

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

Minutes of the Regular Meeting
held November 26, 2024 via teleconference

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

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

Board Members Not Present: Deborah Ford (excused)
 Nik Kovac (arrived 9:41 a.m.)

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

Others Present: Nicholas Zuiker, Reinhart, Jordan Boehm, Daniel Ludwig, Bryan Pye, Clifton Larsen Allen; Paul Ferguson, Office of State Attorney General; James Davies, Office of Milwaukee County Corporation Counsel; Patrick McClain, Peter Block, City Attorney's Office; Justin DeCleene, MPA; Terry Siddiqui, DS Consulting, Inc., nine members of the public called in to the meeting.

Regular Meeting.

Approval of Minutes.

Regular Meeting Held October 22, 2024. It was moved by Mr. Konrad, seconded by Mr. Heling, and unanimously carried, with the abstention of Mr. Klusman who was excused for the October 22, 2024 Board Meeting, to approve the Regular Meeting Held October 22, 2024.

The Chair moved the meeting out of order to IV.A., New Business, Open Meetings Law.

New Business.

Mr. Kovac arrived at 9:41 a.m.

Wisconsin Open Meetings Law Compliance Training. Messrs. Block, Davies, and Ferguson gave a presentation to the Board on Wisconsin Open Meetings Law Overview a copy of which is on file with Board Secretary and is by reference incorporated as a part of these minutes. The topics they discussed were:

- Purpose and Public Policy
- Application
- Notice Requirements
- Meetings
- Closed Session
- Enforcement and Penalties

Discussion ensued.

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

Chief Investment Officer Report. Mr. Sauer noted the Fund value as of October 31, 2024 was \$5.92 billion. He said the Fund return of -1.7% in October, net of fees, underperformed the blended benchmark by approximately five basis points. Mr. Sauer said the primary relative performance drivers were Public Equity Style Bias, primarily Small and International, which detracted 19 basis points. He noted Fixed Income partially offset some of the underperformance with Loomis Sayles adding five basis points from manager performance. Mr. Sauer said the Fund's cash position added four basis points as cash outperformed longer-dated bonds. He said the Fund has underperformed the benchmark in the year-to-date and one-year time periods, while outperforming in the longer time periods. Mr. Sauer said as of November 25, 2024, the Fund return is up 1.5% month-to-date, bringing the year-to-date return to up 8.3%, and the Fund value to \$6.01 billion. He noted seven out of 15 active mandates are outperforming year-to-date. Mr. Sauer said the Fixed Income, Absolute Return and Real Assets asset classes are outperforming their respective benchmarks year-to-date. He said year-to-date, the Fund has seen a change in the value of investments of \$484.2 million, paid benefits and expenses of \$426.5 million, and has received contributions of \$243.0 million. Mr. Sauer said this month's benefits will be paid out of the cash balances and there are no withdrawals this month.

Mr. Silber reminded the Board of the upcoming Investment Committee Meeting on December 5. He said Callan will have a Glide Path presentation with new considerations post Act 12 to discuss. Mr. Silber hoped the Board members would be able to attend in person.

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

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

The Board convened in closed session at 10:25 a.m.

The Board reconvened in open session at 10:36 a.m.

Approval of Abbott Capital Private Equity Investors 2025, L.P. Side Letter.

It was moved by Ms. King, seconded by Mr. Heling, and unanimously carried to approve the Approval of Abbott Capital Private Equity Investors 2025, L.P. Side Letter.

Approval of Apogem Private Equity Fund XI, LP Amended and Restated Side Letter.

It was moved by Mr. Christianson, seconded by Mr. Konrad, and unanimously carried to approve the Approval of Apogem Private Equity Fund XI, LP Amended and Restated Side Letter.

Approval of Apogem Private Equity Fund X, LP Amended and Restated Side Letter.

It was moved by Mr. Bell, seconded by Mr. King, and unanimously carried to approve the Approval of Apogem Private Equity Fund X, LP Amended and Restated Side Letter.

Investment Committee Report. Mr. Klusman stated that at its November 7th meeting, Callan provided an update on the Fund's Real Estate portfolio, and Brandes Investment Partners presented an update on the International Value strategy their firm manages for the Fund. He said Staff next discussed a request from Loomis Sayles to approve a Loomis Sayles Guideline Clarification specific to Loomis' ability to invest up to 5% of their account in common stocks. Mr. Klusman noted the clarification makes clear that the intent of this guideline is to only allow Loomis to purchase stocks that Loomis deems to be high conviction down the capital structure. He added the guideline also permits Loomis to hold stocks received as a result of restructure or conversion as part of the 5% limit. Mr. Klusman said that after some discussion, the Committee approved the Loomis Sayles Guideline Clarification. Finally, he commented, that Staff went over the Fund's 3rd quarter performance report, shared its tentative 2025 Due Diligence Schedule, and provided routine due diligence reports on Loomis Sayles, MFS Investment Management, AQR Capital Management, and Goldman Sachs Asset Management. Mr. Klusman concluded that the Investment Committee recommends approval of the following item: 1. Approval of Loomis Sayles Guideline Clarification. Discussion ensued.

Approval of Loomis Sayles Guideline Clarification.

It was moved by Mr. Klusman, seconded by Mr. Christianson, and unanimously carried to approve the Approval of Loomis Sayles Guideline Clarification.

The Chair called for a break at 10:47 a.m.

The Chair resumed the meeting at 10:57 a.m.

New Business.

Risk Assessment by CLA. As a matter of information, Board members received the Enterprise Risk Assessment City of Milwaukee Employees' Retirement System (CMERS) presentation booklet a copy of which is on file with the Board Secretary and by reference is incorporated as a part of these minutes. Messrs. Boehm, Ludwig, and Pye discussed their risk assessment procedures for CMERS consisting of six procedures:

- Conducted a Top-Down risk assessment with interviews with CMERS' leadership.
- Gather supporting documents describing current processes (e.g., policies, procedures, reconciliations, etc.)
- Created an ERM Risk Universe from the interviews/gathered data and identified over 28 individual risks.
- Ranked those critical operations and inherent risks in the Risk Universe as to their importance, occurrence and impact to the organization.
- Identified existing internal controls within the organization that mitigate inherent business risks within the critical processes.
- Developed a comprehensive Audit plan to meet the needs of CMERS.

CLA also discussed Four Categories of Enterprise Risk:

- Strategic Risk – These objectives are high level and are aligned with an entity's mission.
- Operational Risk – These objectives refer to the effective and efficient use of resources.
- Reporting Risk – These objectives surround an entity's need for reliable reporting.
- Compliance Risk – These objectives refer with an entity's need to comply with applicable laws and regulations.

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following item as provided in Section 19.85(1)(d), Wisconsin State Statutes, to consider "strategy for crime detection and prevention." The Board may then vote to reconvene in open session following the closed session.

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

The Board convened in closed session at 11:20 a.m.

The Board reconvened in open session at 11:29 a.m.

Mr. Ludwig concluded with the Three Year Audit Rotation Plan consisting of audits for Risk Assessment, Entity Level Controls and Governance, Accounting and Finance, Benefit Calculation Process, Benefit Payroll Process, Investment Management, Enrollment and Member Services, Contributions, Benefit Administration, HR/Payroll, Internal Vulnerability Assessment, IT General Controls, Business Continuity/Disaster Recovery, External Penetration Test and Vulnerability Assessment (includes Email Phishing Test), Purple Team Review and Exercise, and Engagement Management.

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

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|------------------------------------------------|--------------|
| Administrative Withdrawal | \$23,182.49 |
| Full Refund | \$122,375.09 |
| Active Death Benefits reported | \$0.00 |
| Deferred Death | \$0.00 |
| Deferred Death-Member Only Refund | \$28,445.17 |
| Ordinary Death Benefits reported | \$0.00 |
| Retired Death Benefits reported | \$14,691.05 |
| Survivor Death – Termination Benefits reported | \$8,383.04 |
| Refund of Member Contributions paid | \$98,227.14 |

It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for October 2024.

Proposed 2025 Board and Committee Meeting Dates. Mr. Allen presented the proposed 2025 Board and Committee Meeting Dates to the Board.

Pension Board Election Results. Mr. Allen noted Mr. DeCleene won the November 1, 2024 Pension Board Trustee election. He said Mr. DeCleene’s four-year term begins in January 2025 and ends in December 2028.

Conference Requests – November 2024 Board Meeting. Mr. Allen presented the conference requests for November.

Erich Sauer,
Keith Dickerson,
Tom Courtright,
Aaron Shew

Mesirow Due Diligence

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|-----------------|---------------------------------|
| Sponsor: | Mesirow |
| Location: | Chicago, IL |
| Date(s): | December 19, 2024 |
| Estimated Cost: | \$100.00 per person |
| | |
| Erich Sauer | Apogem Annual General Meeting |
| Sponsor: | Apogem |
| Location: | Miami, FL |
| Date(s): | February 4 - 5, 2025 |
| Estimated Cost: | \$1,500.00 |
| | |
| David Silber | 2025 Public Funds Roundtable |
| Sponsor: | Institutional Investor |
| Location: | Beverly Hills, CA |
| Date(s): | April 28 - May 1, 2025 |
| Estimated Cost: | \$2,250.00 |
| | |
| Erich Sauer | CFA Institute Annual Conference |
| Sponsor: | CFA Institute |
| Location: | Chicago, IL |
| Date(s): | May 5 - 7, 2025 |
| Estimated Cost: | \$3,075.00 |

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

Approval of Medical Council Fee Revision. Mr. Petropoulos presented a memo to the Board, a copy of which is on file with the Board Secretary and by reference is incorporated as part of these minutes, with various fee numbers for the Medical Council Fee Revision. Discussion ensued. Mr. Klusman suggested a \$575 per hour amount with a two-year review. It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Medical Council Fee Revision at \$575 with a two-year review of the compensation.

Approval of Medical Council Alternate Doctor. It was moved by Mr. Konrad, seconded by Mr. Heling, and unanimously carried, to approve the Approval of Medical Council Alternate Doctor, Dr. William G. Buchta.

Approval of Independent Reviewer/Hearing Examiner Charles Kahn. It was moved by Mr. Klusman, seconded by Mr. Konrad, and unanimously carried, to approve the Approval of Independent Reviewer/Hearing Examiner Charles Kahn.

Medical Reports.

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

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

| | |
|--------------------------------------------------|-----------------------|
| <u>Police – Re-examinations – Ordinary</u> | <u>Recommendation</u> |
| Katrina Warren | Approval |
| <u>Fire – Applications – Duty</u> | <u>Recommendation</u> |
| Joel Rodriguez | Denial |
| <u>Fire – Re-examinations – Duty</u> | <u>Recommendation</u> |
| Claude Hunter | Approval |
| Timothy Newman | Approval |
| Thomas Scholz | Approval |
| <u>Fire – Re-examinations – Ordinary</u> | <u>Recommendation</u> |
| Michael Jasso | Approval |
| Christopher Kietzke | Approval |
| <u>General City – Re-examinations – Ordinary</u> | <u>Recommendation</u> |
| Edward Nelson | Approval |
| Brandon Purdy | Approval |

It was moved by Mr. Christianson, seconded by Mr. Klusman, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations for November.

Unfinished Business.

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

The Board did not convene in closed session as noticed.

Pending Legal Opinions and Service Requests Report. Mr. McClain said it is a clean Legal Opinion report.

Pending Legislation Report. Mr. Allen stated there are no items to report on Pending Legislation.

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

Informational.

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

The Board did not convene in closed session as noticed.

- 1) Pending Litigation Report.
- 2) Conferences.
- 3) Class Action Income 2024 YTD.
- 4) Adjusted Quarterly Cost Basis of Equity.
- 5) Minutes of the Investment Committee Meeting Held November 7, 2024.

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

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

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

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

Mr. Bell adjourned the meeting at 12:10 p.m.

Bernard J. Allen
Secretary and Executive Director

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