

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

Minutes of the Regular Meeting
held March 25, 2025 via teleconference

The meeting was called to order at 10:02 a.m.

Board Members Present: Matthew Bell, Chair
Bill Christianson
Justin DeCleene
Deborah Ford
Timothy Heling
Thomas Klusman
Rudolph Konrad

Board Members Not Present: Nik Kovac (arrived 10:03 a.m.)

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

Others Present: Alex Foundos, City Attorney's Office; Terry Siddiqui, DS Consulting, Inc., eight members of the public called in to the meeting.

Approval of Minutes.

Regular Meeting Held February 22, 2025. The minutes for this meeting were referred for revision to clarify the discussion regarding LESB standards.

Chief Investment Officer Report. Mr. Silber gave a brief market update and said there has been a little market bounce since the March Investment Committee meeting. He said the next Investment Committee Meeting is April 10 and the Committee will have another chance to approve a Glide Path. Mr. Silber said Callan will also present their proposed work plan, there will be some Style Bias education, as well as a preliminary 1st quarter Fund update. He noted Staff is pleased with how the Fund has held up given the volatility and market uncertainty so far in 2025.

Mr. Sauer noted the Fund value as of February 28, 2025 was \$6.12 billion. He said the Fund return of 0.4% in February, net of fees, outperformed the benchmark by approximately eight basis points. Mr. Sauer said the primary relative performance driver was the Fund's Public Equity Style Bias, adding 19 basis points, primarily from the Fund's International and Large Cap Value Biases. He

said for Fixed Income, Loomis Sayles and Cash subtracted six basis points each. He said the Fund has underperformed the benchmark in the one-year period, while outperforming in the year to date and longer time periods. Mr. Sauer said as of March 24, 2025, the Fund return is -0.3% month-to-date, the Fund return is 1.9% year-to-date, and the Fund value is \$6.11 billion. He noted five out of the Fund's 15 active mandates are outperforming year to date. Mr. Sauer said the Public Equity and Fixed Income asset classes are outperforming 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 \$116.9 million, received contributions of \$217.5 million, and paid benefits and expenses of \$85.2 million. Mr. Sauer concluded this month's withdrawals are \$11 million from Brandes and six million from DFA International. Discussion ensued.

Approval of Global Trading Analytics, LLC Contract Assignment. Mr. Sauer stated Global Trading Analytics is the transaction cost and measurement provider. He said Global Trading Analytics monitors the trading in the Fund's separate accounts and to evaluate that the managers are doing a decent job of trading. Mr. Sauer said they have agreed to sell themselves to an outside firm Advisor Compliance Associates. He said Global Trading Analytics was founded 20 years ago and this is a liquidity event for the founders of the firm. Mr. Sauer stated there would be no changes immediately to the service provided as a result of the sale. He commented that the letter stated that the ERS contract with them says, consent would have to be provided before any entity purchases them. Mr. Sauer said \$30,000 is paid yearly to this vendor and the contract expires at the end of the year, but there are two one-year options where the contract can be extended through mutual agreement with the parent company. He said Staff recommends approval of the consent to assign the contract to the new owner and continue with the terms currently in place. It was moved by Mr. Heling, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Global Trading Analytics, LLC Contract Assignment.

Investment Committee Report. At its March 13th meeting, Mr. Klusman stated the Investment Committee unanimously elected Deborah Ford as its Vice-Chair. He said Callan presented Phase 3 of the Glide Path Analysis. Mr. Klusman noted Callan's presentation built on the February Phase 2 presentation, and performed scenario analysis on the initial mixes for glide paths A, B, and D. He commented there was very good discussion about the pros and cons of each glide path. Mr. Klusman said the Committee ultimately decided to hold the Approval of Glide Path agenda item over to the April Investment Committee meeting. After that, he said Staff provided a performance update for the Fund, reporting that diversification was helping the Fund navigate the market volatility experienced so far in 2025. As of March 12, Mr. Klusman stated the Fund's return was estimated to be up slightly year to date and the Fund's market value was estimated to be about \$6.04 billion. He concluded that nothing was approved at this meeting.

Administration & Operations Committee Report. Mr. Heling said at the March 13 A&O, the Committee unanimously elected Bill Christianson to be the Vice Chair, CliftonLarsonAllen (CLA) provided three completed updates of their audit reports and two, the Business Continuity Disaster Recovery Process and the IT General Controls Audit, are ongoing and will be presented at the June A&O meeting. He noted CLA gave presentations on the Benefit Payroll Process Audit, Contribution Process Audit, and the Cybersecurity Assessments, all of which came back clean. Mr. Heling said the committee approved four items – Lumen Contract Amendment, Contract Amendment with Managed Medical Review Organization (MMRO), Close out of 2024 Budget, and the RFQ for External Auditor—Employer Schedules Pursuant to GASB 68. He said Mr. Shober

gave an IT Project Portfolio update and everything is running smoothly. Mr. Heling concluded with the Organizational/Personnel Update and noted the ERS has no vacancies now.

Approval of Lumen Contract Amendment. It was moved by Ms. Ford, seconded by Mr. Heling, and unanimously carried, to approve the Approval of Lumen Contract Amendment.

Approval of Contract Amendment with Managed Medical Review Organization (MMRO). It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of Contract Amendment with Managed Medical Review Organization.

Approval of Close out of 2024 Budget. Mr. Klusman asked Mr. Gopalan for an example of Indirect Salary. Mr. Gopalan stated it is an agreement with the City to cover the management of the non-ERS trust positions such as Retirement Plan Manager who manages the people who operate Group Life and Retiree Health. Mr. Allen added that the ERS charges the City overhead for overseeing the Group Life Insurance and Retiree Health Insurance and money cannot be taken out of the Trust Fund to recover administrative costs for things that do not pertain to the pension plan. It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Close out of 2024 Budget.

Approval of RFQ for External Auditor – Employer Schedules Pursuant to GASB 68. It was moved by Mr. Bell, seconded by Mr. Christianson, and unanimously carried, to approve the Approval of RFQ for External Auditor – Employer Schedules Pursuant to GASB 68.

Legislative Committee Report. Ms. Ford had nothing additional to report from this morning's 9:00 a.m. Legislative Committee meeting.

New Business.

Retirements, Death Claims, and Refunds (February). Mr. Allen presented the following activity for the month of February 2025.

Administrative Withdrawal	\$8,249.08
Full Refund	\$154,081.07
Active Death Benefits reported	\$0.00
Deferred Death	\$0.00
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$25,980.33
Retired Death Benefits reported	\$8,131.55
Survivor Death – Termination Benefits reported	\$8,343.23

Refund of Member Contributions paid \$58,668.63

It was moved by Mr. Heling, seconded by Ms. Ford, and unanimously carried, to approve the Retirements, Death Claims, and Refunds report for February 2025.

Conference Requests – March 25, 2025 Board Meeting. Mr. Bell presented the conference request for March.

Erich Sauer	Real Estate Americas Annual Meeting
Sponsor:	JP Morgan
Location:	New York, NY
Date(s):	April 22-24, 2025
Estimated Cost:	\$1,725.00

It was moved by Mr. Bell, seconded by Mr. DeCleene, and unanimously carried, to approve the Conference Requests – March 2025 Board Meeting.

Medical Reports.

Mr. Petropoulos presented certifications (March 2025) 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 (February).

<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Kristopher Sardina	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Corliss Shaw	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Thomas Locke	Approval
<u>Fire – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Cory Kilsdonk	Approval

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

Unfinished Business.

Pending Legal Opinions and Service Requests Report. Mr. Allen said General Counsel Mr. McClain is out of town so there is nothing to report for Legal Opinions and Services Requests.

Pending Legislation Report. Mr. Allen stated there is no Pending Legislation at this point.

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 2025 YTD.
- 4) Minutes of the Legislative Committee Meeting Held February 25, 2025.

Mr. Klusman asked who Judge Kahn is on the Pending Litigation Report. Mr. Petropoulos said it needs to be revised and should reflect Hearing Examiner Kahn. Mr. Allen added that extremists have been threatening judges and there is a new state law that says references to their personal data be omitted from open records requests.

Mr. Klusman said in the Legislative Committee Meeting minutes that Mr. Silber states there are three Deputy Director positions, but he said Mr. Silber stated “there were three people with Deputy in their titles.”

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

- 5) Report on Bills.
- 6) Deployment of Assets.
- 7) Securities Lending Revenue and Budget Report.
- 8) 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. DeCleene and seconded by Mr. Kovac to adjourn the meeting.

Mr. Bell adjourned the meeting at 10:42 a.m.

Bernard J. Allen
Secretary and Executive Director

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