	1,324.10
Administrative Withdrawal	SOTO	MITCHEL	6/30/2026	$	817.71
Administrative Withdrawal	WILEY	CHARLES	6/30/2026	$	1,150.42
Full Refund	AKIN	ANN	6/30/2026	$	8,834.79
Full Refund	CAMPBELL	SHELDON	6/30/2026	$	11,476.14
Full Refund	DALLAS	CHARMAINE	6/30/2026	$	7,623.88
Full Refund	DELEON	JOEL	6/30/2026	$	110,363.37
Full Refund	DRIVER	STEPHEN	6/30/2026	$	5,466.94
Full Refund	GRISSETT	LOUISE	6/30/2026	$	10,057.13
Full Refund	HARDY	ARLENE	6/30/2026	$	5,240.02
Full Refund	HOLLOWAY	TERRY	6/30/2026	$	2,740.07
Full Refund	IRVIN	STEFANO	6/30/2026	$	5,328.90
Full Refund	JACKSON	TEOSHA	6/30/2026	$	6,697.96
Full Refund	LOVINGS	FELICIA	6/30/2026	$	9,154.76
Full Refund	MILLER	ARNEATHA	6/30/2026	$	883.57
Full Refund	NIEVES	JOSUE	6/30/2026	$	7,040.96
Full Refund	QUIRK	EMILY	6/30/2026	$	3,828.02
Full Refund	RAPPELT	CARL	6/30/2026	$	26,633.25
Full Refund	WILLIAMS	DELMAR	6/30/2026	$	145,736.80
Full Refund	WILLIAMS	DENISE	6/30/2026	$	4,712.87
Member Only Refund	BRAUN GROSS	AMY	6/30/2026	$	451.83
Member Only Refund	CHILDS	JAMONTE	6/30/2026	$	6,245.48
Member Only Refund	DREWS	TERESA	6/30/2026	$	1,522.45
Member Only Refund	FISHER	BRIAN	6/30/2026	$	5,130.24

Type	Last Name	First Name	Payment Date		Amount
Member Only Refund	GRAY	KAYDRIANA	6/30/2026	$	95.42
Member Only Refund	HARRIS	CHARLES	6/30/2026	$	1,055.46
Member Only Refund	HARRIS	MELODY	6/30/2026	$	114.85
Member Only Refund	HOEFER	RENEE	6/30/2026	$	1,424.70
Member Only Refund	IVEY	RAVEN	6/30/2026	$	1,878.91
Member Only Refund	JONES	ANTRANICE	6/30/2026	$	671.79
Member Only Refund	KUEVI	ESTELLE	6/30/2026	$	1,135.23
Member Only Refund	NEWTON	LOVELY	6/30/2026	$	2,187.74
Member Only Refund	PEREZ	RAFAEL	6/30/2026	$	12,280.25
Member Only Refund	RICHARDSON	BRUNASIA	6/30/2026	$	1,579.41
Member Only Refund	STOVALL	JAMES	6/30/2026	$	2,401.19
Member Only Refund	THOBANI	SHEILA	6/30/2026	$	7,969.45
Member Only Refund	WAKLEY	JAMES	6/30/2026	$	5,177.99
Member Only Refund	WILLIAMS-TAYLOR	BRITTANY	6/30/2026	$	1,407.76
			TOTAL	**$**	**439,907.14**

Conference Requests – July 2026 Board Meeting

Erich Sauer, Thomas Courtright	Earnest Due Diligence
Sponsor:	Earnest Partners
Location:	Atlanta, GA
Date(s):	September 1-2, 2026
Estimated Cost:	$1,200.00 per person

Erich Sauer	AQR and UBS Due Diligence
Sponsor:	AQR and UBS
Location:	New York, NY
Date(s):	October 5-6, 2026
Estimated Cost:	$1,600.00

Matthew Bell	NCPERS Public Safety Conference
Sponsor:	NCPERS
Location:	Nashville, TN
Date(s):	October 25-28, 2026
Estimated Cost:	$2,600.00 per person

Thomas Courtright	Prologis Annual Meeting 2026
Sponsor:	Prologis
Location:	New York, NY
Date(s):	October 28-29, 2026
Estimated Cost:	$1,400.00

Erich Sauer	Brandes Investor Conference
Sponsor:	Brandes Investment Partners
Location:	La Jolla, CA
Date(s):	November 4-6, 2026
Estimated Cost:	$600.00

Erich Sauer	Goldman Sachs Annual Investor Conference
Sponsor:	Goldman Sachs Asset Management
Location:	New York, NY
Date(s):	November 9-10, 2026
Estimated Cost:	$1,600.00

EMPLOYES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE

UNAUDITED BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

Employes' Retirement System of the City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, Wisconsin 53202

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

Statement of Fiduciary Net Position – Unaudited

As of December 31, 2025
(in thousands)

	Pension Trust Funds		Custodial Fund	
	Global Combined Fund	Non-Consenter Retirement Funds	Employers' Reserve Fund	Total
ASSETS				
CASH AND CASH EQUIVALENTS	$ 109,734	$ 1,164	$ 1,425	$ 112,323
INVESTMENTS (Notes 1 and 8)				
Fixed income	2,023,144	5,146	92,518	2,120,808
Public equity	2,331,407	5,932	-	2,337,339
Absolute return	522,639	1,329	-	523,968
Real assets	693,608	1,764	-	695,372
Private equity	834,561	2,123	-	836,684
Total Investments	6,405,359	16,294	92,518	6,514,171
RECEIVABLES AND OTHER ASSETS				
Employer (Note 1)	255	-	-	255
Member (Note 1)	216	-	-	216
Actuarially determined contributions (Note 2)	2,615	7	-	2,622
Interest, dividends and foreign tax recoverable (Note 1)	20,077	51	11	20,139
Investments sold	154,364	395	-	154,759
Software development and equipment, net of depreciation (Note 1)	168	-	-	168
Securities lending collateral (Note 8)	309,497	-	-	309,497
Lease assets, net of accumulated amortization (Note 9)	1,108	-	-	1,108
Subscription-based information technology arrangements, net of accumulated amortization (Note 10)	168	-	-	168
Total Receivables and Other Assets	488,468	453	11	488,932
Total Assets	7,003,561	17,911	93,954	7,115,426
LIABILITIES				
CURRENT LIABILITIES				
Benefits payable	1,572	-	-	1,572
Unearned contributions	32,879	-	-	32,879
City of Milwaukee (Note 6)	1,018	-	-	1,018
Securities lending obligation (Note 8)	309,426	-	-	309,426
Investments purchased	309,931	788	-	310,719
Short-term lease liability (Note 9)	277	-	-	277
Total Current Liabilities	655,103	788	-	655,891
LONG-TERM LIABILITIES				
Long-term lease liability (Note 9)	1,026	-	-	1,026
Total Liabilities	656,129	788	-	656,917
NET POSITION				
Restricted for:				
Pensions	6,347,432	17,123	-	6,364,555
Other Governments	-	-	93,954	93,954
TOTAL NET POSITION	$ 6,347,432	$ 17,123	$ 93,954	$ 6,458,509

Unaudited

The accompanying notes to financial statements are an integral part of these financial statements.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

Statement of Changes in Fiduciary Net Position – Unaudited

For the Fiscal Year Ended December 31, 2025
(in thousands)

	Pension Trust Funds		Custodial Fund	
	Global Combined Fund	Non-Consenter Retirement Funds	Employers' Reserve Fund	Total
ADDITIONS				
Contributions				
Employer (Note 2)	$ 220,657	$ 283	$ -	$ 220,940
Member	33,627	1	-	33,628
Total Contributions	254,284	284	-	254,568
Investment Income				
From Investing Activity:				
Net appreciation in fair value of investments	661,286	1,682	1,762	664,730
Interest, dividends, and other investment income	167,713	427	2,961	171,101
Total Investing Activity Income	828,999	2,109	4,723	835,831
Less: Direct investment expense (Note 6)	(78,613)	-	(217)	(78,830)
Net Investing Activity Income	750,386	2,109	4,506	757,001
From Securities Lending Activity:				
Securities lending income	14,336	-	-	14,336
Less: Securities lending borrower rebates and fees (Note 6)	(15,313)	-	-	(15,313)
Net Securities Lending Activity Income (Loss)	(977)	-	-	(977)
Total Net Investment Income	749,409	2,109	4,506	756,024
Total Additions	1,003,693	2,393	4,506	1,010,592
DEDUCTIONS				
Administrative expenses (Note 6)	(10,126)	-	-	(10,126)
Benefits paid (Note 2)	(493,161)	(137)	-	(493,298)
Refunds of contributions	(4,465)	(13)	-	(4,478)
Total Deductions	(506,449)	(1,453)	-	(507,902)
NET INCREASE IN NET POSITION	497,244	940	4,506	502,690
NET POSITION RESTRICTED				
Beginning of Year	5,850,188	16,183	89,448	5,955,819
End of Year	$ 6,347,432	$ 17,123	$ 93,954	$ 6,458,509

Unaudited

The accompanying notes to financial statements are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS – UNAUDITED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

For accounting and financial reporting purposes, the Employes' Retirement System of the City of Milwaukee ("ERS", "the Retirement System", "the System", or "the Plan") conforms with accounting principles generally accepted in the United States and reporting standards as promulgated by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to the Plan. This report includes solely the accounts of the Plan.

As required by generally accepted accounting principles (GAAP), the System's financial statements include all funds for which financial transactions are recorded in its accounting system and for which the Annuity and Pension Board exercise administrative responsibility. The operations of ERS are accounted for in the funds described below. All the funds presented are classified as fiduciary funds.

Pension Trust Funds

Global Combined Fund: This fund is used to account for all pension-related activity, other than the activity attributed to members belonging to the Non-Consenter Retirement Fund.

Non-Consenter Retirement Fund: This fund is used to account for activity related to members who have not consented to the Global Pension Settlement, including collection of employer contributions, earnings on investments, and the payment of benefits to the fund's members.

Custodial Fund

Employers' Reserve Fund: This fund is used to account for holding voluntary employer contributions made by participating employers and the investment earnings on those contributions.

Reporting Entity

The reporting entity for the ERS consists of the primary government and any legally separate organizations in which ERS owns a majority of the equity interest.

Majority Equity Interests
CMERS Low Beta, LLC - CMERS Low Beta, LLC was created by the ERS to serve as a hedge fund of funds investment vehicle for the Retirement System. CMERS Low Beta, LLC is a legally separate entity governed by a board of directors appointed by the Annuity and Pension Board of the ERS. UBS Hedge Fund Solutions, LLC serves as investment manager for the hedge fund of funds portfolio. Although it is a legally separate entity, CMERS Low Beta, LLC is reported and included as part of the ERS because it meets the definition of an investment as defined in GASB 72 and the investment is measured in accordance with the requirements of that same standard. MUFG Fund Services (Canada) Limited is the administrator and Ernst and Young is the external auditor for the LLC. Separate financial statements are issued annually for CMERS Low Beta, LLC.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

CMERS Low Beta 2, LLC - CMERS Low Beta 2, LLC was created by the ERS to serve as a hedge fund of funds investment vehicle for the Retirement System. CMERS Low Beta 2, LLC is a legally separate entity. Goldman Sachs Asset Management serves as investment manager for the hedge fund of funds portfolio. Although it is a legally separate entity, CMERS Low Beta 2, LLC is reported and included as part of the ERS because it meets the definition of an investment as defined in GASB 72 and the investment is measured in accordance with the requirements of that same standard. SEI Investments Company is the administrator and PricewaterhouseCoopers International Limited is the external auditor for the LLC. Separate financial statements are issued annually for CMERS Low Beta 2, LLC.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Investment income is recorded when earned and expenses are recorded when they are incurred. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Contributions

The Retirement System records employee contributions as they are earned and employer contributions in the period that they relate to. Contributions earned but not yet received from the City of Milwaukee, participating city agencies and members are reported as contributions receivable. Management considers contributions receivable to be fully collectible. Overpayments and prepayments of contributions are reported as liabilities.

Cash and Cash Equivalents

Cash and cash equivalents are composed of cash in local banks, cash held by the custodian, and cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity they present insignificant risk of changes in value due to changes in interest rates. Investments with an original maturity of three months or less are considered cash equivalents. Restricted securities held as collateral for Securities Lending are not included as cash equivalents.

Methods Used to Value Investments

Investments of the Retirement System are reported at fair value in accordance with applicable GASB statements. Fair value is defined as the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. In general, however, bonds and mortgage obligations are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Receivables and payables relating to investment transactions that were initiated but not settled at year-end, are recorded as assets or liabilities.

Real estate consists primarily of equity in diversified real estate investments. The majority of properties in the portfolio are industrial warehouses, multi-family, offices, and healthcare. Real estate investments are carried at fair value as of December 31, 2025. Annual assessments performed by independent professional appraisers are used for market values, which approximate fair values.

Private equity consists primarily of equity in diversified private equity investments. The majority of investments in the portfolio consist of buyouts, venture capital, and growth equity. Private equity investments are carried at fair value as of December 31, 2025.

Certain fixed income managers may be allowed to buy and sell treasury futures and/or sell index credit default swaps, as specified in their individual guidelines. In addition, transition managers have permission to use futures on financial contracts and forward currency contracts in the management of portfolio transitions and in the management of portfolio rebalancing activity, according to the Derivatives Guidelines in the ERS's Statement of Investment Policy. The use of these instruments by transition managers for these purposes will typically begin and end in short periods of time.

Absolute return and hedge fund strategies, as well as certain limited partnership vehicle strategies, may make extensive use of derivatives, including but not limited to, equity index futures, equity index swaps, commodity futures, currency forwards, options, futures, options on futures, warrants, equity swaps, total return swaps, credit default swaps, notional principal contracts, caps, collars, floors and forward rate agreements, structured notes and other financial or derivative instruments. The ability to use derivatives is specified in the individual manager guidelines. Additional information on derivatives for ERS, including the notional and contractual amounts, market values and unrealized gains and losses of holdings, are contained in Note 8.

All investments are made in accordance with the provisions of Section 36-09 of Chapter 36 of the Milwaukee City Charter. The provisions require several funds of the Retirement System to be invested within the requirements of ss. 40.03(1) (n) and 62.63 (3) Wisconsin Statutes. During 2025, investments were in compliance with the Annuity and Pension Board Investment Policy and Guidelines.

Investments in stocks of corporations in 2025, as measured quarterly by their cost, did not exceed 34.2% of the total assets.

The Retirement System invests in financial instruments such as U.S. Treasury Strips, collateralized mortgage obligations and asset backed securities. Investment managers may temporarily invest small amounts of available cash in short-term investments prior to purchasing securities.

The Retirement System's international equity managers may invest in warrants and foreign exchange forward contracts as a hedge for foreign currency fluctuations. The unrealized gains and losses on these positions as of December 31, 2025, are detailed in Note 8.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Investment securities, in general, are exposed to various risks, such as, but not limited to, interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term.

These value changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Investment Income

Dividends, interest and realized gains and losses are recorded as earned. Generally, investment income is allocated between the two pension trust funds based on fund balances at the beginning of the year. However, investment income earned in the securities lending program is allocated fully to the Global Combined Fund (see Note 8 for further information on the securities lending program). Investment income earned in the Employers' Reserve Fund is held separately from the pension trust funds and is recorded as earned to the Employers' Reserve Fund only.

Estimates

The financial statements are presented in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Capitalization

The Retirement System capitalizes hardware and software development costs using a capitalization threshold of $5,000. Amounts incurred for hardware (including printers, monitors, disk drives, network infrastructure, switches) are capitalized in a yearly hardware pool and depreciated over three years. Capitalized costs are depreciated over their useful lives, with a half of a year's depreciation expensed in the year of acquisition.

Costs related to the development of the Pension Management Information System were capitalized as Software Development costs. The system went live in 2006 and as of December 31, 2014, the development costs were fully depreciated.

As of December 31, 2025, the cost of the Retirement System's hardware and software development totaled approximately $19,972,000 and accumulated depreciation totaled approximately $19,804,000. During 2025, depreciation of approximately $219,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Leases

The Retirement System enters into lease agreements as a lessee for financing the temporary acquisition of office space and equipment. The present value of future payments is recorded as an intangible right-to-use lease asset and amortized using the straight-line method over the term of the lease. As of December 31, 2025, the underlying lease assets totaled approximately $2,147,000 and the related accumulated amortization totaled approximately $1,039,000. During 2025, amortization of approximately $261,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

Subscription-Based IT Arrangements

The Retirement System enters into subscription-based IT arrangements (SBITAs) to use vendor-provided information technology. SBITAs provide the System with the right to use the vendor's information technology for a period of time. The present value of future payments is recorded as an intangible right-to-use lease asset and amortized using the straight-line method over the term of the lease. As of December 31, 2025, the underlying lease assets totaled approximately $584,000 and the related accumulated amortization totaled approximately $416,000. During 2025, amortization of approximately $150,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

Contingencies

Claims and judgments are recorded if all the conditions of GASB pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are probable and management can reasonably estimate the amounts.

Tax Status

The Plan is a tax-exempt governmental plan qualified under Section 401 and exempt under Section 501(a) of the Internal Revenue Code.

New Pronouncements

In April 2024, the GASB issued Statement No. 103, "Financial Reporting Model Improvements". The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement will become effective in the 2026 fiscal year. When Statement No. 103 becomes effective, the application of this standard may result in the restatement of a portion of these financial statements.

In September 2024, the GASB issued Statement No. 104, "Disclosure of Certain Capital Assets". The objective of this Statement is to improve financial reporting by providing users of financial statements with

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

essential information about certain types of capital assets. State and local governments will be required to provide detailed information about capital assets in the notes to financial statements. The requirements of this Statement will become effective in the 2026 fiscal year.

In September 2025, the GASB issued Statement No. 105, "Subsequent Events". The objective of this Statement is to improve financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement will become effective in the 2027 fiscal year.

2. DESCRIPTION OF RETIREMENT SYSTEM

The following description of the more common provisions of the Employes' Retirement System of the City of Milwaukee is provided for financial statement purposes only. The provisions reflect changes to the Retirement System enacted in 2000, known as the Global Pension Settlement (GPS). GPS increased benefits to current and future retirees and also allowed changes to the ERS administration, including permitting the use of ERS funds to pay costs related to plan administration. The 99.3% of existing members who have consented to GPS are accounted for in the Global Combined Fund. Members who have not consented are accounted for in one or more of the non-consenter funds. Refer to Chapter 36 of the City of Milwaukee Charter for more complete information.

GPS requires that members enrolled through June 28, 2000 provide written consent to ERS in order to be eligible for the benefit enhancements of GPS. Members enrolled after June 28, 2000, are automatically eligible and are included in the Combined Fund.

During 2025, eight members who were enrolled as of June 28, 2000 and had not consented to GPS, elected to consent.

Plan Administration

The Retirement System was established pursuant to the Retirement Act (Chapter 396 of the Laws of Wisconsin of 1937) to provide payment of retirement and other benefits to employees of the City of Milwaukee (City). Chapter 441 of the Laws of Wisconsin of 1947 made the benefits contractual and vested. The ERS is a cost-sharing, multi-employer plan, which provides benefits to employees of the City of Milwaukee (including Fire and Police), Milwaukee Metropolitan Sewerage District, Wisconsin Center District, Veolia Water Milwaukee LLC, Milwaukee Housing Authority, and non-certified staff of Milwaukee Public Schools (Agencies). City employees comprise approximately 57.4% of the active participants in the Retirement System.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

The Annuity and Pension Board ("the Board") governs the ERS, and serves as trustee of the System's funds. The Board consists of eight members, composed as follows:

- Three representatives appointed by the President of the Milwaukee Common Council,
- Three representatives elected by the active members of the ERS,
- One member elected by retired members of the ERS, and
- The City of Milwaukee Comptroller, who serves as ex-officio voting member.

The 2023 WI Act 12 authorized the City of Milwaukee to impose a sales tax for limited purposes, subject to certain conditions. Under the Act and the subsequent amendments to the City Charter by the Milwaukee Common Council, the plan has closed to new members as of January 1, 2024.

Membership

Full-time employees, part-time employees who are eligible under adopted rules and regulations, and elected officials who have evidenced their intent to join are members of the Retirement System. The Plan is closed to new members as of January 1, 2024.

As of December 31, 2025, the measurement date, the membership of the plan was as follows:

Plan members currently receiving benefits	13,901
Inactive plan members:	
Deferred retirees	3,732
Refunds payable	2,471
Current employees:	
Vested	6,869
Non-vested	2,250
Total	29,223

This membership data is as of January 1, 2025, and reasonably approximates membership data through December 31, 2025.

Contributions

Member contributions to the ERS are required under Chapter 36-08-7. The City of Milwaukee, in its legislative capacity, has sole authority to make changes to Chapter 36, and to set contribution requirements and benefit terms. In 2023, the WI Legislature passed WI Act 12, which sets the amortization period for employer contributions. The Retirement System is a section 401(a), Internal Revenue Code, qualified cost-sharing, multiple-employer defined benefit plan for participating public employees.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Contribution rates, as a percentage of earnable compensation, are as follows:

a) General Employees
    i. Tier 1 (enrolled prior to January 1, 2014) – 5.5%
    ii. Tier 2 (enrolled on or after January 1, 2014) – 4.0%
b) Firemen and Policemen – 7.0%
c) Elected Officials
    i. Tier 1
        i. Enrolled prior to January 1, 2014 and elected to an office prior to January 1, 2014 – 7.0%
        ii. Enrolled prior to January 1, 2014, and elected for the first time to an office on or after January 1, 2014, and employee was paying contributions prior to being elected – employees pay contributions at the rate they were paying prior to becoming an elected official
        iii. Enrolled prior to January 1, 2014, and elected for the first time to an office on or after January 1, 2014, and employer was paying contributions on behalf of the employees prior to being elected – employer pays 7.0%
    ii. Tier 2 (enrolled on or after January 1, 2014) – 4.0%

Commencing in 1999, contributions of one dollar of each police officer's longevity pay per year are made by police officers on their own behalf. This excludes sergeant of police, detective lieutenant and any ranks above same.

In addition to the above percentage contributions, additional contributions were required of general city employees who were enrolled as active members after January 1, 2000. To participate in the Global Combined Fund, each new member was required to contribute 1.6% of his or her pensionable earnings for a period of eight years. However, the 1.6% required contributions did not apply to members required to make member contributions under 36-08-7-a or c.

The Retirement System requires regular payroll contributions from its agencies and members for all active employees covered by the plan on a biweekly basis.

Employer contributions are calculated by the actuary, and there is a one-year contribution lag. The January 1, 2024 valuation calculated the employer contributions due for the 2025 plan year. The 2025 plan year contributions were due December 31, 2025, and contributions paid after January 1, 2025 accrued interest at 6.8% per annum. Management identified that a participating employer had not remitted pension contributions totaling approximately $2,621,000. The outstanding balance is recorded as a receivable on the financial statements. The System is actively pursuing the collection of the outstanding balance and expects the contributions to be collected in full.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Benefits Provided

The normal retirement benefit is a monthly pension for the life of the member. A service retirement allowance is payable to any member who meets one of the following eligibility criteria:

Class	Enrollment Date	Eligibility for Service Retirement*
General City	Prior to January 1, 2014	Age 60, or age 55 with 30 years of creditable service
General City	On/after January 1, 2014	Age 65, or age 60 with 30 years of creditable service
Fire	Prior to July 30, 2016	Age 57, or age 49 with 22 years of creditable fire or police service
Fire	On/after July 30, 2016	Age 57, or age 52 with 25 years of creditable fire service
Police	Prior to December 20, 2015	Age 57, or any age with 25 years of creditable fire or police service
Police	On/after December 20, 2015	Age 57, or age 50 with 25 years of creditable police service

**These eligibility criteria assume consent to the provisions of the Global Pension Settlement (GPS); most members have consented to GPS.*

For General City employees, the service retirement allowance is 2%, or 1.6% for members enrolled on or after January 1, 2014, of the member's final average salary (the highest average of earnable compensation during any 3 years preceding retirement, death or termination) for each year of creditable service. The service retirement allowance for General City employees who retire after January 1, 1989, cannot exceed 70% of their final average salary.

For police officers and firefighters, the retirement allowance is 2.5% of their final average salary (computed on the year of creditable service during which earnable compensation was highest) for each year of creditable service. The retirement allowance for firefighters hired after March 1, 1989, and police officers hired after July 1, 1989, is limited to 90% of their final average salary (excluding any imputed service credit provided under the GPS).

For elected officials enrolled prior to January 1, 2014, the retirement allowance is 2.6% of their final average salary for each year of creditable service as an elected official for years before 1996 and is limited to 70% of the final average salary. For the years 1996 and forward, the accrual rate is 2.5% (For the Mayor, the accrual rate is 2.0%) for creditable service, imputed military service, or seasonal service and is limited to 70% of their final average salary. However, elected officials who were enrolled prior to 2014 and are first elected to office on or after January 1, 2014, have an accrual rate of 2% for each year if they contribute 5.5% of their earnable compensation, or 2.5% for each year if they contribute 7% of their earnable compensation. For elected officials enrolled on or after January 1, 2014, the accrual rate is 1.6% of their final average salary for each year of creditable service as an elected official, and is limited to 70% of their final average salary.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Chapter 36 of the Milwaukee City Charter addresses pension escalators. General City employees participating in the Global Combined Fund and enrolled prior to January 1, 2014 and retiring on a service retirement allowance on or after January 1, 2000, are eligible for a pension escalator of 1.5% on the second, third and fourth anniversaries of their retirement, and 2% on each anniversary thereafter. Police officers and firefighters participating in the Global Combined Fund retiring on a service retirement allowance on or after January 1, 2000, are eligible for a pension escalator based upon the percentage increase in the prior year's Consumer Price Index-All Urban Consumers (CPI-U), effective on their first anniversary and each anniversary thereafter. The percentage increase is determined annually by measuring the change in the Index from November to November of each year. The pension escalator is guaranteed to be at least two percent, but is capped at three percent.

General City employees enrolled on or after January 1, 2014, retiring on a service retirement allowance are eligible for a pension escalator of 2% on their fifth anniversary of retirement and each anniversary thereafter.

Rules governing pension escalators provided to retirees retiring prior to January 1, 2000, before the Global Pension Settlement, differ from those described herein. In addition, a one-time "catch up" adjustment was provided in January of 1996 to employees who retired on a service retirement allowance on or before September 30, 1987, to partially offset the increase in inflation. For a complete description of the escalator rules, see Chapter 36 of the Milwaukee City Charter.

3. CONSENT STATUS CHANGES

Members who have not consented to the GPS have either objected to the settlement or never responded. The deadline to consent of April 24, 2004, has been extended indefinitely for those who never responded. Often, non-responders consent to GPS at the time they apply for benefits. As of the January 1, 2025 actuarial valuation, 217 members were non-consenting, including 32 active members, 172 inactive members, and 13 benefit recipients. During 2025, 8 members elected to consent to the GPS, resulting in a transfer of approximately $1,303,000 to the Global Combined Fund from the non-consenter funds.

4. EMPLOYERS' RESERVE FUND

The City of Milwaukee and other Agencies participating in the Retirement System may voluntarily contribute to the Employers' Reserve Fund, which was established per Section 36-08-8 of Chapter 36. Deposits to the Employers' Reserve Fund may be used to fund employer contribution requirements, but this requires a formal resolution directing a fund transfer. Employers' Reserve Fund resources are invested according to City of Milwaukee investment policies.

In 2025, there were no contributions made to the Employers' Reserve Fund and there were no transfers out of the fund to pay contributions. As of December 31, 2025, the City of Milwaukee is the only employer participating in the fund and the balance of the fund is approximately $93,954,000.

5. NET PENSION LIABILITY

The components of the pension liability at December 31, 2025, were as follows (in thousands):

Total pension liability	$ 8,185,181
Plan fiduciary net position	(6,364,555)
Net pension liability	$ 1,820,626
Plan fiduciary net position as a percentage of the total pension liability	77.8%

Actuarial Assumptions: The actuarial valuation was performed as of January 1, 2025, and these amounts were used to roll-forward the total pension liability for the year ended December 31, 2025. The valuation was determined using the following actuarial assumptions, which were applied to all prior periods included in the measurement:

5. NET PENSION LIABILITY (cont.)

Valuation Date	January 1, 2025
Actuarial Cost Method	Entry Age Normal - Level Percentage of Pay
Amortization Method	Level dollar, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Long-term Rate of Return, Net of Investment Expense, Including Price Inflation	6.8%
Projected Salary Increases, including wage inflation	General City: 3.0% - 7.5% Police & Fire: 3.0% - 19.0%
Inflation Assumption	2.5%
Cost of Living Adjustments	Varies by employee group and decrement type (see plan provisions)
Mortality Assumption	Pre-retirement mortality rates for General employees were based on the Pub-2010 Below Median General Employee Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Pre-retirement mortality rates for Police and Firemen were based on the Pub-2010 Median Public Safety Employee Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Post-retirement mortality rates for General retirees were based on the Pub-2010 Below Median General Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Post-retirement mortality rates for Police and Firemen retirees were based on the Pub-2010 Median Public Safety Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Mortality rates for survivors of General employees were based on the Pub-2010 Below Median Contingent Survivors Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Mortality rates for survivors of Police and Firemen were based on the Pub-2010 Median Contingent Survivors Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Disabled mortality rates for General employees were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Disabled mortality rates for Police and Firemen were based on the Pub-2010 Safety Disabled Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.
Experience Study	The actuarial assumptions used in this valuation, are based on the results of the most recent experience study covering the five-year period ending December 31, 2021, except for the investment return assumption. The investment return assumption was lowered from 7.50% to 6.80% effective with the *Second* January 1, 2023 actuarial valuation.

5. NET PENSION LIABILITY (cont.)

The total pension liability as of December 31, 2025 was determined by rolling forward the total pension liability as of January 1, 2025 to December 31, 2025.

The actuarial assumptions used in this valuation were based on the results of the most recent experience study covering the five-year period ending December 31, 2021. The experience study was performed by Cavanaugh MacDonald, LLC and adopted by the Board at the February 27, 2023 meeting.

The rate of return assumption was based on the Retirement System's target asset allocation. In the experience review, the consultants developed best estimate ranges of expected future real rates of return (net of inflation) for the portfolio, based on the expected returns of each major asset class and their weights within the portfolio.

The consultants used an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Expected investment expenses were subtracted and expected inflation was added to arrive at the long-term expected nominal return. A portfolio that is projected to have a greater than 50% likelihood of exceeding the expected return over the next 10 years was selected.

Best estimates of arithmetic real rates of return (net of inflation) for each major asset class included in the Retirement System's target asset allocation were developed as part of the most recent experience study completed as of December 31, 2021 are listed in the table below:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	44.0%	7.3%
Fixed Income & Cash	23.0%	3.1%
Real Estate	9.7%	5.1%
Real Assets	3.3%	4.6%
Private Equity	10.0%	10.0%
Absolute Return	10.0%	3.6%
	100.0%	

** Rates provided by the System's investment consultant, Callan LLC*

Discount Rate: The discount rate used to measure the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City and Agencies will be made at contractually required rates, as determined by the actuary. Based on those assumptions, the ERS's fiduciary net position was projected to be available to make projected future benefit payments for current members. The crossover analysis produced a single rate of 6.8 percent, which reflects the long-term expected rate of return on ERS investments. Based on the analysis, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

5. NET PENSION LIABILITY (cont.)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability calculated using the discount rate of 6.8 percent, a discount rate that is 1-percentage-point lower (5.8 percent) and a discount rate that is 1-percentage-point higher (7.8 percent) (in thousands):

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
Net pension liability	$ 2,820,287	$ 1,820,626	$ 991,573

6. EXPENSES

As provided under Section 36-08-9 of Chapter 36 of the Milwaukee City Charter, administrative and investment expenses of the Retirement System are the direct obligation of the Global Combined Fund. Expenses are normally paid by the City of Milwaukee and then reimbursed to the City by ERS.

Direct investment expenses were approximately $78,831,000 and securities lending fees and rebates were approximately $15,313,000, making total investment-related expenses approximately $94,144,000. The administrative expenses of approximately $10,126,000 were charged to the Retirement System in 2025.

7. INCOME TAX STATUS

The most recent determination letter is dated February 7, 2017, with the Internal Revenue Service (IRS) stating that the Retirement System, as then designed and in conjunction with the proposed amendments required by the IRS, was in compliance with the applicable requirements of the Internal Revenue Code. The Retirement System's management believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the accompanying basic financial statements reflect no provision for income taxes.

8. INVESTMENTS

Investment Policies

The Retirement System's policy for the allocation of invested assets is established, and amended, as needed, by the ERS Board. ERS publishes its latest Investment Policy on its website. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Retirement System.

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on ERS investments, net of pension plan investment expense, was 12.8% percent, as calculated by the custodian. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

8. INVESTMENTS (cont.)

Fair Value Measurement

The Retirement System categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. ERS had the following recurring fair value measurements as of December 31, 2025 (in thousands):

Investment Type	Fair Value	Level 1	Level 2	Level 3
Public Equity	$ 2,231,527	$ 948,765	$ 1,279,941	$ 2,821
Fixed Income	2,120,808	83,089	2,037,719	-
Public Diversified Real Assets	208,239	-	208,239	-
Total assets in the Fair Value Hierarchy	$ 4,560,574	$ 1,031,854	$ 3,525,899	$ 2,821
Investments measured at Net Asset Value *	1,953,597			
Investments at Fair Value	$ 6,514,171			

** Per GASB 72, investments that are measured using the net asset value per share (or its equivalent) are not classified in the fair value hierarchy. The fair value presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Fiduciary Net Position.*

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority (Level 1) to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs.

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes to the methodologies during the year ended December 31, 2025.

U.S. treasury securities, equity securities, Real Estate Investment Trusts, and Exchange Traded Funds classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and debt derivative securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Index linked debt securities are valued by multiplying the external market price feed by the applicable day's Index Ratio. Level 2 debt securities also have nonproprietary information from multiple independent sources that were readily available to market participants who are known to be actively involved in the

8. INVESTMENTS (cont.)

market. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities.

The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. When inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

Real estate, hedge fund-of-funds, private equity, and one limited partnership classified as public equity are valued using the net asset value (NAV) per share (or its equivalent). With the exception of Public Equities, these investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable fair values and take the form of limited partnerships. These investments are valued based on the partnerships' audited financial statements. If December 31 statements are available, those values are used. If December 31 values are not available, the valuation is adjusted from the most recently available valuation taking into account subsequent calls and distributions, adjusted for unrealized appreciation/depreciation, other income, and fees.

The summary of unfunded commitments for these types of alternative investments is reported below (in thousands).

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equities	$ 836,684	$ 495,676	N/A	N/A
Absolute Return	523,968	-	Monthly - 30 Months	30 - 180 Days
Real Assets - Core	478,143	46,000	Quarterly	90 Days
Public Equities	105,812	-	Twice per Month	15 days
Real Assets - Non-Core	8,990	4,687	N/A	N/A
Totals	$ 1,953,597	$ 546,363		

Private Equities

This consists of four "fund of funds" managers that invest in a multitude of underlying private equity funds. The primary investment type of the underlying funds is buyout, venture capital, and growth equity. Investments can never be redeemed from the funds. Instead, distributions are received through the liquidation of the underlying assets of the funds. It is expected that the funds will be liquidated over the next 15-20 years. The funds are valued on a quarterly basis using appraisals based on the best estimate of fair value.

8. INVESTMENTS (cont.)

Public Equities

Public equities consist of a limited partnership that primarily invests in emerging market public equity and equity related securities (equity index futures, equity index swaps) and currency forwards. The fund may also invest in fixed-income securities, exchange-traded funds, options, warrants, equity swaps, futures, and other derivatives. Withdrawals are available on the 15th and the last calendar day of each month, with written notice given 15 calendar days before the redemption date. The fund is valued monthly based upon the best estimate of fair value.

Real Estate Investments – Non-Core

This consists of seven closed-end funds that invest primarily in U.S. commercial real estate. Investments can never be redeemed from the funds. Instead, distributions are received through the liquidation of the underlying assets of the funds. It is expected that the funds will be liquidated over the next 3 to 5 years. The funds are valued on a quarterly basis using appraisals based on the best estimate of fair value.

Real Estate Investments – Core

This consists of five open-end funds that invest primarily in U.S. commercial real estate. Investments can be redeemed from the funds on a quarterly basis with 90 days' notice, subject to availability of sufficient capital to cover the redemption. The funds are valued on a quarterly basis using appraisals based on the best estimate of fair value.

Absolute Return

This consists of hedge funds-of-funds with the goal of providing CMERS returns regardless of how the overall markets does. The redemption notice period can vary between 30 to 180 days. The redemption frequency can vary from monthly to every 30 months. The lock-up period can vary from none up to three years of hard lock-up. The investor gate level ranges from none to 5%. At the fund gate level, the gating can vary from none to 25%.

Deposits and Custodial Credit Risk

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments, or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name, and held by the counterparty. As of December 31, 2025, no investments or securities were exposed to custodial credit risk.

The Retirement System is also exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance. As of December 31, 2025, approximately $154,000 of cash and cash equivalents was exposed to custodial credit risk.

8. INVESTMENTS (cont.)

The Retirement System was established to provide for the present and future retirement, disability, and death and survivor benefit payments for all city and city agency employees. All of the funds of the Retirement System taken in the aggregate constitute a special trust subject to applicable local, state, and federal laws, including but not limited to sections 36-15, 36-09-1, and 36-09-6 of the Milwaukee City Charter.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of December 31, 2025, the Retirement System has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Retirement System's investment guidelines limit how much each fixed income manager may deviate duration from their respective benchmarks. Duration is the approximate percentage change in price for a 100-basis-point change in yield. Depending on the investment manager, the duration of the Retirement Systems active fixed income managers must either be between 50% and 250% of the duration of the Bloomberg U.S. Aggregate Index or +/- 2 years of the Bloomberg U.S. Aggregate Index. As of December 31, 2025, the segmented time distribution of the various investment types of debt securities for the Retirement System is as follows (in thousands):

		Years to Maturity			
Investment Type	Fair Value	1 Year or Less	1 to 5 Years	6 to 10 Years	More than 10 Years
Asset Backed Securities	$ 182,247	$ 4,521	$ 131,370	$ 11,133	$ 35,223
Bank Loans	28,053	-	20,507	7,546	-
Commercial Mortgage-Backed	64,355	2,157	4,180	-	58,018
Corporate Bonds	544,872	16,296	214,620	227,740	86,216
Corporate Convertible Bonds	7,392	253	6,264	-	875
Government Agencies	1,154	-	1,154	-	-
Government Bonds	890,354	6,528	429,963	202,760	251,103
Government Mortgage Backed Securities	183,602	199	12,551	8,050	162,802
Index Linked Government Bonds	45,881	-	-	20,612	25,269
Municipal/Provincial Bonds	2,070	-	-	-	2,070
Non-Government Backed C.M.O.s	92,230	-	-	-	92,230
Short Term Bills and Notes	84,470	84,470	-	-	-
Totals	$2,126,680	$ 114,424	$ 820,609	$ 477,841	$ 713,806

The risk above is disclosed only for investments evidenced by securities in separate accounts and commingled funds. Assets held in commingled funds are classified based on the individual fund's characteristics as of December 31, 2025.

8. INVESTMENTS (cont.)

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. For separate accounts, ERS investment guidelines allow foreign currency contracts for defensive hedging purposes. In addition, the guidelines recommend adequate diversification by country and currency. As of December 31, 2025, the Retirement System's exposure to foreign currency risk, expressed in U.S. Dollars, is as follows (in thousands):

Foreign Currency	Equities	Fixed Income	Real Assets	Private Equity	Total Fair Value
Brazilian real	$ 13,960	$ 1,877	$ -	$ -	$ 15,837
British pound sterling	47,657	-	-	-	47,657
Canadian dollar	5,180	-	-	-	5,180
Euro	126,414	2,636	117	-	129,167
HK offshore Chinese Yuan Renminbi	3,837	-	-	-	3,837
Hong Kong dollar	21,590	-	-	-	21,590
Hungarian forint	-	2,606	-	-	2,606
Japanese yen	46,807	-	-	-	46,807
Mexican peso	18,656	4,672	-	-	23,328
New Taiwan dollar	3,848	-	-	-	3,848
Singapore dollar	6,422	-	-	-	6,422
South African rand	-	8,533	-	-	8,533
South Korean won	12,980	-	-	-	12,980
Swedish krona	1,552	-	-	-	1,552
Swiss franc	23,395	-	-	-	23,395
Uruguayan peso uruguayo	-	1,106	-	-	1,106
Totals	$ 332,298	$ 21,430	$ 117	$ -	$ 353,845

8. INVESTMENTS (cont.)

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Retirement System's investment guidelines require its fixed income managers to have an Investment Grade average portfolio. The Retirement System's active fixed income managers are allowed to hold a maximum of 20% of their respective portfolio's fair value in issues rated B- or B3, and an additional 5% may be invested in non-rated issues. The quality ratings of investments in fixed income securities of the Retirement System as described by Standard & Poor's as of December 31, 2025, are as follows (in thousands):

Rating	Fair Value	% of Total
AAA	$ 47,827	2.3%
AA	85,515	4.0%
A	162,042	7.6%
BBB	328,311	15.4%
BB	75,773	3.6%
B	25,877	1.2%
CCC	6,032	0.3%
US Government	1,079,004	50.7%
Not Rated	316,299	14.9%
	$ 2,126,680	100.0%

The risk above is disclosed only for investments evidenced by securities in separate accounts and commingled funds. Assets held in commingled funds are classified based on the individual fund's characteristics as of December 31, 2025.

Fair Values within this table may differ from the Statement of Fiduciary Net Position provided on page 2 due to Corporate Convertible Bonds classified as Public Equities on that page.

Of the $316,299 in securities not rated by Standard & Poor's, $252,344 were rated as investment grade by Moody's.

Derivatives

The ERS's Statement of Investment Policy written objectives and guidelines governing the investment of Fund assets allows separate account investment managers to use forward contracts and derivatives traded on a recognized derivatives exchange for hedging and efficient portfolio management purposes if the Board approves their use within the individual manager's written guidelines. No assets shall be committed to futures, options, options on futures, forwards and other derivatives unless approved by the Board in writing.

8. INVESTMENTS (cont.)

Prohibited investments in separate accounts include mortgage interest only, principal only, inverse floaters or other CMO derivatives that have uncertain or volatile duration or price movement.

In 2025, the Retirement System's separate account investment managers utilized bond futures, credit default swaps, and currency forwards. Currency forwards are necessary to purchase or sell non-U.S. securities. Bond forwards and futures are sometimes more liquid and easier to trade than the respective underlying security and can allow an investment manager to reduce the costs of constructing an efficient portfolio.

The following table summarizes the derivatives held by the Retirement System as of December 31, 2025 (in thousands):

	Notional Amount	Fair Value	Gain (Loss)
Futures contracts	$ 204,323	$ -	$ -
Credit default swaps	1,522	1,521	(1)
Foreign exchange forward spot contracts receivable	2,368	2,369	1
Foreign exchange forward spot contracts payable	(2,368)	(2,367)	1
Foreign exchange forward long-term receivable	146	146	-
Foreign exchange forward long-term payable	(145)	(145)	-

These instruments are recorded in cash and cash equivalents, investment receivables, and investments in the Statements of Fiduciary Net Position. The changes in fair value are included in investment income in the Statement of Changes in Fiduciary Net Position.

Bond Futures

A futures contract is a standardized contractual agreement between two parties, made through an organized exchange, to buy or sell a pre-determined amount of a bond at a future date in exchange for a price agreed upon today. The counterparty credit risk for a futures contract is generally less than privately negotiated forward contracts because the organized exchange acts as a clearinghouse that typically settles net changes to futures contract values daily. Exchange-traded bond futures are marked to market daily. As gains and losses are settled in cash each trading day, the fair value of open futures contracts is generally zero as of year-end.

Fixed Income Index Credit Default Swaps

A credit default swap is a type of swap designed to transfer the credit exposure of a fixed income product from one party to another. ERS grants two of its managers the ability to sell protection on the CDS index. This position is equivalent to the credit risk of holding the underlying bonds, but carries significantly lower trading costs. The CDSs may not be used to create leverage, and must be fully collateralized by cash or US Treasury securities.

8. INVESTMENTS (cont.)

Currency Forwards

A foreign currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. The Retirement System's International Equity, Global Equity, and two Fixed Income managers are allowed to enter into foreign exchange positions, such as forward and spot contracts, to hedge foreign currency exposure or obtain a currency for a pending cash transaction. The ERS has two Fixed Income managers who are allowed to invest globally, and they enter into spot contracts to obtain a currency for a pending cash transaction. The majority of the contracts are short-term in duration and mature within 90 days. Any exceptions require written permission of the ERS Board.

Derivative Risk

The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.

The ERS is also exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed through the limits placed on an investment manager within the Statement of Investment Policy.

The ERS is exposed to credit risk in the event of non-performance by counterparties to financial instruments. Typical counterparties for ERS are major financial institutions and broker-dealers. A counterparty's financial condition, cash on hand, and general credit worthiness is evaluated prior to entering into a transaction. In addition, ratings agencies' evaluations are reviewed.

The following table summarizes the counterparty credit risk amounts for the ERS for derivatives as of December 31, 2025 (in thousands):

Investment Type	Exchange Traded
Assets	
Swaps	
Credit Contracts	1,521
Total Value by Rating	$ 1,521

8. INVESTMENTS (cont.)

Securities Lending

ERS started the securities lending program in 1993. ERS is authorized to operate the securities lending program under Chapter 36-09-6 of the Milwaukee City Charter. Eligible securities are loaned out through the ERS custodian, Northern Trust. ERS earns a daily fee for securities loaned and incurs a reduction in earnings per the indemnification agreement with the custodian. Each security loan is initially collateralized by securities or cash for at least 102% of its fair value (105% for international securities). Collateral is held by the custodian. Cash collateral received from borrowers is invested in a short-term investment pool, which is managed by Northern Trust. The custodian's lending program does not operate the collateral investments as a "matched program" where the length of the loaned assets is specifically matched to the length of the portfolio investments. Loans are open and renewed each day until they are no longer needed. ERS does not have the ability to pledge or sell collateral unless there is a borrower default.

Revenue earned from securities lending is used to offset expenses of the Retirement System. If revenues are not expended within one calendar year following receipt, the remaining amount is distributed to the Non-Consenter Retirement Fund. For the year ended December 31, 2025, the Retirement System earned revenue from securities lending of approximately $14,336,000 and paid custodian fees and rebates of approximately $15,313,000. The ERS disbursed $920,000 to offset some of the Retirement System's administrative costs.

As of December 31, 2025, ERS has securities on loan with a fair value of approximately $302,127,000 and the short-term collateral investment pool has a fair value of approximately $309,497,000.

Investment Type	Securities on Loan Fair Value
Global Equities	$ 2,174,819
US Corporate Fixed	73,869,485
US Equities	33,148,300
US Government Fixed	192,934,370
Totals	$ 302,126,974

The two main risks in securities lending are counterparty risk and collateral investment risk. Counterparty risk is the risk that the borrower defaults on a loan and is unable to return the security. The ERS's contract with Northern Trust indemnifies ERS of any losses suffered as a result of the securities lending program due to counterparty default. Collateral investment risk is the risk that an investment in a collateral option becomes impaired or decreases in value. ERS is responsible to refund any losses to the borrower as a result of losses in the collateral pool. As of December 31, 2025, the ERS's collateral pool was trading at or near fair value with no impairments.

9. LEASES

The Retirement System has entered into lease agreements as a lessee for financing the temporary acquisition of office space and equipment. These agreements qualify as leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations for the leased assets will be repaid from the Global Combined Fund.

Description	Lease Inception	Final Maturity	Interest Rate	Balance
Office Space - 789 N Water Street, Suite 300	1/1/2022*	3/1/2030	4.4%	$ 1,035,923
Office Space - 10850 West Park Place, Suite 450	1/1/2022*	3/31/2030	4.0%	180,415
Office Space - Disaster Recovery Computer Facility	1/1/2022*	12/31/2029	7.5%	60,288
Equipment - Copiers	10/16/2025	10/16/2030	3.3%	26,505
Total				$ 1,303,131

* The lease inception date reflects the implementation date of GASB 87 for leases that commenced prior to the implementation of GASB 87.

Annual lease payment requirements to maturity for the lease liabilities are as follows:

Year	Principal	Interest	Total
2026	$ 277,421	$ 57,581	$ 335,002
2027	298,141	45,297	343,438
2028	320,011	32,092	352,103
2029	343,089	17,915	361,004
2030	64,469	616	65,085
Total	$ 1,303,131	$ 153,501	$ 1,456,632

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Retirement System enters into subscription-based information technology arrangements (SBITAs) to use vendor-provided information technology. SBITAs provide the System with the right to use the vendor's information technology for a period of time. The present value of future payments is recorded as an intangible right-to-use lease asset and amortized using the straight-line method over the term of the lease. The total cost of the obligations for the subscription arrangements was paid at the arrangements' inception out of the Global Combined Fund and the Securities Lending program. Therefore, no subscription liability was recorded.

As of December 31, 2025, the total of SBITA assets was approximately $584,000, the accumulated amortization was approximately $416,000, and the net asset balance was approximately $168,000.

11. COMMITMENTS & CONTINGENCIES

The Retirement System is involved in litigation and disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's basic financial statements.

12. SUBSEQUENT EVENTS

The Retirement System has evaluated subsequent events occurring through the date the financial statements were available to be issued, for subsequent events requiring recording or disclosure in the Plan's financial statements.

The following (11) retirees were totally offset on the July 2026 payroll due to non-compliance of outside earnings required by Sections 36-07-2-a and 36-05-6-c of the Milwaukee City Charter.

500533	Gary O'Connor
506586	Brandon Purdy
504945	Daniel Lazarski
536434	Teofilo Maldonado
510505	Cory Kilsdonk
513721	Sharodnick Brown
513624	Dorothy McLaurin
536211	Christian Hlavinka
551277	Stephanie Ramskugler
588531	Thomas Weinzierl
584447	Jared Bertsche

Note: The July 2026 payroll closed on July 23, 2026. All outside earnings paperwork (Certification of Earnings form and tax return with supporting documentation, if required) that was properly completed and submitted to our office on or before July 23, 2026 was processed.

Resolution re: August Meeting

A RESOLUTION

WHEREAS, No regular meeting of the Board will be held during the month of August 2026; therefore, be it

RESOLVED, By the Annuity and Pension Board that the Secretary is authorized and directed to pay bills, retirement allowances, death claims and refund of contributions, and take whatever action may be necessary to administer the system, including approve disability reports of the Medical Council and Medical Panel applications, and report such action to the Board at the Regular Meeting on September 24, 2026. Denials will be held for action by the Board at its next regular meeting.

IV.

MEDICAL REPORTS

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

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

B. Disability Findings.

- Frank Lockett

MERITS	CITY OF MILWAUKEE EMPLOYES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Panel Approvals Report	DATE RAN :	07/10/2026
Approved by Executive Director	Pension Board Meeting Date 07/22/2026	TIME RAN :	07:56

Case Number	Name	Title	Employer	Case Type	Case Sub-Type	DOCTOR DECISION City	Union	Third	Disability Date	Comments
1132	KUNISCH, GRAHAM	POLICE OFFICER	POLICE	DD 90%	Re-Examination	Approved	Approved		03/17/2014	

Number of Cases: 1

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 :	07/13/2026
	Board Meeting: 07/22/2026	TIME RAN :	08:14

Name	Title	Employer	CaseType	Case Sub-Type	Disability Date	Medical Council Meeting Date	In Person Exam Waiver
COLE, KEVIN	OPERATIONS DRIVER WORKER	DPW-OPERATIONS	Ordinary Disability	Re-Examination	09/26/2016	07/10/2026	
DAIS, IBRAHIM	OPERATION DRIVER WORKER	DPW	Ordinary Disability	Re-Examination	11/11/2022	07/10/2026	
GEPPERT, DEREK	FIRE FIGHTER	MILWAUKEE FIRE DEPARTMENT	DD 90%	Re-Examination	06/09/2018	07/10/2026	
MORGAN, JAMIE	FIREFIGHTER Z	MILWAUKEE FIRE DEPARTMENT	Ordinary Disability	Re-Examination	10/17/2024	07/10/2026	

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 EMPLOYES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Council Denials Report	DATE RAN :	07/13/2026
	Board Meeting: 07/22/2026	TIME RAN :	08:14

Case Number	Name	Title	Employer	CaseType	Case Sub-Type	Disability Date	Medical Council Meeting Date	In Person Exam Waiver
1604	CODE, WILLIAM	FIRE LIEUTENANT	MILWAUKEE FIRE DEPARTMENT	DD 75%	Application	06/07/2025	07/10/2026	

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.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (V.C.), as provided in Section 19.85(1)(g), Wisconsin State Statutes, to confer with legal counsel concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Board may then vote to reconvene in open session following the closed session.

C. Pending Litigation Report.
D. Executive Director's Report – Inventory of ERS Projects.

July 22, 2026 Board Meeting

PENDING LEGAL OPINIONS AND SERVICE REQUESTS REPORT

PART 1. LEGAL OPINIONS - OFFICE OF CITY ATTORNEY

04/17/26 **1% Residency Incentive Pay**

ERS has requested legal guidance on whether and under what circumstances a 1% residency incentive payment contained in the recently settled labor agreement between the City of Milwaukee and the Milwaukee Police Supervisors Organization (MPSO) should be included in "current annual salary" for purposes of calculating Duty Disability Retirement benefits.

7/22/26 On Board Agenda.

PART 2. LEGAL OPINIONS - OUTSIDE LEGAL COUNSEL

None.

PART 3. SERVICE REQUESTS - OFFICE OF CITY ATTORNEY

03/27/26 **Cavanaugh MacDonald Consulting LLC Agreement**

ERS has requested assistance in negotiating and drafting a contract with Cavanaugh Macdonald Consulting LLC for actuarial services.

6/4/26 Received draft contract from Assistant City Attorney.

06/09/26 **Contract Amendment for Transaction Cost Analysis Services**

ERS has requested assistance in the drafting of a one-year contract extension with Adviser Compliance Associates, L.L.C., ACA (formerly Global Trading Analytics or GTA).

06/24/26 **Internal Audit Services Contract**

ERS requests the City Attorney's Office to draft a contract with the vendor.

7/9/26 Received draft contract from Assistant City Attorney.

PART 4. SERVICE REQUESTS - OUTSIDE LEGAL COUNSEL

None.

CITY OF MILWAUKEE
Office of the City Attorney

Milwaukee City Hall • 200 East Wells Street • Milwaukee, Wisconsin 53202-3551
Telephone: 414.286.2601 • TDD: 414.286.2025 • Fax: 414.286.8550

June 22, 2026

Via email: patrick.mcclain@cmers.com

Patrick J. McClain, Executive Director
Employees' Retirement System
789 N. Water Street, Suite 300
Milwaukee, WI 53202

Re: Effect of 1% Residency Incentive on Duty Disability Retirement Allowance

Dear Executive Director McClain:

Your office recently requested an opinion regarding whether a 1% residency incentive in the current collective bargaining agreement (CBA) between the City of Milwaukee and the Milwaukee Police Supervisors Organization (MPSO) should be included in "current annual salary" under Milwaukee City Charter (MCC) § 36-05-3-c-1-a for purposes of calculating Duty Disability Retirement (DDR) benefits. Your office also requested guidance on the inclusion of this residency pay when calculating benefits at the time of conversion to extended lifetime disability benefits or service conversion benefits.

For the reasons stated below, it is the opinion of our office that the 1% residency incentive is not includable in "current annual salary" for purposes of calculating DDR benefits under MCC § 36-05-3-c-1-a or for calculating benefits at the time of conversion to extended lifetime disability benefits. Additionally, it is our opinion that the residency incentive is not includable when calculating service conversion benefits.

MILWAUKEE
#0000000002134v1

Background

DDR benefits for firefighters and police officers are calculated at 75% or 90% of the "current annual salary" for the position held by a member at the time of their disabling injury. MCC § 36-05-3-c-1-a and b. Neither the word "salary" nor the phrase "current annual salary" is defined in Chapter 36. "Member" is defined as "any person included in the membership of the retirement system as provided in section 3 of this act [s. 36-03]." MCC § 36-02-21. Section 3 states that to be eligible for membership in ERS, a person must be a full- or part-time employee who is otherwise eligible under rules and regulations adopted by the Annuity and Pension Board (Board). *See* MCC § 36-03-1-b. Chapter 36 also states that if a member "become[s] a beneficiary as a result of his contributions under this act . . . he shall thereupon cease to be a member." MCC § 36-03-5. "Beneficiary" is defined as "any person in receipt of a retirement allowance, or other benefit, as provided by this act." MCC § 36-02-5. As such, former employees receiving DDR benefits are "beneficiaries," not "members," under the Charter.

Article 9 of the March 24, 2026 MPSO CBA, titled "Base Salary," includes a 1% residency incentive for covered employees living in the City of Milwaukee. *See Agreement Between the City of Milwaukee and the Milwaukee Police Supervisors Organization, Effective January 1, 2025 through December 31, 2027* at 15 (2026 MPSO CBA). The 2026 MPSO CBA covers only employees "in active service." *Id.* at 14. Each of the salary grids for the 2026 pay periods contain a footnote stating, "Effective PP 8 (March 29, 2026), a 1% residency incentive will be added to base pay for those employees who have a bona fide residence in the City of Milwaukee." *Id.* at 18 n.3, 19 n.3, 23 n.3, 24 n.3. However, the 1% residency incentive is not included in the figures in the salary grids themselves. The CBA does not specify whether the 1% increase is pensionable.

Analysis

Whether the 1% Residency Incentive Should Be Included in "Current Annual Salary" to Calculate DDR Benefits

In 2023, the Supreme Court of Wisconsin interpreted the phrase "current annual salary" under MCC § 36-05-3-c-1-a to mean the dollar amounts listed in a CBA's bi-weekly salary grids, regardless of language elsewhere in the agreement. In *Milwaukee Police Supervisors Org. v. City of Milwaukee*, 2023 WI 20, 406 Wis. 2d 279, 986 N.W.2d 801, the court held:

> The salary grids detail the biweekly wages for each position. These figures reflect the "current annual salary" for employees . . . . The grids, located in [Article 10] titled "Base Salary," list the biweekly wages employees in each position received. The parties agree "current annual salary," as used in the Charter, means a position's base salary. *Most naturally construed, the figures in the grids—multiplied by 26—constitute the base salary for each position . . . .*

Id. ¶ 19 (emphasis added).

The court held because the figures in the salary grids included a 5.8% pension offset, ERS was required to include it in calculating DDR benefits even though a paragraph adjacent to the salary grids stated the offset would be made only as long as the employee made a 7% pension contribution required in CBA Article 23, which DDR beneficiaries do not make. *See id.* ¶ 21. The court stated:

> The provision of Article 10, Section (C) conditioning a member's eligibility for the pension offset payment on the member making the 7% contribution has no bearing on the meaning of "current annual salary" as used in MCC § 36-05-3-c-1-a. It merely disqualifies active duty employees who do not make the member contribution from receiving pension offset payments. That DDR beneficiaries do not currently make the contribution is irrelevant. The Charter entitles disabled firefighters to a disability benefit based on the "current annual salary" for the position they held at the time of their eligibility for DDR benefits—without conditions or exceptions.

Id. ¶ 22.

Applying this reasoning, because the 1% residency incentive is not part of the figures in the 2026 MPSO CBA's salary grids, it is not part of the "current annual salary" in calculating DDR benefits. This is true even though the residency incentive language appears in 2026 MPSO CBA Article 9 ("Base Salary") and even though each of the salary grids for the 2026 pay periods contains a footnote stating the 1% residency incentive will be added to base pay for employees who reside in the City of Milwaukee. *See* 2026 MPSO CBA at 15, 18 n.3, 19 n.3, 23 n.3, 24 n.3. The *Milwaukee Police Supervisors Org.* court held that only the *figures* in the salary grids are relevant in determining the "current annual salary" for DDR purposes. *See* 2023 WI 20, ¶ 19.

In so holding, the court rejected the union's argument that the CBA language describing the 5.8% pension offset "base building and pensionable" was relevant, holding that the language was "unnecessary for purposes of discerning the meaning of 'current annual salary.'" *Id.* ¶ 20. "Even without the 'base-building and pensionable' language in the CBA, the 'current annual salary' for each position encompasses the 5.8% pension offset payment. The salary grids detailing the current annual salary for each position therefore obligate MERS to include the pension offset payment in its calculation of DDR benefits." *Id.*

The fact that an active duty employee may have been receiving the 1% residency incentive before becoming a DDR beneficiary does not change this analysis. *Milwaukee Police Supervisors Org.* makes clear that DDR benefits are calculated based on the figures in the salary grids listed for the position, not the actual pay received by an active employee. *See id.* ¶ 22. This is true regardless of any consideration of equity. The court rejected ERS's argument that including the 5.8% pension offset in "current annual salary" would be inequitable because active duty employees who receive the increase also have to make a 7% pension contribution that DDR recipients do not. It held, "[w]e do not balance equities in interpreting either ordinances or contracts—we apply their plain meaning." *Id.* ¶ 24.

For these reasons, it is the opinion of our office that the 1% residency incentive is not includable in "current annual salary" for purposes of calculating DDR benefits under MCC § 36-05-3-c-1-a.

Whether the 1% Residency Incentive Should Be Included in "Current Annual Salary" To Calculate Benefits at the Time of Conversion to Extended Lifetime Disability

When they reach normal retirement age, DDR recipients must elect to either continue receiving DDR benefits for life or to convert to a service retirement allowance. *See* MCC § 36-05-3-c-3-f. If the individual elects to receive the extended lifetime duty disability, that allowance is limited to the lesser of the service retirement allowance or 75% of the current annual salary for the individual's position. *See id.*

As outlined in *Milwaukee Police Supervisors Org.*, "current annual salary" must be calculated based on the figures in the salary grids without reference to any other language in the CBA. Therefore, the 1% residency incentive should not be included in calculating the extended lifetime duty disability allowance for purposes of MCC § 36-05-3-c-3-f.

Whether the 1% Residency Incentive Should Be Included in Service Conversion Benefits

If a DDR beneficiary converts to a service retirement allowance, MCC § 36-05-3-c-3 provides that it will be calculated as follows:

> The service retirement allowance shall be computed on the basis of *the annual regular base salary in effect for the member's position* in the year immediately prior to the member's service retirement and the additional amount that would have been includable under s. 36-02-12 in the member's earnable compensation if the member had retired from active service on a service retirement allowance on the date of the member's service retirement.

MCC § 36-04-3-a (emphasis added). Thus, the service retirement allowance for a DDR beneficiary converting to a service retirement is not based on the actual compensation the beneficiary received while in active service, but rather on the "regular base salary" for the position they held before becoming a DDR beneficiary, plus applicable "earnable compensation."

"Earnable compensation shall mean . . . [t]he annual regular base salary that would be payable to a member if he or she worked the full normal working time for his or her position . . ." plus other specifically enumerated kinds of compensation: "maintenance," "longevity in rank pay," "variable shift assignment pay," "special emergency medical technician pay," "longevity pay," "training standards pay," "site differential pay," "EMT

II premium pay," "the certification pay benefit," and "the $150 biweekly payments payable in and after pay period 1, 2004, which are payable in lieu of certain other payments and allowances received by policemen." MCC § 36-02-12. The 1% residency incentive is not included in this list. "We assume that the legislature's intent is expressed in the statutory language." *State ex rel. Kalal v. Circuit Court for Dane Cnty.*, 2004 WI 58, ¶ 44, 271 Wis. 2d 633, 681 N.W.2d 110. "Thus, we have repeatedly held that statutory interpretation 'begins with the language of the statute. If the meaning of the statute is plain, we ordinarily stop the inquiry.'" *Id.* ¶ 45 (quoting *Seider v. O'Connell*, 2000 WI 76, ¶ 43, 236 Wis. 2d 211, 612 N.W.2d 659). Milwaukee City Charter § 36-02-12's use of the term "shall mean" and its detailed enumeration of specific supplemental pay categories plainly demonstrates an intent to limit "earnable compensation" to the items listed. Therefore, the 1% residency incentive is not included in the definition of "earnable compensation."

Chapter 36 does not define the terms "regular base salary" or "base salary." Although the 1% residency incentive is described in the section of the 2026 MPSO CBA titled "Base Salary," the agreement does not define that term. Instead, for each group of employees covered, the 2026 MPSO CBA states "the biweekly base salary paid to employees shall be as follows," followed by a salary grid. *Id.* at 15-24. Each of the salary grids for the 2026 pay periods contain a footnote stating, "Effective PP 8 (March 29, 2026), a 1% residency incentive *will be added to base pay* for those *employees* who have a bona fide residence in the City of Milwaukee." *Id.* at 18 n.3, 19 n.3, 23 n.3, 24 n.3 (emphasis added). Therefore, the residency incentive is not included in base salary, but rather added to base salary for eligible employees. It is also only available for active duty employees, not for DDR beneficiaries. *See* MPSO CBA at 14; *see also Milwaukee Police Supervisors Org.*, 2023 WI 20, ¶ 21 ("Under the CBA, 'employees' means only those who are 'in active service.'") As noted above, Chapter 36 also provides that once an individual begins receiving DDR benefits, they are no longer a "employee" but rather a "beneficiary." *See* MCC §§ 36-03-1-b; 36-03-5; 36-02-5.

Taken together, these provisions lead to the conclusion that the 1% residency incentive should not be included in calculating a DDR beneficiary's service conversion retirement allowance, regardless of their place of residence. The service conversion retirement allowance is not calculated in the same way that a normal service retirement is calculated for a retiring active duty employee. Rather, it is calculated on the basis of the "annual regular base salary" in effect for the individual's position in the year immediately prior to their service retirement conversion and the additional amount that would have been includable in their "earnable compensation" if the they had retired from active service on the date of their conversion. *See* MCC § 36-04-3-a. It is not based on the actual compensation the beneficiary received while in active service.

The 2026 MPSO CBA provides that the 1% residency incentive is added to the base salary only for those active duty employees who reside in the City of Milwaukee. *See* 2026 MPSO

CBA at 14. The residency incentive is not included in the figures in the salary grids, and therefore should not be included in calculating the "annual regular base salary" in effect for the individual's position in the year immediately prior to their service retirement conversion. This is so even though the 1% residency incentive is included in a footnote to the salary grids. That footnote makes clear the incentive "will be *added to base pay* for those *employees* who have a bona fide residence in the City of Milwaukee." *Id.* at 18 n.3, 19 n.3, 23 n.3, 24 n.3 (emphasis added). Thus, the 1% residency incentive is not part of "base salary." Additionally, because DDR beneficiaries are not "employees," the residency incentive should not be included in their service conversion retirement benefits, regardless of their place of residence. *See* MCC §§ 36-03-1-b; 36-03-5; 36-02-5; MPSO CBA at 14; *Milwaukee Police Supervisors Org.,* 2023 WI 20, ¶ 21.

Conclusion

For the reasons stated above, it is the opinion of our office that the 1% residency incentive is not includable in "current annual salary" for purposes of calculating DDR benefits under MCC § 36-05-3-c-1-a or for calculating benefits at the time of conversion to extended lifetime disability benefits. Additionally, it is our opinion that the residency incentive is not includable when calculating service conversion benefits.

Very truly yours,

EVAN C. GOYKE
City Attorney

Lauri A. Rollings

LAURI A. ROLLINGS
Assistant City Attorney

2026-000803/00000000002134

July 22, 2026 Board Meeting

PENDING LEGISLATION REPORT

PART 1. **PENDING FILES FOR COMMON COUNCIL ACTION**

None.

PART 2. **PENDING CHANGES TO THE RULES & REGULATIONS**

None.

PART 3. **PENDING LEGISLATIVE COMMITTEE REFERRALS**

None.

PART 4. **PENDING STATE LEGISLATION**

None.

July 22, 2026 Board Meeting

PENDING LITIGATION REPORT

Part 1. ERS Litigation through the City Attorney

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

- 03/18/26 Appellants' Petition for Review filed with the Supreme Court of Wisconsin.
- **03/30/26** Respondents' Response to Petition for Review filed with the Supreme Court of Wisconsin.

Benjean Lara v. City of Milwaukee, et al; Case Nos. 2024AP001685; and 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

- 03/18/26 Court of Appeals affirmed Annuity and Pension Board's decision to deny Duty Disability Retirement benefits to Benjean Lara.
- **04/17/26** Appellant's Petition for Review filed with the Supreme Court of Wisconsin.

Kurt Lacina v. Employes' Retirement System, et al; Case Nos. 2025AP001597 and 2024CV008283

Plaintiff alleges that duty disability retirees receiving a 90% benefit are only subject to the re-examination requirements prior to reaching his/her conversion date.

See prior Reports for case history

- **11/24/25** Awaiting assignment to Appellate panel.
- **06/01/26** Notice that the case has been submitted to the court for consideration and determination on briefs, without oral argument.

Part 2. ERS Administrative Appeal Hearings through the City Attorney

Jason E Rodriguez; Administrative Case No. 1443

- Administrative appeal hearing stayed pending outcome of Appellant's state workers compensation (WC) appeal under Wis. Stat. 62.624.
- 02/13/26 State of Wisconsin Department of Workforce Development Worker's Compensation Division issued a decision in favor of the Appellant.
- **04/09/26** Letter sent to Appellant to schedule signing of new Medical Information Authorization forms.

Frank Lockett; Administrative Case No. 1591

- **03/18/26** Hearing examiner issued decision letter confirming that the Annuity and Pension Board—and not the hearing examiner—is the final decision maker for ERS disability benefit appeals.
- **05/12/26** Appeal hearing scheduled.
- **06/08/26** Post-hearing briefs due and filed.
- **06/17/26** Hearing examiner findings of fact and proposed decision issued.

Part 3. Notice of Claim filed with ERS

None.

Part 4. ERS Litigation through Outside Legal Counsel

None.

Employes' Retirement System – Executive Director's Report

July 2026

I. Personnel Update

A. Robin Hayes has been promoted to the position of ERS Chief Financial Officer effective July 20, 2026. Robin brings over 11 years of accounting experience to this role, including seven years as ERS Pension Accounting Manager.
B. Sonia Maldonado has been appointed to the position of Benefits Services Specialist effective July 20, 2026. Sonia is transferring to ERS from the Milwaukee Elections Commission, where she served as an Election Services Coordinator – Bilingual. She has also previously worked for DER and DPW.
C. A job announcement bulletin for two Pension Investment Analyst positions was posted on July 13, 2026 and closes on August 7, 2026.
D. ERS is currently interviewing three finalist candidates for the Office Assistant III and Records Technician II positions.

II. Member Services

A. There were 43 new retirees on the June payroll, and 58 are currently anticipated for the July payroll.
B. There were 34 retiree/employee deaths entered in May.
C. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Counts
Annuitants	
Death - Duty	23
Death - Ordinary	100
Disability - Duty	342
Disability - Ordinary	555
Retirement	12,923
Separation	39
Total Annuitants	**13,982**
Active	**8,167**
Deferred	**3,576**
Total Population	**25,725**

III. Financial Services

A. True-up letters for 2026 actuarial contributions due 12/31/26 from City agencies will be mailed out in August.
B. There are currently 15 outside earning non-responders. If the members' paperwork and tax returns with supporting documents are properly completed and submitted to our office on or before July 23rd they will be paid on the July 2026 payroll.

IV. Information Services

A. Upgrade FileNet P8 to IBM CloudPak4BA in progress.
B. SQL Server & Windows Upgrade in progress.

C. Workday Implementation Impact on MERITS in progress.
D. Website Upgrade in progress.
E. IP Address Review and Cleanup 2025 in progress.
F. DNS Review and Cleanup 2025 in progress.
G. AD Review and Cleanup 2025 in progress.
H. Firewall Review and Cleanup 2025 in progress.
I. Planet Press Upgrade in progress.
J. Microsoft Windows Upgrade in progress.
K. Perforce Upgrade in progress.
L. WCAG 2.0 implementation in progress.
M. Network Redesign completed.

V. Administration

A. On June 24, 2026, ERS staff met with the Housing Authority of the City of Milwaukee's (HACM) new Secretary-Executive Director and Chief Financial Officer, along with the agency's outgoing Chief Operating Officer, to discuss HACM's outstanding employer contributions. At the meeting, HACM promised to pay an amount equal to its actuarially determined employer contribution (ADEC) for the current plan year ($1,915,565) by December 31, 2026. This payment will cover approximately 40% of HACM's current outstanding obligations to CMERS. HACM additionally promised to continue paying amounts equal to the agency's ADECs in future plan years. HACM agreed to work with CMERS staff to develop a payment plan for its remaining obligations as soon as the agency completes its financial statements later this year.

On July 8, 2026, the HACM Board announced that Zena Farah has been appointed as the agency's new Chief Operating Officer. Ms. Farah has both private and public experience in the housing industry, including 16 years with the U.S. Department of Housing and Urban Development.

Per the Board's direction, ERS is now sending monthly billing statements to HACM. A copy of July's billing statement is enclosed with this report.

City of Milwaukee
Employes' Retirement System

Patrick J. McClain
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Daniel A. Gopalan, CPA
Deputy Director

Gust P. Petropoulos
Deputy Director

July 13, 2026

Housing Authority of the City of Milwaukee
Attn: Office of the Executive Director
809 N. Broadway, 3rd Floor
Milwaukee, WI 53202

via eMail

Re.: Actuarial Employer Contributions for Plan Years 2024-2026

Good Morning:

The Employes' Retirement System (ERS) collects from its member agencies certain costs due to the System. The Housing Authority has amounts due as outlined below.

Plan Year	Amount Due 1/1/2026	Interest Accrued Thru' 7/31/2026	Amount Due 7/31/2026	Statutory Due Date
2024 (past due)	$ 582,082	$ 22,772	$ 604,854	12/31/2025
2025	$ 2,024,259	$ 79,193	$ 2,103,453	12/31/2026
2026	$ 1,915,565	$ 74,941	$ 1,990,506	12/31/2027
Total for All Years	**$ 4,521,906**	**$ 176,906**	**$ 4,698,813**	

Please note that all amounts due continue to accrue interest at 6.8% p.a. If you would like to reinitiate a quarterly payment schedule, please contact Dan Gopalan, ERS Deputy Director, at daniel.gopalan@cmers.com to discuss options.

Please be sure to email Dan Gopalan at daniel.gopalan@cmers.com prior to making the payments, so we can properly credit your account. He can also be reached at 414-286-3708.

Sincerely,

Patrick J. McClain
Executive Director

Basic Website Metrics

	2025							2026					
	June	**July**	**Aug.**	**Sep.**	**Oct.**	**Nov.**	**Dec.**	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**June**
Users	3,338	3,271	3,171	3,185	4,649	3,000	4,492	4,674	4,498	4,162	4,054	3,849	**4,112**
Page Views	10,251	10,844	10,313	11,016	18,685	11,595	12,222	14,697	13,800	12,478	12,074	10,634	**11,065**
Ave. Visit	1:15	1:21	1:22	1:27	1:54	1:08	1:02	1:26	1:21	1:13	1:12	1:05	**1:03**

VI.

INFORMATIONAL

A. Conferences.
B. Class Action Income 2026 YTD.
C. Minutes of the Investment Committee Meeting Held June 4, 2026.
D. Minutes of the Administration and Operations Committee Held June 17, 2026.
E. Report on Bills.
F. Securities Lending Revenue and Budget Report.
G. Preliminary Performance Report and Asset Allocation.

Client Conferences 2026 - 2027

Board Meeting: July 22, 2026

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
September 14, 2026	Baird Advisors' 26th Annual Kohler, WI	Robert W. Baird
September 22 – 23, 2026 10:30 am – 2:00 pm	"Callan College" Introduction to Investments Virtual	Callan Associates
October 27 – 29, 2026	USLF Annual Meeting 2026 New York, NY	ProLogis
October 29 – 30, 2026	LaSalle Americas Investor Summit 2026 Chicago, IL	LaSalle
November 4 – 6, 2026	Brandes Due Diligence Summit 2026 La Jolla, CA	Brandes
February 1 – 2, 2027	Apogem 2027 Annual General Meeting Palm Beach, FL	Apogem Capital
April 4 – 6, 2027	2027 National Conference Scottsdale, AZ	Callan Associates
April 14 – 17, 2027	BLB&G 2027 Forum for Institutional Investors New Orleans, LA	Bernstein Litowitz Berger & Grossman (BLB&G)

Trustee Conferences 2026 – 2027

Board Meeting: July 22, 2026

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
August 17 – 19, 2026	Public Pension Funding Forum 2026 Chicago, IL	NCPERS
September 23, 2026	12th Annual Great Plains Institutional Forum Minneapolis, MN	Markets Group
September 28 – 29, 2026	Investment Basics Orlando, FL	International Foundation of Employee Benefit Plans
September 30 – October 2, 2026	CII Fall 2026 Conference Boston, MA	Council of Institutional Investors
October 2, 2026	Madison Investment Conference Madison, WI	CFA Society of Madison, SWIB, Wisconsin School of Business
October 6 – 8, 2026	P&I Convergence 2026 New York, NY	Pensions&Investments
October 7 – 8, 2026	Consultants & Institutional Investors Roundtable Chicago, IL	Institutional Investor
October 24 – 25, 2026	Public Plan Trustees Institute – Level I New Orleans, LA	International Foundation of Employee Benefit Plans
October 24 – 25, 2026	Public Plan Trustees Institute – Level II New Orleans, LA	International Foundation of Employee Benefit Plans
October 24 – 25, 2026	Fiduciary in Focus Workshop 2026 (formerly PATS) Nashville, TN	NCPERS
October 24 – 25, 2026	NCPERS Advanced Fiduciary (NAF) Institute (fall class) Nashville, TN	NCPERS
October 25 – 28, 2026	Public Safety Conference Nashville, TN	NCPERS

Trustee Conferences 2026 – 2027

Board Meeting: July 22, 2026

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
October 26 – 27, 2026	Alts 50 New York, NY	with.Intelligence
January 25 – 27, 2027	2027 Visions, Insights & Perspectives (VIP) Americas Carlsbad, CA	Institutional Real Estate, Inc.
February 15 – 16, 2027	Public Plan Trustees Institute – Level I Orlando, FL	International Foundation of Employee Benefit Plans
March 8 – 10, 2027	CII Spring 2027 Conference Washington D.C.	Council of Institutional Investors
April 13 – 14, 2027	13th Annual Midwest Institutional Forum Chicago, IL	Markets Group
May 2 – 5, 2027	Global Conference Beverly Hills, CA	Milken Institute
May 5 – 6, 2027	Investment Institute Nashville, TN	International Foundation of Employee Benefit Plans
May 15 – 16, 2027	Trustee Essentials Training 2027 (formerly TEDS) New York, NY	NCPERS
May 15 – 16, 2027	NCPERS Advanced Fiduciary (NAF) Institute 2027 (spring class) New York, NY	NCPERS
May 16 – 19, 2027	Annual Conference & Exhibition (ACE) 2027 New York, NY	NCPERS
June 2 – 4, 2027	2027 Visions, Insights & Perspectives (VIP) Infrastructure Half Moon Bay, CA	Institutional Real Estate, Inc.
July 19 – 21, 2027	NCPERS Legislative Forum & Policy Day Washington DC	NCPERS
September 15 – 17, 2027	CII Fall 2027 Conference Denver, CO	Council of Institutional Investors

Upcoming Due Diligence Meetings

Date	Manager(s)	Team
July 28 – 30, 2026	Loomis and MFS	David and Tom
September 1 – 2, 2026	Earnest	Erich and Tom
September 22 – 24, 2026	Brandes and DFA	David
October 5 – 6, 2026	AQR and UBS	Erich

Class Action Income 2026 YTD

Asset Description	Date(s)		Amount
Viacom, Inc.	1/6/2026	$	105
The Bank of New York Mellon	1/16/2026	$	2
CITIBANK	1/16/2026	$	2
Warner Brothers Discovery	1/22/2026	$	2,927
Boston Scientific Corp.	2/12/2026	$	217
Pluralsight, Inc.	2/26/2026	$	6,581
Apple, Inc.	4/6/2026	$	400
Viatris, Inc.	4/6/2026	$	473
Cerence, Inc.	4/20/2026	$	2,869
First Solar, Inc.	4/21/2026	$	38
The Kraft Heinz Co.	4/24/2026	$	820
Global Payments, Inc.	6/1/2026	$	52
CAREDX, Inc.	6/11/2026	$	4,099
Yukos Oil Co.	6/22/2026	$	218
Total Class Action Income Received in 2026 YTD		**$**	**18,803**

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

Minutes of the Investment Committee Meeting
held June 4, 2026 via teleconference

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

Committee Members Present:	Jerry Allen John Barmore Matthew Bell Bill Christianson Justin DeCleene Deborah Ford Timothy Heling, Chair Nik Kovac
ERS Staff Present:	Patrick McClain, 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, Deputy Director Jan Wills, Board Stenographer

Others present: Matt Daggett, Daniel Luque, Ross Orlando, DFA; Patmon Malcom, Dinkar Singh, Earnest; John Jackson, Mike Joecken, Callan; Lauren Albanese, Financial News; Lauri Rollings, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc.; no members of the public called into the meeting.

Mr. Silber said Agenda Item I. relates to Apogem Capital, one of the investment managers that manages some of the ERS's Private Equity allocation. He said all the ERS's Private Equity investments are made by committing money to limited partnership vehicles that are invested by managers such as Apogem Capital. Mr. Silber said Apogem requested the ERS's consent to amend the Apogem Private Equity Fund XI LPA which is a Fund that the ERS has previously committed $40 million dollars to. He said in order to deliberate or negotiate the ERS's investment in Apogem Private Equity Fund XI LPA, there is now a need to request that the Committee go into closed session for competitive or bargaining reasons.

Mr. Heling advised that the Investment Committee may vote to convene in closed session on the following item, as provided in Section 19.85(1)(e), Wisconsin Statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Investment Committee may then vote to reconvene in open session following the closed session.

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

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

The Committee convened in closed session at 9:03 a.m.

A roll call was taken to re-convene in open session.

The Committee re-convened in open session at 9:20 a.m.

Mr. Heling stated the Committee has considered, discussed, and is going to approve item agenda number one at the request from Apogem Capital regarding consent to amend Apogem Private Equity Fund XI LPA.

It was moved by Mr. Heling, and seconded by Mr. Christianson to approve item agenda number one. The motion was adopted by unanimous consent.

Chief Investment Officer Report. Mr. Silber provided an update on the Fund market value and return and said as of June 3, 2026, the Fund value was an estimated $6.72 billion. He said that the markets continued to rally in May, and said for the first three days in June, the Fund is slightly negative during the month. Mr. Silber said the best estimate of the Fund's year-to-date return as of June 3, 2026 is 5.2%, net of fees, compared to the benchmark return of 5.6%. He also gave an update on the implementation of the new Public Equity Structure which was approved at the May 2026 Investment Committee meeting. Mr. Silber compared the Fund's asset allocations on May 7th to June 3rd and noted that the Public Equity overweight went from 2.1% to target as a result of withdrawals made to the overweight managers. He said the Fixed Income overweight went from 2.0% to 3.9% during this time as a result of the increase in the Cash allocation from the Public Equity withdrawal proceeds. Mr. Silber said the plan is to use a majority of the Cash balance to pay upcoming benefit payments, and also noted that the Fund's year-to-date return increased from 4.3% on May 7th to 5.2% on June 3rd. He said that implementation of the new Public Equity Structure is still in process, but a significant amount of progress has already been made.

Approval of Statement of Investment Policy Update. As a matter of information, Committee members received a memo from Mr. Silber regarding the Statement of Investment Policy Update which mentioned proposed updates that are summarized into three categories. The memo stated that the Policy needs to be updated to reflect changes made to the Fund's Public Equity structure, that Staff requests that the Investment Committee extend the period of time before the maximum Fixed Income weight reverts back to 35%, and a re-ordering of bullet points to "the first" bullet point instead of the "the next" bulletin point regarding the Staff Duties of Fiduciaries section. Committee members also received a redlined and clean copy of the Statement of Investment Policy.

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

Dimensional Fund Advisors Presentation. As a matter of information, Committee members received the Dimensional Fund Advisors Presentation booklet. Messrs. Daggett, Luque, and Orlando discussed the following topics: Dimensional (Dimensional at a Glance, A Heritage of Leading Research, Dimensional Global Investment Solutions, Dimensional vs. the Industry); Implementation (Adding Value in All Aspects of Implementation, Foundations of Portfolio Structure, Dimensions of Expected Returns, We Conduct Research to Better Understand Returns Over Varying Time Horizons, A More Flexible Approach or a Rigid Index); US Large Cap Value Separate Account (Portfolio Construction: Security Selection and Weighting, Characteristics as of March 31, 2026, Sector Allocations, Performance); International Small Cap Value Portfolio (What the Portfolio Can Buy, Characteristics as of March 31, 2026, Sector and Country Allocations, Performance); and US Small Cap Value Trust (What the Portfolio Can Buy, Characteristics as of March 31, 2026, Sector Allocations, Performance). Discussion ensued.

The Chair called for a break at 10:15 a.m.

The Chair resumed the meeting at 10:20 a.m.

Mr. Kovac left the meeting at 10:30 a.m.

Earnest Partners Presentation. As a matter of information, Committee members received the Earnest Partners Presentation booklet. Messrs. Malcom and Singh discussed the following topics in the Portfolio Review: Markets at a Glance, Market Commentary, Equity Market Performance By Sector, Portfolio Update Q1 2026, Your Results, Noise Passes, Quality Compounds, Investment Discipline Through Cycles Produces Expected Outcomes, The Reckoning for Story Stocks: From Market Darlings to Market Lessons, It's More Than Relative Returns, Your Relative Weights, and Your Portfolio Profile. Discussion ensued.

The Chair took the meeting out of order to item VIII. Informational.

Informational.

Callan 1st Quarter 2026 Performance Report. As a matter of information, Committee members received the Callan 1st Quarter 2026 Performance Report.

The Chair returned the meeting to items VI. and VII. Advisors Compliance Associates LLC Contract Update and Asset Services Contract Update.

Mr. Silber said items VI. and VII. have to do with contracts with investment-related service providers that the ERS works with. He said to deliberate or negotiate these two respective contracts, we now need to request that the Committee go into closed session for competitive or bargaining reasons.

Mr. Heling advised that the Investment Committee may vote to convene in closed session on the following items, as provided in Section 19.85(1)(e), Wisconsin Statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Investment Committee may then vote to reconvene in open session following the closed session.

Mr. McClain stated there was some discussion about adjourning from closed session and he asked if there was still an appetite to do that. Mr. Heling said he was okay with that if everybody is fine with that and it is okay legally. Mr. McClain said that is covered and he just wanted to note it for the benefit of anyone listening so they do not hang on the line. Mr. Heling stated that this will be it for the public session and the Committee will adjourn the meeting from closed session.

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

The Committee convened in closed session at 10:52 a.m.

Advisor Compliance Associates LLC Contract Update.

Asset Services Contract Update.

The Committee adjourned from closed session at 11:42 a.m.

Patrick J. McClain
Secretary and Executive Director

NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employes' Retirement System, 789 N. Water Street, Suite 300.)

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

Minutes of the Administration and Operations Committee Meeting
held June 17, 2026 via teleconference

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

Committee Members Present:	Bill Christianson, Chair Jerry Allen Justin DeCleene Timothy Heling
ERS Staff Present:	Patrick McClain, Executive Director Erich Sauer, Deputy Chief Investment Officer Dan Gopalan, Deputy Director Jeff Shober, Chief Technology Officer Mary Turk, Business Operations Analyst Jan Wills, Board Stenographer

Others Present: Brian Boguski, Dan Ludwig, Brian Pye, CliftonLarsonAllen (CLA); John Barmore, ERS Annuity and Pension Board Trustee; Lauri Rollings, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., no members of the public called in to the meeting.

Mr. Christianson welcomed Mr. Allen to the A&O Committee and noted Mr. Allen brings a lot of experience and a wealth of knowledge and the A&O Committee is happy to have him on board.

Internal Audit Update – CliftonLarsonAllen (CLA). As a matter of information, Committee members received the Internal Audit Update document. Mr. Ludwig went over the Executive Summary, 2025 Audit Plan, and 2026 Audit Plan for the ERS. Mr. Ludwig stated there was a presentation of the Internal Vulnerability Assessments on December 17, 2025. He noted that the remaining Accounting and Finance Audit is underway and will be completed and presented during the September 2026 A&O Committee Meeting. He said the CMERS team provided all the information to complete the audit and was transparent about all the information provided. Mr. Ludwig said as part of CLA's testing, they look at the Benefit Calculation process, and they test various types of benefit payments as part of the benefit payment process. He said they look at disability payments, standard service requirement payments, and they look at some exceptional things, such as employment termination payment, or survivor benefit payment. Mr. Ludwig said there were no identified issues during the course of this testing. Discussion ensued.

Benefit Payroll Audit Report. As a matter of information, Committee members received the Benefit Payroll Audit Report. Mr. Ludwig noted the Benefit Calculation Process is the process by which benefit payments are calculated for each of the participants within the pension plan. He presented information on Background, Internal Controls Assessment Objectives and Scope, Procedures Performed, Audit and Assessment Results – Executive Summary, Observations, Recommendations, and Management Responses, Closing, and Appendix.

Investments Audit Report. As a matter of information, Committee members received the Investments Audit Report. Mr. Ludwig noted the Investment team, led by Messrs. Silber and Sauer, is highly transparent, quick to provide information, thorough, and competent; and a great team in providing to CLA's needs in a timely manner. He said there were no issues with the Investment Management Audit. Mr. Ludwig said some of the things they looked at were the service selection and termination process, including how a new investment broker is selected or a consultant that would support the Investment Management team. He stated they also looked at the contract review process, the management and board of directors' approval process, how contracts are managed, looked at performance analysis and reconciliation, due diligence and review that Mr. Silber and his team do during the course of the year to ensure the investment brokers are doing what they are supposed to be doing and that there are not any issues with those brokers that would cause investments to become more imperiled or at risk. Mr. Ludwig said they look at the calculation and approval of the payment to the investment managers for their further fees and the process that goes through. He said they look at the invoice review and reconciliation process, the investment policy compliance process and policies that are in place to make sure they are regularly reviewed and updated. Mr. Ludwig said they look at the management order reporting process and the sufficiency of that as it pertains to the assets to make sure that is in compliance and complete. He stated they look at system access restrictions and making sure the appropriate people have access to the systems, most notably Northern Trust as well as with the CMERS's banking relationships. Mr. Ludwig also said they make sure there is organizational resilience so that, if there is turnover within the organization, other team members within the department are capable of stepping up to provide support. He noted the processes here are in the defined state which is the sweet spot where one wants to be within an organization that largely has a lot of manual processes involved and, in this case, the reconciliation of fees and making sure those are properly calculated and paid out. Mr. Ludwig said they are looking at the approval process and review process performed by the A&O Committee and the Board and making sure those things are in place. He said they also look at the selection of investment brokers and how the contracts are managed. Mr. Ludwig stated they did not have any issues with any of the areas that they tested and did not have any findings or process improvement opportunities at this time to share with the Committee. He said the Investment team does an exceptional job and this process is well-worn and true, and the team continues to perform at a great level. Mr. Ludwig said there is organizational resilience in the event that there is turnover as everyone is in a capable and competent position to do so in the event they are called upon.

Governance/COSO Audit Report. As a matter of information, Committee members received the "COSO 2013 Assessment of Entity Level Controls City of Milwaukee Employes' Retirement System" document. Mr. Ludwig noted the objective of the COSO 2013 Controls Framework Assessment is to review and evaluate the entity level processes and controls that are in place and evaluate them against leading practices of a COSO internal control integrated framework. He stated this framework is universal to organizations and the guiding principles of COSO are common to all organizations. Mr. Ludwig said there are five components to COSO and they are the Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. Mr. McClain noted the reports are not marked for approval but the Committee just needs to accept the reports and place them on file. Mr. Ludwig referred the Committee back to the 2026 Audit Plan. He said CLA would be providing another report in Q3 2026 for Finance and Accounting. Mr. Ludwig said the 2026 Audit Plan is based on a rotation plan that was collaboratively worked on with the CMERS team. He said the plan lists the hours budget, budgeted cost, target start dates and the list of items to be audited. Mr. Christianson thanked the CLA team for their work on the audits and the CMERS team for their excellent work demonstrated by the glowing audit report.

Approval of A&O Committee Internal Audit Charter. Mr. McClain noted the date of the Committee meeting shifted to accommodate a change in the Finance & Personnel Committee's schedule, and thanked the Committee members for accommodating the change. He said the Internal Audit Charter is a routine item and it establishes the objectives and responsibilities relative to the internal audit. Mr. McClain said that because the charter is permanently in force, this item is more of a renewal than a new approval. By the Charter's terms, it must be reviewed annually and updated on an "as required" basis. He noted that there are not really any substantive changes from the last time the internal audit charter was approved. This is a routine governance matter designed to make sure the Committee annually reviews the charter and makes a recommendation to the Board for approval.

It was moved by Mr. Allen, and seconded by Mr. Heling to approve the Approval of A&O Committee Internal Audit Charter.

Mr. McClain said two items are marked for closed session and before going into closed session, he would give some introductory remarks. He said item III. relates to an RFP for Internal Audit Services. ERS engages internal audit services and the contract with the existing auditor, CLA, ends at the end of this year. Mr. McClain said in accordance with best practices, an RFP was sent out and a number of responses were received. He noted the Committee needs to go into closed session to discuss the competitive bids that were received. Mr. McClain said the next item marked for closed session relates to a security hardening project for the ERS office spaces and has been briefly discussed by the Board before. He said the ERS received two separate work proposals for that project and the Committee needs to go into closed session to discuss those competitive bids.

Mr. Christianson advised that the Administration and Operations Committee may vote to convene in closed session on the following items (III.) and (IV.), as provided in Section 19.85 (1) (e), Wisconsin Statutes, for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Committee may then vote to reconvene in open session following the closed session.

It was moved by Mr. DeCleene, and seconded by Mr. Heling to convene in closed session. The motion prevailed by the following roll call: AYES: Messrs. Allen, Christianson, DeCleene, and Heling. NOES: None.

The Committee convened in closed session at 9:52 a.m.

The Committee re-convened in open session at 10:23 a.m.

Review of Results of RFP for Internal Audit Services and Approval of Vendor Selection. It was moved by Mr. Heling, and seconded by Mr. Allen to approve the Approval of Vendor Selection, as discussed in closed session.

Approval of Front Desk Security Hardening Project Proposal. It was moved by Mr. DeCleene, and seconded by Mr. Christianson to approve the Approval of Front Desk Security Hardening Project Proposal, as discussed in closed session.

Remote Office Lease Discussion. Mr. McClain stated this item was placed on the agenda in response to an inquiry from a Trustee, Trustee John Barmore, who was attending the Committee meeting. He said the ERS maintains a remote office space as a cornerstone of its business continuity (BCP) and disaster recovery plans (DRP). Mr. McClain said Mr. Barmore had a question of whether the ERS' current plan expense was suitable for these needs. He stated it is always a matter of good governance to review what ERS is doing and to make sure our plans and costs align with ERS's strategic needs. Mr. McClain said the item is on the agenda to give a historical background of the remote office, its costs and purposes, and to allow the Committee and Board to have some input on whether or not it is suitable. He went over the background, purposes and costs associated with the remote office space. Mr. McClain noted the remote office space is located at Two Park Place on the City's northwest side and is the key component of ERS' BCP and DRP. He said the A&O Audit Charter require the system to develop a BCP and DRP and to ensure that the organization has a comprehensive policy on risk management. Mr. McClain stated as a matter of policy, the system has elected to comply with what is called the NIST 800-53 Cybersecurity Standards. He said NIST is the National Institute of Standards and Technology and publishes best practices and guidance for developing a variety of different policies, but particularly cybersecurity and disaster recovery planning from an IT perspective. Mr. McClain said that the NIST 800-53 standard really drives the selection and design of ERS's remote office space. He said NIST 800-53 directs agencies to address the potential for cyber attacks and disasters by establishing what is called an alternate processing site, which can handle essential business functions while the primary site is out of action. Mr. McClain said the standards require the alternate processing site to be geographically separated from the primary site. For obvious reasons, if there is some sort of natural disaster or a local grid outage that is shutting down the primary site, the remote site should be situated far enough away that it is less likely to be affected by those things. He said the remote office site was selected for its location and favorable leasing costs, and is designed to provide mission-essential capabilities in the event the primary office space goes down for some reason. Mission-essential capabilities include running MERITS, processing payroll, and meeting with members. He said an important thing to note is that our compliance with the NIST standards is disclosed to the ERS' fiduciary liability insurance carriers, and is a critical factor in ERS getting the most favorable insurance rates. He noted Mr. Allen was instrumental in putting this beneficial policy in place and maintaining the remote office site. Mr. McClain said if there were ever a change to ERS's compliance with the NIST standards, it would require disclosure to ERS' insurance carriers. Discussion ensued.

IT Projects Portfolio. As a matter of information, Committee members received the IT Projects Portfolio. Mr. Shober discussed the ongoing and completed IT projects. Discussion ensued.

Organizational/Personnel Update. Mr. McClain stated that ERS will be conducting oral board examinations for the Benefit Services Specialist position on June 23rd and 25th, and the position will be filled shortly thereafter. For the Chief Financial Officer position, the job announcement bulletin is being drafted with the intention of posting it for internal promotion. The Office Assistant III position is currently filled by Gloria, the main receptionist at the Front Desk; and the Records Technician II works in the Records Room, the scanning room, and also provides backup to the Front Desk area. ERS is trying to fill those positions quickly in order to avoid staffing gaps at the front desk. He said a lot of people have been stepping in whenever there has been a vacancy at the front desk and ERS is working hard to fill these positions relatively quickly. To accomplish that goal, ERS is piggybacking on an existing Office Assistant III eligible list that was created for the Board of Zoning Appeals. ERS is hoping to make at least one, and possibly both appointments from that list. Mr. McClain said that ERS had received a two-week notice on Monday from Keith Dickerson, one of ERS's two Investment Analyst – Seniors. Keith was offered a great opportunity at a private firm and elected to take it. Mr. McClain said it will be a loss for the organization and ERS will certainly miss Keith on the Investment team. Mr. McClain said a new posting for the position will be going out as soon as possible.

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

Mr. Christianson adjourned the meeting at 10:56 a.m.

Patrick J. McClain
Secretary and Executive Director

NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employes' Retirement System, 789 N. Water Street, Suite 300.

Fiscal Year
2026
Department
Employes' Retirement System

City of Milwaukee
Departmental
Appropriation Budget Balances

As of: **2026-07-31**

	Budget	2026-4	2026-5	2026-6	2026-7	Year to Date Expended	Life to Date Commitments	Remaining Budget
Regular Departmental Appropriations:								
Employee Salaries & Wages	5,384,455.00	-	-	-	-	-	-	5,384,455.00
Base Pay-Salary & Wage	-	319,101.33	336,905.96	314,517.07	-	2,067,624.82	-	(2,067,624.82)
Overtime Premium	-	538.20	144.20	344.95	-	1,675.36	-	(1,675.36)
Other Worked Compensation	-	12,368.64	-	402.71	-	14,346.59	-	(14,346.59)
Non-Worked Compensation	-	1,632.13	-	10,178.74	-	52,612.80	-	(52,612.80)
Time Paid Not Worked	-	75,538.52	57,736.24	117,799.17	-	603,825.84	-	(603,825.84)
Employee Salaries & Wages	$ 5,384,455.00	409,178.82	394,786.40	443,242.64	-	$ 2,740,085.41	$ -	$ 2,644,369.59
Fringe Benefits Applied	2,423,005.00	-	-	-	-	-	-	2,423,005.00
Fringe Benefits Applied	-	167,751.57	177,111.45	165,341.62	-	1,086,950.38	-	(1,086,950.38)
Applied Employee Benefits	$ 2,423,005.00	167,751.57	177,111.45	165,341.62	-	$ 1,086,950.38	$ -	$ 1,336,054.62
Operating Expenditures	15,770,400.00	-	-	-	-	-	-	15,770,400.00
Office Supplies	-	480.38	-	-	-	4,090.40	-	(4,090.40)
Magazines,Subscription	-	42.99	-	-	-	2,001.43	-	(2,001.43)
Postal and Mailing Services	-	13,968.78	26,894.93	13,911.12	-	96,387.85	-	(96,387.85)
Electricity	-	3,800.35	3,059.70	2,661.39	-	21,793.65	-	(21,793.65)
Other Operating Supply	-	-	-	-	-	14,532.80	-	(14,532.80)
Building Rental	-	40,716.32	39,216.32	40,389.87	-	280,167.21	-	(280,167.21)
Printing & Dupl Machine Rental	-	510.86	918.26	592.34	-	8,309.89	-	(8,309.89)
Consulting	-	71,297.90	34,547.90	-	-	169,544.80	-	(169,544.80)
Medical,Surgical & Lab	-	5,202.87	1,838.75	6,386.63	-	27,856.25	-	(27,856.25)
Administrative Charges	-	27,393.14	85,775.74	33,270.57	-	338,202.69	-	(338,202.69)
Other Professional Services	-	372,604.69	1,256,494.27	-	-	805,126.09	-	(805,126.09)
Systems Support	-	61,719.94	60,315.08	25,899.00	28,836.00	449,688.15	-	(449,688.15)
IT Infrastructure	-	24,170.00	-	340.00	-	33,889.34	-	(33,889.34)
Infrastructure	-	5,828.37	680.57	774.52	-	35,843.46	-	(35,843.46)
Telephone, Communications	-	6,401.21	1,888.69	5,770.49	-	28,148.07	-	(28,148.07)
Bldgs-Machinery & Equip Repair	-	13,462.59	-	422.00	-	13,884.59	-	(13,884.59)
Travel & Subsistence	-	1,926.20	7,215.45	7,441.52	-	27,654.50	-	(27,654.50)
Printing Services	-	77.35	-	44.71	-	3,308.27	-	(3,308.27)
Insurance-Non Health	-	-	-	-	-	12,787.00	-	(12,787.00)
Other Misc Services	-	46,615.88	300.05	662.20	-	52,821.13	-	(52,821.13)
Operating Expenditures	$ 15,770,400.00	696,219.82	1,519,145.71	138,566.36	28,836.00	$ 2,426,037.57	$ -	$ 13,344,362.43
All Equipment	1,558,000.00	-	-	-	-	-	-	1,558,000.00
Computer Server & Components	-	112,916.33	-	-	-	112,916.33	-	(112,916.33)
Total Equipment	$ 1,558,000.00	112,916.33	-	-	-	$ 112,916.33	$ -	$ 1,445,083.67
Total Regular Class	$ 25,135,860.00	1,386,066.54	2,091,043.56	747,150.62	28,836.00	$ 6,365,989.69	$ -	$ 18,769,870.31
Other Departmental Appropriations:								
Group Life Insurance Premium	4,200,000.00	381,432.74	384,930.16	384,350.84	-	2,272,338.81	-	1,927,661.19
Retiree's Benefit Adjustment	15,000.00	996.27	145.05	996.27	-	5,126.40	-	9,873.60
Other Classes	$ 4,215,000.00	382,429.01	385,075.21	385,347.11	-	$ 2,277,465.21	$ -	$ 1,937,534.79
Total Dept Appropriations	$ 29,350,860.00	1,768,495.55	2,476,118.77	1,132,497.73	28,836.00	$ 8,643,454.90	$ -	$ 20,707,405.10

Employes' Retirement System
Securities Lending Income and Expenses: 2026
As of JUNE 30, 2026

Date	Income From Lending	Amounts Expended: Fees	Amounts Expended: Administrative Transfers	Balance
Balance 12-31-25				**$697,277.74**
Quarter 1 Totals	$272,446.88	$53,545.59	$698,000.00	$218,179.03
04/06/26	$584.65	$0.00	$0.00	$218,763.68
04/15/26	$85,965.23	$17,187.05	$0.00	$287,541.86
05/05/26	$768.29	$0.00	$0.00	$288,310.15
05/15/26	$82,560.16	$16,507.91	$0.00	$354,362.40
06/03/26	$989.42	$0.00	$0.00	$355,351.82
06/16/26	$107,329.88	$21,461.78	$0.00	$441,219.92
Current Totals	**$550,644.51**	**$108,702.33**	**$698,000.00**	**$441,219.92**

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

MERS PERFORMANCE ESTIMATES
June 30, 2026

Account	2025 Return	1st Quarter 2026	Apr 2026	May 2026	Jun 2026	2nd Quarter 2026	YTD Thru 6/30/2026
Northern Trust S&P 500 Index	17.88%	-4.33%	10.49%	5.26%	-0.95%	15.20%	10.20%
S&P 500	17.88%	-4.33%	10.49%	5.26%	-0.95%	15.20%	10.21%
Difference	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BlackRock Russell 1000 Value Index	15.92%	2.11%	8.15%	2.95%	2.24%	13.83%	16.23%
Russell 1000 Value	15.91%	2.10%	8.16%	2.95%	2.27%	13.87%	16.26%
Difference	0.01%	0.01%	0.00%	0.00%	-0.03%	-0.04%	-0.02%
DFA US Large Cap Value	16.95%	4.57%	6.63%	3.98%	2.38%	13.51%	18.69%
Russell 1000 Value	15.91%	2.10%	8.16%	2.95%	2.27%	13.87%	16.26%
Difference	1.04%	2.47%	-1.53%	1.03%	0.11%	-0.36%	2.43%
Polen	5.18%	-11.28%	[redacted]	[redacted]	[redacted]	[redacted]	-11.28%
S&P 500	17.88%	-1.32%	[redacted]	[redacted]	[redacted]	[redacted]	-1.32%
Difference	-12.70%	-9.96%	[redacted]	[redacted]	[redacted]	[redacted]	-9.96%
Earnest	10.70%	3.49%	8.87%	-0.23%	4.24%	13.23%	17.18%
Russell MidCap	10.60%	1.29%	7.33%	2.85%	3.11%	13.83%	15.30%
Difference	0.10%	2.20%	1.54%	-3.08%	1.13%	-0.60%	1.88%
DFA US Small Cap Value	9.15%	6.92%	7.76%	0.26%	3.37%	11.68%	19.41%
Russell 2000 Value	12.59%	4.96%	9.66%	2.79%	3.97%	17.19%	22.99%
Difference	-3.45%	1.97%	-1.90%	-2.53%	-0.60%	-5.51%	-3.58%
Brandes	40.03%	1.45%	4.50%	1.95%	-1.38%	5.07%	6.59%
MSCI EAFE	31.22%	-1.24%	7.45%	3.07%	0.07%	10.82%	9.44%
Difference	8.81%	2.69%	-2.95%	-1.12%	-1.45%	-5.75%	-2.86%
DFA Int'l Small Cap Value	52.07%	3.05%	5.21%	2.92%	-3.77%	4.19%	7.37%
MSCI EAFE Small Cap	31.83%	-1.25%	8.93%	3.95%	-3.72%	9.02%	7.65%
Difference	20.24%	4.31%	-3.72%	-1.03%	-0.05%	-4.82%	-0.28%
AQR	30.89%	3.19%	14.92%	9.73%	-0.81%	25.09%	29.08%
MSCI EM	33.57%	-0.17%	14.71%	9.69%	-1.41%	24.05%	23.85%
Difference	-2.68%	3.36%	0.21%	0.05%	0.60%	1.03%	5.23%
BlackRock ACWI Ex US Growth	[redacted]	-2.43%	10.64%	5.81%	-0.14%	16.90%	14.06%
MSCI ACWI ex US Growth	[redacted]	-3.62%	11.16%	5.58%	-0.28%	17.04%	12.80%
Difference	[redacted]	1.19%	-0.52%	0.23%	0.14%	-0.13%	1.26%
BlackRock Global Alpha Tilts	25.05%	0.35%	10.77%	5.81%	-0.86%	16.21%	16.62%
MSCI ACWI	22.34%	-3.20%	10.17%	5.16%	-0.80%	14.93%	11.25%
Difference	2.71%	3.56%	0.60%	0.65%	-0.05%	1.28%	5.37%
MFS	8.77%	-9.51%	6.93%	1.03%	-0.81%	7.15%	-3.04%
MSCI ACWI	22.34%	-3.20%	10.17%	5.16%	-0.80%	14.93%	11.25%
Difference	-13.57%	-6.30%	-3.25%	-4.13%	-0.01%	-7.78%	-14.28%
BlackRock Gov't Bond Index	6.24%	0.06%	-0.07%	0.11%	0.29%	0.33%	0.39%
Bloomberg Gov't Bond	6.31%	-0.04%	-0.07%	0.11%	0.28%	0.32%	0.28%
Difference	-0.07%	0.10%	0.00%	0.00%	0.00%	0.01%	0.11%
BlackRock Aggregate Bond Index	[redacted]	0.06%	0.12%	0.32%	0.24%	0.68%	0.73%
Bloomberg US Aggregate	[redacted]	-0.05%	0.11%	0.31%	0.24%	0.67%	0.62%
Difference	[redacted]	0.10%	0.00%	0.01%	0.00%	0.01%	0.12%
Reams	8.70%	0.01%	0.27%	0.34%	0.43%	1.04%	1.05%
Bloomberg US Aggregate	7.30%	-0.05%	0.11%	0.31%	0.24%	0.67%	0.62%
Difference	1.40%	0.06%	0.16%	0.03%	0.18%	0.37%	0.43%
Loomis Sayles	9.78%	-0.70%	1.01%	0.30%	0.00%	1.31%	0.59%
Bloomberg US Aggregate	7.30%	-0.05%	0.11%	0.31%	0.24%	0.67%	0.62%
Difference	2.48%	-0.66%	0.89%	-0.01%	-0.24%	0.64%	-0.03%
UBS	9.75%	1.20%	1.31%	0.82%	0.72%	2.88%	4.12%
SOFR + 4%	8.34%	1.89%	0.62%	0.63%	0.61%	1.87%	3.80%
Difference	1.41%	-0.69%	0.69%	0.19%	0.11%	1.01%	0.32%
Aptitude	11.94%	0.39%	4.50%	1.59%	2.60%	8.92%	9.34%
SOFR + 4%	8.34%	1.89%	0.62%	0.63%	0.61%	1.87%	3.80%
Difference	3.59%	-1.51%	3.88%	0.97%	1.98%	7.05%	5.54%
Principal	14.82%	4.67%	[redacted]	[redacted]	[redacted]	[redacted]	4.67%
Blended Benchmark	16.54%	4.05%	[redacted]	[redacted]	[redacted]	[redacted]	4.05%
Difference	-1.72%	0.62%	[redacted]	[redacted]	[redacted]	[redacted]	0.62%
Baird	5.10%	0.52%	0.31%	0.26%	0.19%	0.77%	1.29%
Bloomberg Govt/Credit 1-3 Year	5.35%	0.28%	0.24%	0.16%	0.08%	0.48%	0.77%
Difference	-0.25%	0.23%	0.08%	0.10%	0.11%	0.29%	0.53%
Total MERS	**12.88%**	**0.16%**	**3.42%**	**1.73%**	**0.21%**	**5.43%**	**5.60%**

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, AQR, Principal, UBS, and Aptitude).

Principal performance runs through 2/2/2026.

Polen performance runs through 3/6/2026

ACTUAL ALLOCATIONS

Jun 30, 2026

		Target		Market Value	Allocation
EQUITY					
Public Equity					
Domestic					
Passive Large Cap Equity	Northern Trust (S&P 500)	4.41%	$	290,501,085	4.33%
	BlackRock (Russell 1000 Value)	1.98%	$	133,561,210	1.99%
	Sub-Total Passive Large Cap Equity	6.39%	$	424,062,295	6.32%
Active Large Cap Equity	DFA (Russell 1000 Value)	3.15%	$	206,687,705	3.08%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.42%	$	225,521,614	3.36%
	DFA (Russell 2000 Value)	3.24%	$	225,139,288	3.36%
	Sub-Total Active Mid/Small Cap Equity	6.66%	$	450,660,902	6.72%
Total Domestic		16.20%	$	1,081,410,902	16.12%
International					
Active International Equity	Brandes (MSCI EAFE)	5.76%	$	361,349,877	5.39%
	DFA (MSCI EAFE Small Cap)	3.15%	$	203,328,532	3.03%
	AQR (MSCI EM)	1.44%	$	101,963,203	1.52%
	Sub-Total Active International Equity	10.35%	$	666,641,611	9.94%
Passive International Equity	BlackRock (MSCI ACWI ex US Growth)	3.33%	$	230,908,134	3.44%
Total International		13.68%	$	897,549,745	13.38%
Global					
Active Global Equity	BlackRock (MSCI ACWI)	3.60%	$	266,247,584	3.97%
	MFS (MSCI ACWI)	2.52%	$	167,562,977	2.50%
Total Global		6.12%	$	433,810,560	6.47%
Total Public Equity		**36.00%**	**$**	**2,412,771,208**	**35.97%**
Private Equity					
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.85%	$	307,386,396	4.58%
	Mesirow (Russell 3000 Quarter Lag + 2%)	3.85%	$	306,511,009	4.57%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.65%	$	88,872,665	1.32%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.65%	$	104,682,459	1.56%
Total Private Equity		**11.00%**	**$**	**807,452,529**	**12.04%**
TOTAL EQUITY (Public Equity + Private Equity)		**47.00%**	**$**	**3,220,223,737**	**48.01%**
FIXED INCOME & ABSOLUTE RETURN					
Fixed Income					
Cash		1.00%	$	163,871,182	2.44%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.75%	$	508,103,763	7.58%
	BlackRock (Bloomberg US Aggregate)	3.41%	$	223,978,268	3.34%
	Sub-Total Passive Fixed Income	11.16%	$	732,082,031	10.91%
Active Fixed Income	Reams (Bloomberg US Aggregate)	9.92%	$	846,356,999	12.62%
	Loomis Sayles (Bloomberg US Aggregate)	9.92%	$	647,947,872	9.66%
	Sub-Total Active Fixed Income	19.84%	$	1,494,304,871	22.28%
Total Fixed Income		**32.00%**	**$**	**2,390,258,084**	**35.64%**
Absolute Return					
	Aptitude (SOFR + 4%)	3.86%	$	238,101,215	3.55%
	UBS (SOFR + 4%)	5.14%	$	318,818,047	4.75%
Total Absolute Return		**9.00%**	**$**	**556,919,262**	**8.30%**
TOTAL FIXED INCOME & ABSOLUTE RETURN		**41.00%**	**$**	**2,947,177,346**	**43.94%**
PRIVATE REAL ESTATE					
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.55%	$	86,280,960	1.29%
	Morgan Stanley (NFI-ODCE)	3.20%	$	151,420,733	2.26%
	LaSalle (NFI-ODCE)	2.98%	$	136,665,944	2.04%
	Prologis (NFI-ODCE)	1.61%	$	84,396,018	1.26%
	Harrison Street (NFI-ODCE)	1.66%	$	73,523,845	1.10%
	Sub-Total Private Real Estate - Core	12.00%	$	532,287,500	7.94%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	$	7,808,348	0.12%
TOTAL PRIVATE REAL ESTATE		**12.00%**	**$**	**540,095,848**	**8.05%**
TOTAL ERS			**$**	**6,707,496,930**	**100.00%**

Total City Reserve Fund	**R. W. Baird**	**95,168,155**

7/16/2026

PROJECTED TARGET ALLOCATIONS

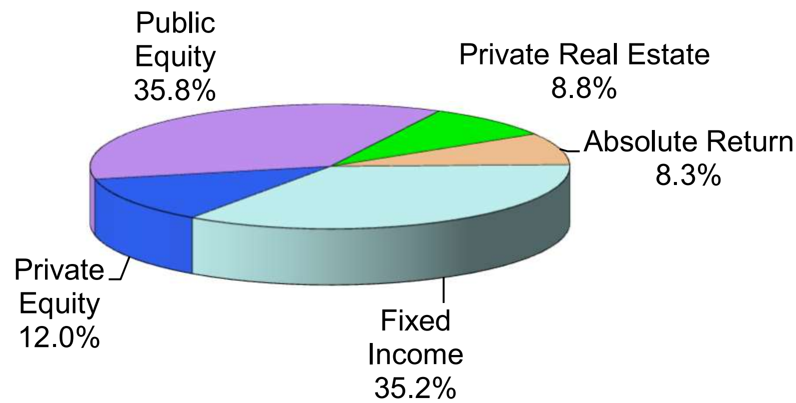
Jul 15, 2026

			Target		Market Value	Allocation
EQUITY						
Public Equity						
Domestic						
	Passive Large Cap Equity	Northern Trust (S&P 500)	4.41%	$	293,444,879	4.36%
		BlackRock (Russell 1000 Value)	1.98%	$	136,216,738	2.02%
		Sub-Total Passive Large Cap Equity	6.39%	$	429,661,617	6.39%
	Active Large Cap Equity	DFA (Russell 1000 Value)	3.15%	$	208,547,857	3.10%
	Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.42%	$	222,316,836	3.30%
		DFA (Russell 2000 Value)	3.24%	$	228,027,451	3.39%
		Sub-Total Active Mid/Small Cap Equity	6.66%	$	450,344,287	6.69%
Total Domestic			16.20%	$	1,088,553,761	16.18%
International						
	Active International Equity	Brandes (MSCI EAFE)	5.76%	$	374,467,983	5.57%
		DFA (MSCI EAFE Small Cap)	3.15%	$	208,286,253	3.10%
		AQR (MSCI EM)	1.44%	$	100,074,828	1.49%
		Sub-Total Acitve International Equity	10.35%	$	682,829,063	10.15%
	Passive International Equity	BlackRock (MSCI ACWI ex US Growth)	3.33%	$	228,347,716	3.39%
Total International			13.68%	$	911,176,780	13.54%
Global						
	Active Global Equity	BlackRock (MSCI ACWI)	3.60%	$	239,434,486	3.56%
		MFS (MSCI ACWI)	2.52%	$	170,450,834	2.53%
Total Global			6.12%	$	409,885,320	6.09%
Total Public Equity			**36.00%**	**$**	**2,409,615,860**	**35.81%**
Private Equity						
		Abbott Capital (Russell 3000 Quarter Lag + 2%)	3.85%	$	308,025,375	4.58%
		Mesirow (Russell 3000 Quarter Lag + 2%)	3.85%	$	306,511,009	4.56%
		Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.65%	$	88,081,613	1.31%
		Apogem (Russell 3000 Quarter Lag + 2%)	1.65%	$	103,134,730	1.53%
Total Private Equity			**11.00%**	**$**	**805,752,727**	**11.97%**
TOTAL EQUITY (Public Equity + Private Equity)			**47.00%**	**$**	**3,215,368,587**	**47.78%**
FIXED INCOME & ABSOLUTE RETURN						
Fixed Income						
	Cash		1.00%	$	157,029,580	2.33%
	Passive Fixed Income	BlackRock (Bloomberg US Government)	7.75%	$	506,043,210	7.52%
	Active Fixed Income	Galliard (Bloomberg US Aggregate)	3.41%	$	215,263,323	3.20%
		Reams (Bloomberg US Aggregate)	9.92%	$	842,005,089	12.51%
		Loomis Sayles (Bloomberg US Aggregate)	9.92%	$	646,346,679	9.61%
		Sub-Total Active Fixed Income	23.25%	$	1,703,615,091	25.32%
Total Fixed Income			**22.08%**	**$**	**2,366,687,882**	**35.17%**
Absolute Return						
		Aptitude (SOFR + 4%)	3.86%	$	238,101,215	3.54%
		UBS (SOFR + 4%)	5.14%	$	318,818,047	4.74%
Total Absolute Return			**9.00%**	**$**	**556,919,262**	**8.28%**
TOTAL FIXED INCOME & ABSOLUTE RETURN			**31.08%**	**$**	**2,923,607,144**	**43.45%**
PRIVATE REAL ESTATE						
	Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.55%	$	136,280,960	2.03%
		Morgan Stanley (NFI-ODCE)	3.20%	$	151,420,733	2.25%
		LaSalle (NFI-ODCE)	2.98%	$	138,815,746	2.06%
		Prologis (NFI-ODCE)	1.61%	$	87,013,642	1.29%
		Harrison Street (NFI-ODCE)	1.66%	$	73,332,442	1.09%
		Sub-Total Private Real Estate - Core	12.00%	$	586,863,524	8.72%
	Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	$	3,078,529	0.05%
TOTAL PRIVATE REAL ESTATE			**12.00%**	**$**	**589,942,053**	**8.77%**
TOTAL ERS				**$**	**6,728,917,784**	**100.00%**

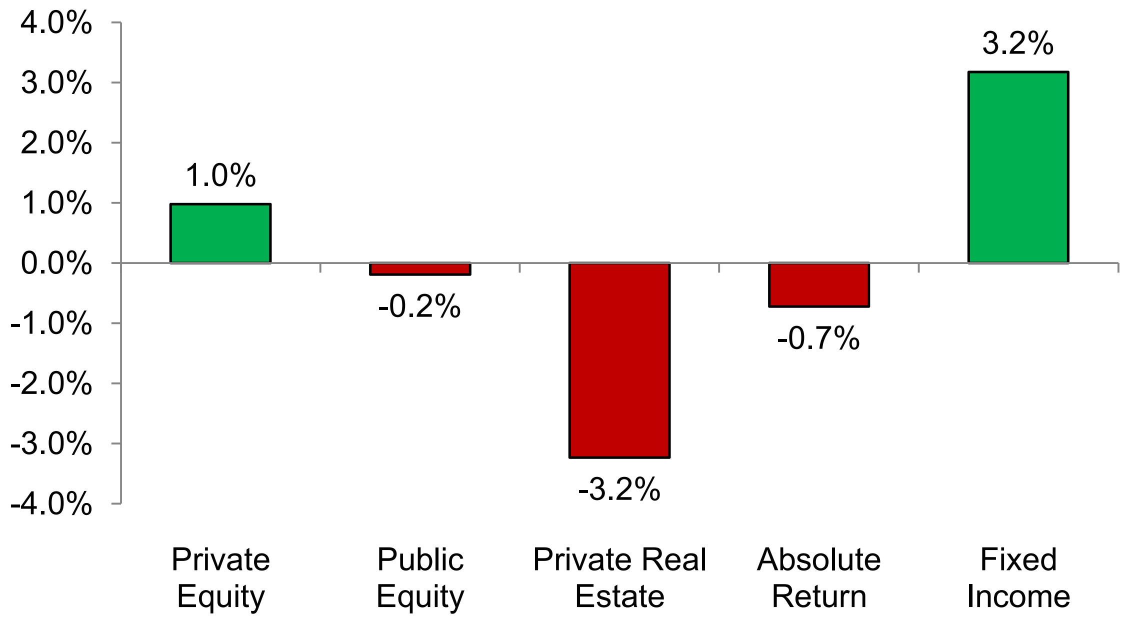
Total City Reserve Fund	**R. W. Baird**	**95,348,203**

PROJECTED VERSUS POLICY ALLOCATIONS

Asset Mix Using Projected Balances



Asset Allocation vs. Current Policy Benchmark



YTD Market Value Change

December 31, 2025 Market Value including City Reserve & PABF Accounts			$ 6,474,031,325
Monthly Cash Outflows thru	July 15, 2026		
Retiree Payroll Expense		$ (252,590,754)	
PABF Payroll Expense		$ -	
Expenses Paid		$ (7,858,040)	
GPS Benefit Payments		$ (2,888,712)	
Sub-Total Monthly Cash Outflows			$ (263,337,506)
Monthly Cash Inflows thru	July 15, 2026		
Contributions		$ 224,054,004	
PABF Contribution		$ -	
Sub-Total Monthly Contributions			$ 224,054,004
Capital Market Gain/(Loss)			$ 389,518,165
Value including City Reserve & PABF Accounts as of	July 15, 2026		$ 6,824,265,987
Less City Reserve Account[1]			$ 95,348,203
Less PABF Fund[2]			$ 2,623
Net Projected ERS Fund Value as of	July 15, 2026		$ 6,728,915,161

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.

2026 ESTIMATED MONTHLY CASH FLOWS
Revised 7/16/2026
(in 000's)

	12/31/2025	1/31/2026	2/28/2026	3/31/2026	4/30/2026	5/31/2026	6/30/2026	7/31/2026	8/31/2026	9/30/2026	10/31/2026	11/30/2026
Beginning Cash Account Balance												
Townsend Cash Account	-	-	-	-	-	-	-					
Cash Contribution Account	-	-	-	-	-	-	-					
Milwaukee Cash Account	53,360	71,342	168,690	138,962	62,957	76,124	161,666					
Total Cash Available	53,360	71,342	168,690	138,962	62,957	76,124	161,666					
Less: Estimated Cash Needs for non-Investment Outflows	41,500	41,500	41,500	41,500	41,500	41,500	41,500					
Cash Available for Other Outflows	11,860	29,842	127,190	97,462	21,457	34,624	120,166					

For Monthly Cash Outflows of:	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Oct-2026	Nov-2026	Dec-2026	Total 2026
Retiree Payroll Expense	(41,364)	(41,785)	(43,226)	(43,005)	(42,765)	(43,335)	(43,493)	(43,601)	(43,708)	(43,816)	(43,925)	(44,033)	(518,056)
Normal Retirement Payroll	(41,298)	(41,406)	(42,592)	(42,459)	(41,949)	(42,886)	(42,993)	(43,101)	(43,208)	(43,316)	(43,425)	(43,533)	(512,168)
Retiree Lump Sum Payments	(66)	(379)	(634)	(546)	(815)	(449)	(500)	(500)	(500)	(500)	(500)	(500)	(5,889)
Real Estate Capital Calls	-	-	(25)	(46,000)	-	-	(50,405)	-	-	-	-	-	(96,430)
Private Equity Capital Calls	(59)	(3,870)	(2,317)	(1,190)	(11,383)	(15,827)	(1,169)	-	-	-	-	-	(35,816)
Expenses Paid through City	(2,053)	(552)	(1,457)	(990)	(1,277)	(1,529)	(1,579)	(2,053)	(2,053)	(2,053)	(2,053)	(2,053)	(19,702)
PABF Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total Monthly Cash Outflows	**(43,476)**	**(46,207)**	**(47,026)**	**(91,185)**	**(55,424)**	**(60,691)**	**(96,647)**	**(45,654)**	**(45,761)**	**(45,869)**	**(45,978)**	**(46,086)**	**(670,005)**
For Monthly Cash Inflows:													
Sponsoring Agency and Employee Contribution	4,429	2,629	2,606	2,622	2,688	2,605	3,647	2,618	2,624	2,631	2,638	3,693	35,429
Real Estate Distributions	1,599	-	94	2,744	-	359	5,332	-	-	-	-	-	10,129
Private Equity Distributions	11,965	7,848	9,632	9,274	12,189	12,468	1,903	-	-	-	-	-	65,278
Miscellaneous Income	183	358	462	533	307	301	300	300	300	300	300	300	3,946
Security Lending Transfer	698	-	-	-	-	-	-	-	-	-	-	-	698
City and Agency Required Contribution	205,085	-	207	-	-	-		-	-	-	-		205,293
PABF Inflow	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total Monthly Cash Inflows	**223,959**	**10,835**	**13,002**	**15,173**	**15,185**	**15,733**	**11,181**	**2,918**	**2,924**	**2,931**	**2,938**	**3,993**	**320,772**
Net Monthly Cash Inflows/(Outflows) Before Withdrawals	180,483	(35,372)	(34,024)	(76,012)	(40,239)	(44,958)	(85,465)	(42,736)	(42,837)	(42,938)	(43,040)	(42,094)	(349,232)
Net Monthly Cash Surplus (Need)	**192,342**	**(5,529)**	**93,167**	**21,450**	**(18,782)**	**(10,334)**	**34,700**	**(42,736)**	**(42,837)**	**(42,938)**	**(43,040)**	**(42,094)**	**93,369**
Monthly Cash Withdrawals (Additions)													
AQR		4,200			17,500	13,000							
BlackRock Global Alpha Tilts					35,000	29,000							
BlackRock Russell 1000 Value Index					50,000	55,000							
BlackRock ACWI ex US Growth					15,000	13,000							
BlackRock US Government Bond Index	(24,000)												
Blackrock US Aggregate Index Fund	(151,000)						221,991						
Brandes		12,400			(14,000)	(21,000)							
Dimensional Fund Advisors US Large Cap						(31,000)							
Dimensional Fund Advisors International		7,100			(11,000)	(5,000)							
Dimensional Fund Advisors US Small Cap		7,700											
Earnest		7,300				(11,000)							
Galliard							(215,000)						
Loomis Sayles	(55,000)	(50,000)											
MFS					36,000								
Northern Trust S&P 500 Index					42,400								
Polen			47	7									
Principal	67,500	148,213											
Reams													
Transition Account		7	49		6	0							
UBS A&Q													
Goldman/Aptitude													
Sub-Total Monthly Cash Withdrawals	**(162,500)**	**136,920**	**96**	**7**	**170,906**	**42,000**	**6,991**						
Estimated Month-End Cash Balance													
Cash Available	29,842	131,390	93,262	21,457	152,124	31,666	41,691						
Estimated Cash Needs for non-Investment Outflows	41,500	41,500	41,500	41,500	41,500	41,500	41,500						
Total Cash Estimated on Hand For Next Month	71,342	172,890	134,762	62,957	193,624	73,166	83,191						