

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD  
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
789 N. WATER ST. (Employees' Retirement System)  
TUESDAY, SEPTEMBER 24, 2024 – 9:00 A.M.**

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

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

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

**REGULAR MEETING**

- I. Approval of Minutes.
  - A. Regular Meeting Held July 30, 2024.
  
- II. Chief Investment Officer Report.
  
- III. Investment Committee Report.
  - A. Approval of 2025 Private Equity Commitment Recommendation.
  
- IV. Administration & Operations Committee Report.
  - A. Approval of Ice Miller Professional Services Agreement.
  - B. Approval of Contract Amendment with United Mailing Services.
  - C. Approval of Lease Renewal for Two Park Place.
  - D. Approval of Contract Amendment with ABTMailcom.
  
- V. New Business.
  - A. Retirements, Death Claims, and Refunds (July and August).
  - B. Approval of Annual Comprehensive Financial Report (ACFR) for the Year Ended December 31, 2023.
  - C. Conference Requests – September 24, 2024 Board Meeting.
  - D. Approval of Fiduciary, Cyber, and Property Insurance Coverage.
  - E. Referral to Legislative Committee regarding whether to recommend the City to Lobby the State to make changes to the Law Enforcement Standards Bureau (LESB) requirements as they relate to the Duty Disability program and the Limited Duty protocols of the Milwaukee Police Department.

VI. Medical Reports.

- A. All Duty & Ordinary Disability Applications & Re-examinations (August and September).

VII. Unfinished Business.

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

- A. Approval of ERS Hearing Officer Appointments.
- B. Pending Legal Opinions and Service Requests Report.
- C. Pending Legislation Report.
- D. Referral to Legislative Committee of Draft Amendment to Board Rule II, Creating a New Section 8.
- E. Executive Director's Report – Inventory of ERS Projects.

VIII. Informational.

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

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2024 YTD.
- D. Minutes of the Investment Committee Meeting Held September 5, 2024.
- E. Report on Bills.
- F. Deployment of Assets.
- G. Securities Lending Revenue and Budget Report.
- H. Preliminary Performance Report and Asset Allocation.

**MEETING REMINDERS**

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

**TUESDAY, OCTOBER 22, 2024 – 9:00 A.M.**

789 N. WATER ST.

I.

APPROVAL OF MINUTES

- A. Regular Meeting Held July 30, 2024.

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

Minutes of the Regular Meeting  
held July 30, 2024 via teleconference

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

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

Board Members Not Present: Nik Kovac

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

**Regular Meeting.**

**Approval of Minutes.**

**Regular Meeting Held June 25, 2024.** It was moved by Mr. Christianson, seconded by Mr. Heling, and unanimously carried, to approve the minutes of the Regular Meeting Held June 25, 2024.

**Chief Investment Officer Report.**

Mr. Bell advised that the Annuity and Pension Board may vote to convene in closed session on the following item (II.), 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.

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

The Board convened in closed session at 9:05 a.m.

The Board reconvened in open session at 9:20 a.m.

As a matter of information, Board members received the July 30, 2024 Performance Update. Mr. Sauer said the Fund as of June 30, 2024, had a value of \$5.90 billion dollars. He said the Fund return of 0.4% in June, net of fees, underperformed the blended benchmark by approximately 161 basis points. Mr. Sauer said the primary drivers of underperformance were Manager Selection with Private Equity subtracting 128 basis points and Style Bias, primarily Value and Small, subtracting 61 basis. He said Private Equity is benchmarked using a lagged Public Market Index, plus a Premium. Mr. Sauer noted Private Equity is not keeping up with the strong run the public markets have had to start the year. He said Private Equity is not losing money, but is generating a modest return, which is not keeping up with the public market benchmark over the shorter time period and it all hits in June because it is a quarter-end month. Mr. Sauer said, with respect to Style Bias, Value and Small, the month of June was where AI enthusiasm drove the large tech stocks to lead returns in the markets which is a tough market environment for the CMERS portfolio which is biased to Value and Small Cap. He added the Fund has underperformed the benchmark in the year-to-date and one-year time periods, while outperforming in the 5-, 10-, 15- and 20-year periods. Mr. Sauer said as of July 29, 2024, there was an extremely sharp reversal as market participants realized the Fed is likely to have the first rate cut in September. He said it could come in July, but September is the most likely scenario. He also said Small and Value massively outperformed large growth stocks during the past couple of weeks. Mr. Sauer said the Fund return is 1.5% month-to-date, bringing the year-to-date return to up 5.1%, and the Fund value to \$5.99 billion. He noted nine out of 15 active mandates are outperforming their respective benchmarks year-to-date. He said the Fixed Income, Absolute Return and Real Assets asset classes are outperforming their respective benchmarks year-to-date. Mr. Sauer said year-to-date, the Fund has an investment change of a positive \$299.8 million, paid benefits and expenses of \$250.3 million, and has received contributions of \$231.3 million. He said the monthly manager withdrawals are \$12.1 million from Brandes, \$8.6 million from Blair, \$7.6 million from BlackRock Russell 1000 Value, \$7.5 million from NT S&P 500, \$4.4 million from DFA International and \$4.0 million from AQR. Discussion ensued.

**New Business.**

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

Administrative Withdrawal	\$13,216.35
Full Refund	\$185,664.93
Active Death Benefits reported	\$0.00
Deferred Death	\$96,225.74
Deferred Death-Member Only Refund	\$0.00
Ordinary Death Benefits reported	\$54,871.07
Retired Death Benefits reported	\$15,167.42
Survivor Death – Termination Benefits reported	\$21,153.92
Refund of Member Contributions paid	\$65,631.57

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

**Conference Requests – July 2024 Board Meeting.**

Bill Christianson, Deborah Ford	NCPERS 2024 Public Pension Funding Forum
Sponsor:	NCPERS
Location:	Boston, MA
Date(s):	August 18-20, 2024
Estimated Cost:	\$2,500.00 per person
David Silber	Baird Advisors' 24 <sup>th</sup> Annual Institutional Investors Conference
Sponsor:	Robert W. Baird
Location:	Kohler, WI
Date:	September 9, 2024
Estimated Cost:	\$75.00

Keith Dickerson	Goldman Sachs Alternatives Investment Summit
Sponsor:	Goldman Sachs
Location:	New York, NY
Date(s):	October 21–23, 2024
Estimated Cost:	\$1,650.00

Bernard Allen, Matthew Bell, Gust Petropoulos	NCPERS 2024 Public Safety Conference
Sponsor:	NCPERS
Location:	Palm Springs, CA
Date(s):	October 27-30, 2024
Estimated Cost:	\$2,500.00 per person

Mr. Bell also requested to attend the NCPERS Advance Trustee Education component for an additional \$900.00, making his request \$3,400.00, instead of \$2,500.00.

Discussion ensued. Mr. Klusman had concerns about the Public Safety Conference, but would not if the conference was for a combined fund. He said the conference was specifically about public safety funds, which we are not. Mr. Klusman said the conference materials stated “the unique concerns of pension systems for fire, police, and other first responders are in the spotlight at the NCPERS Public Safety Conference.” He then said “this conference is tailored programming that provides quality education to public safety pension fund trustees, administrators, union officials, and local elected officials.” Mr. Klusman further stated “the program also takes into account the demand for new or enhanced benefits.” He said this should not be a concern for any of our staff and is prohibited by Act 12 which saved this Fund. Mr. Klusman said the conference covers topics which “differentiate public safety workers from other public sector employees.” He said there was nothing about disability and did not know why the disability staff is going. Mr. Klusman said because this is a combined fund and a conference is specifically for public safety funds, he did not think it was appropriate for staff to attend and objected to this conference request only. Mr. Bell said he appreciates any type of comment any Board member makes and appreciates the ability for the open dialogue the Board has and there is no ill will. Mr. Allen stated he would withdraw his request, but spoke to the request for the other two persons involved. He noted most of the liability for the Fund is for public safety members and is largely a public safety fund and includes duty disability. Mr. Allen said the Chair and Duty Disability Director would be well-served by attending this conference. Mr. Petropoulos added that there is a disability component to the conference, a panel discussion revolving around that. He said he would withdraw his name if there are objections by the Board. Mr. Bell said he attended this in 2019 and learned quite a bit when starting on the Board. He said it is a way to gain a lot of experience in a short amount of time, but would also remove his request as well. Discussion ensued with each remaining Board member affirming the conference request for Messrs. Bell and Petropoulos.

It was moved by Mr. Heling, seconded by Mr. Konrad, and unanimously carried, with one objection by Mr. Klusman for the NCPERS 2024 Public Safety Conference, to approve the Conference Requests – July 2024 Board Meeting.

**Approval to Suspend Disability Benefits for Non-Compliance with Outside Earnings Limitation.** Mr. Allen noted the list has been shortened and some names have been listed for a year as non-compliant. He said three new names had been added. Mr. Gopalan stated the first round of letters are sent out every March and those not submitting their tax documents get another letter in May. He said if those persons in non-compliance have not been heard from after the second letter, a third and final letter is sent in June stating that failure to comply with the requirements results in their benefits being suspended in July. Mr. Allen noted the persons in non-compliance and whose benefits are suspended are Angela Algee-Cotton, Jared Bertsche, Kim Fahringer, Christian Hlavinka, Gordon Mathews, Dorothy McLaurin, Joel Rodriguez, and Maiyia Yang. He said their benefits would be reinstated upon submission of the required documents, if they do comply.

It was moved by Mr. Klusman, seconded by Ms. Ford, and unanimously carried, to approve the Approval to Suspend Disability Benefits for Non-Compliance with Outside Earnings Limitation.

**Approval of August Resolution.** Mr. Allen stated they are just asking for authority to process the payroll for August and there will be a full Board report in September for the Board to ratify. He said any suspensions or disability denials would be held until September as is the long-term custom.

It was moved by Mr. Christianson, seconded by Ms. King, and unanimously carried, to approve the Approval of August Resolution.

### **Medical Reports.**

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

Mr. Allen presented certifications (July 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 (July).**

<u>Police – Re-examinations – Duty</u>	<u>Recommendation</u>
Graham Kunisch	Approval
Deana Martinez	Approval
<u>Police – Re-examinations – Ordinary</u>	<u>Recommendation</u>
David Slawnikowski	Approval
<u>Fire – Re-examinations – Duty</u>	<u>Recommendation</u>
Nicholas Adamski	Approval
Robert Bresette	Approval
John Elliott	Approval
Mark Tesch	Approval

<u>General City – Re-examinations – Duty</u>	<u>Recommendation</u>
Rosa Colin	Approval
<u>General City – Re-examinations – Ordinary</u>	<u>Recommendation</u>
Chara Morris	Approval

It was moved by Ms. Ford, seconded by Mr. Konrad, and unanimously carried, to approve the Duty & Ordinary Disability Applications & Re-examinations (July).

### **Unfinished Business.**

**Pending Legal Opinions and Service Requests Report.** Mr. McClain discussed the Legal Opinion for Pension Eligibility Pursuant to 2023 Wisconsin Act 12. He said the opinion is drafted, is with the City Attorney, but is not yet completed and signed, and is not a reflection of any of the substance of the opinion. Mr. McClain noted the RNC consumed a substantial amount of the resources of the City Attorney’s Office over the last month. He said the legal opinion will be carried over for one more cycle. Mr. McClain then discussed the Service Request for Outside Legal Services regarding the extension of the agreement with Ice Miller. He said Assistant City Attorney Travis Gresham advised the standard contract amendment has been drafted and extends the terms of the agreement without modification of any of the other substantive provisions. Mr. McClain said Mr. Gresham advised both parties have viewed this favorably and expects it to be completed fairly soon.

**Pending Legislation Report.** Mr. Allen noted there is no new activity to report for pending legislation.

**Executive Director’s Report – Inventory of ERS Projects.** As a matter of information, Staff presented a report on the ERS projects and updated the Board on ERS activities, a copy of which is on file with the ERS.

### **Informational.**

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

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

The Board convened in closed session at 10:07 a.m.

The Board reconvened in open session at 10:35 a.m.

- 1) Pending Litigation Report.
- 2) Conferences.
- 3) Class Action Income 2024.
- 4) Minutes of the Administration & Operations Committee Meeting Held June 18, 2024.

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.

Mr. Allen asked Mr. Bell if he would like to take a vote and accept the advice of counsel with regard to Item VI.A.

It was moved by Mr. Konrad to accept the recommendation of counsel concerning item VI.A., seconded by Mr. Heling, and unanimously carried.

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

Mr. Bell adjourned the meeting at 10:38 a.m.

Bernard J. Allen  
Secretary and Executive Director

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

II.

CHIEF INVESTMENT OFFICER REPORT

# Milwaukee Employees' Retirement System - September 24, 2024

## Fund as of August 31, 2024

\*Fund value of \$6.03b.

\*Fund return of 1.3% in August, gross of fees, underperformed by approximately 22bp.

\*Primary Relative Perf. Drivers:

### Manager Selection

DFA Mandates -7bp  
 Style Bias -6bp  
 Primarily US Small Value

\*Fund has underperformed the benchmark in the YTD & 1-year periods, while outperforming in longer time-periods shown.

## Aug. Update (as of 9/17/24)

\*Fund return 0.3% MTD  
 \*Fund return 7.5% YTD  
 \*Fund value \$6.05b

\*7 out of 15 active mandates outperforming YTD.

\*Fixed Income, Absolute Return, & Real Assets asset classes outperforming their respective benchmarks YTD.

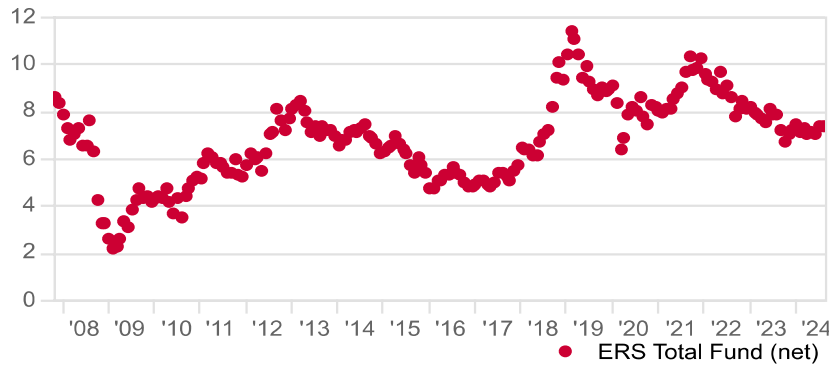
\*Investment Change: \$438.6m  
 \*Benefits & Expenses: 334.2m  
 \*Contributions: 236.4m

## Monthly Withdrawals:

Brandes \$11.3m  
 MFS 5.2m  
 DFA Int'l SC Value 4.3m  
 Polen 4.3m  
 BLK R1KV 4.0m

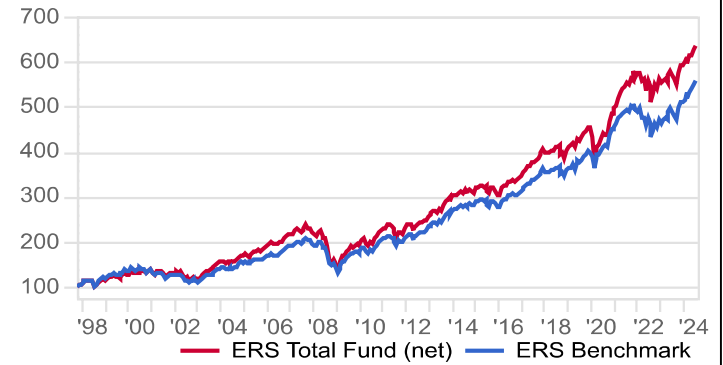
## Total Fund - 10-Year Rolling Returns

11/28/1997 to 8/31/2024



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

11/28/1997 to 8/31/2024



## Return Data

Source Data: Monthly Return

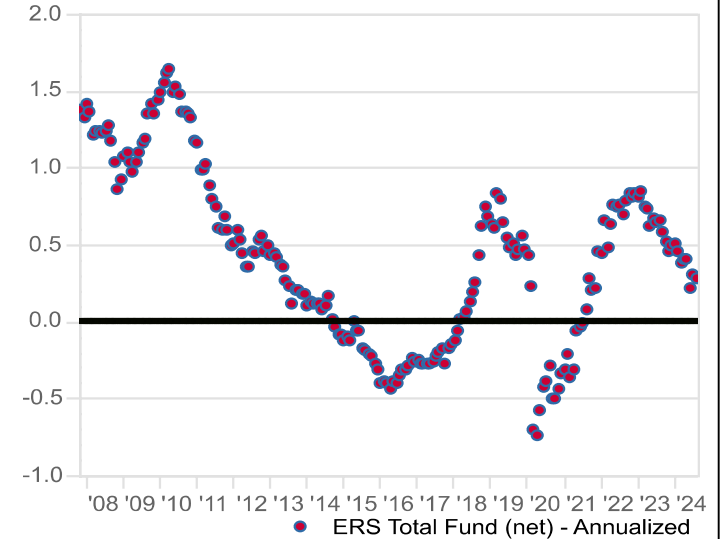
	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	1.3	7.1	11.2	8.4	7.3	8.7	7.4
ERS Benchmark	1.5	9.5	14.3	8.2	7.0	8.3	7.2

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

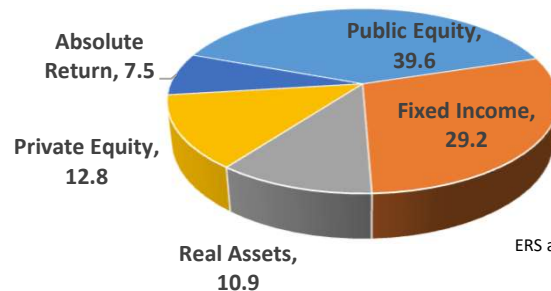
	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.4	10.3	2.5	0.1	0.6	-0.3	1.1
ERS Benchmark	7.2	9.2	--	--	0.6	0.0	1.0

## Total Fund - 10-Year Rolling Excess Returns

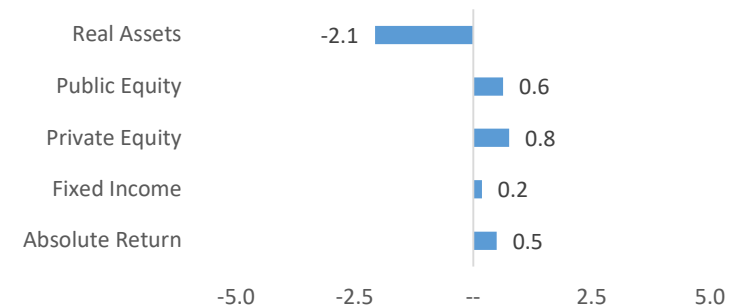
11/28/1997 to 8/31/2024



## ERS Allocation as of August 31, 2024



## Asset Allocation vs Policy as of August 31, 2024

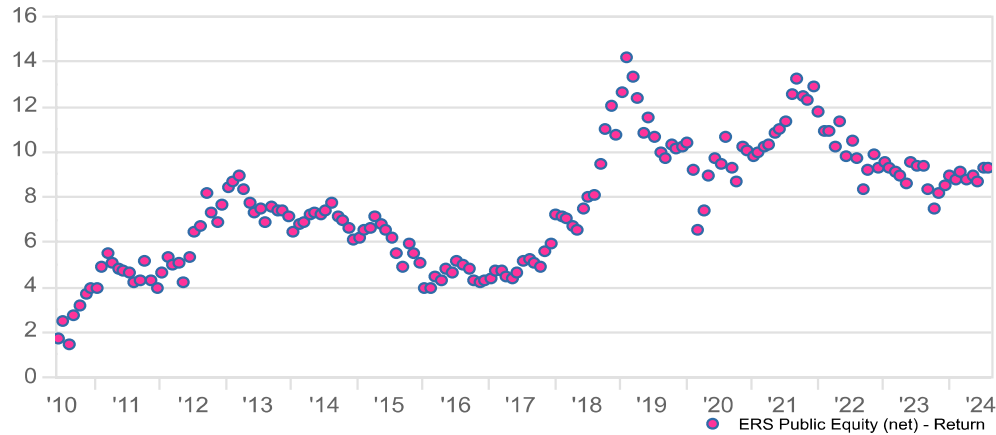




# Milwaukee Employees' Retirement System - September 24, 2024

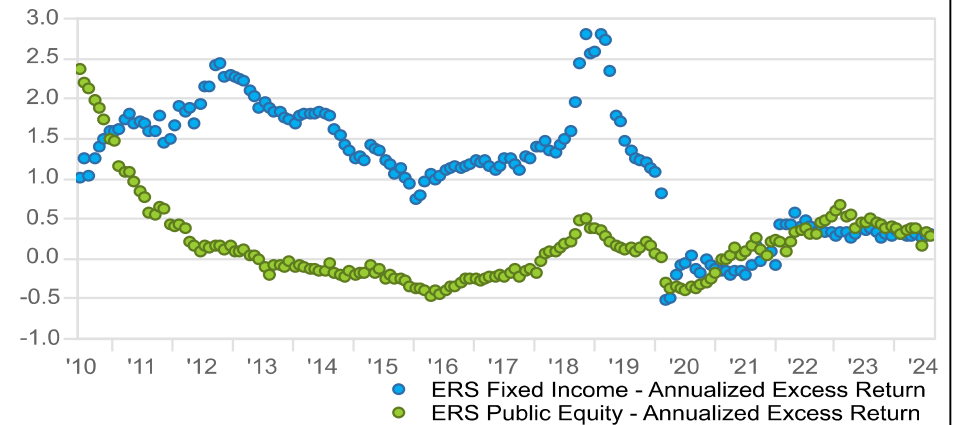
## Public Equity - 10-Year Rolling Returns

06/30/2000 to 8/31/2024



## Asset Class - 10-Year Rolling Excess Returns

06/30/2000 to 8/31/2024



## Return Data

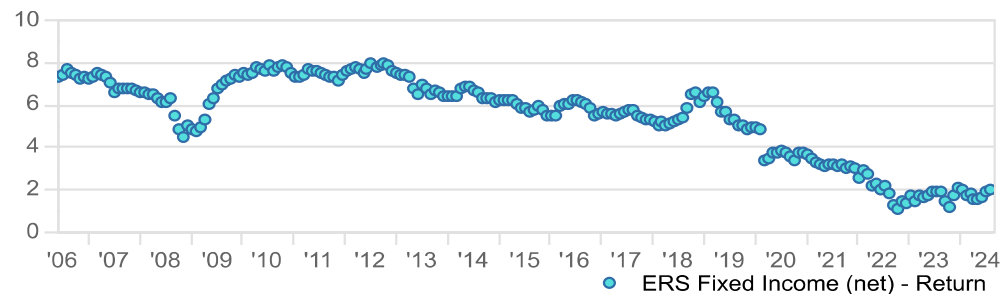
	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	1.9	13.6	21.6	12.7	9.6	11.1	8.8
Public Equity (net)	1.9	13.4	21.2	12.3	9.2	10.7	8.5
Public Equity Benchmark	2.3	15.2	22.6	11.8	8.9	10.5	8.3
MSCI ACWI IMI NR USD	2.3	15.2	22.6	11.8	8.6	9.8	8.4

## Risk Adjusted Returns (6/30/14 - 8/31/24)

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	9.1	15.4	0.5	-25.3
Fixed Income (net)	1.9	6.5	0.1	-13.6
Absolute Return (net)	5.9	9.2	0.5	-27.1

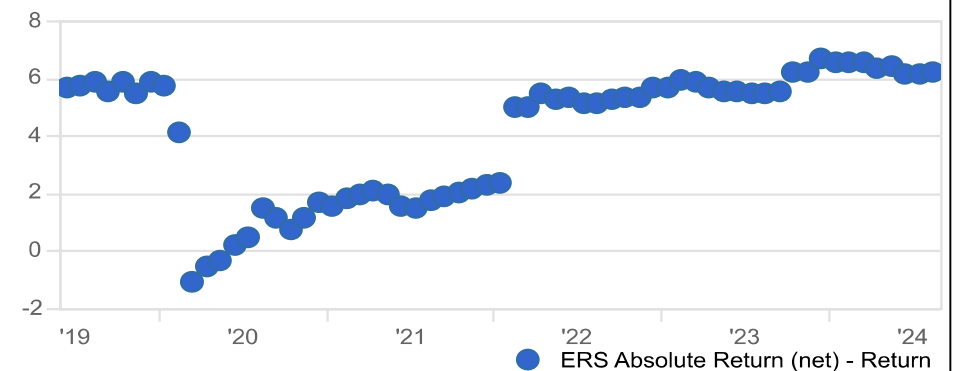
## Fixed Income - 10-Year Rolling Returns

06/28/1996 to 8/31/2024



## Absolute Return - 5-Year Rolling Returns

06/30/2014 to 8/31/2024



## Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	1.5	3.7	8.0	0.3	2.1	3.7	4.4
Fixed Income (net)	1.5	3.7	7.9	0.2	1.9	3.6	4.2
Bbg US Agg Bond TR USD	1.4	3.1	7.3	0.0	1.6	2.6	3.2

## Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	6/30/14
Absolute Return (net)	0.7	6.4	9.8	6.2	6.0	5.9
90-Day T-Bill + 3%	0.7	5.6	8.5	5.4	4.7	4.7

III.

INVESTMENT COMMITTEE REPORT

- A. Approval of 2025 Private Equity Commitment Recommendation.

IV.

ADMINISTRATION & OPERATIONS COMMITTEE REPORT

- A. Approval of Ice Miller Professional Services Agreement.
- B. Approval of Contract Amendment with United Mailing Services.
- C. Approval of Lease Renewal for Two Park Place.
- D. Approval of Contract Amendment with ABTMailcom.

and ICE MILLER LLP ("Law Firm")  
(CONTRACTOR)

THE AGREEMENT, identified in the above caption is hereby amended, modified, altered and changed in the following respects only:

1. Pursuant to a Resolution of the Annuity and Pension Board of the Employees' Retirement System of the City of Milwaukee adopted [DATE OF RESOLUTION] authorizing this Amendment, the Term of the previously executed ERS Professional Services Agreement with Ice Miller LLP is hereby extended by four (4) years to December 31, 2028.
2. Any other term and/or provision of the ERS Professional Services Agreement and/or its attachments, exhibits, and/or incorporated documents which creates, conditions, and/or references a Term shall be understood to reference this newly established Amended Term.
3. Any Public Records retention requirement and/or schedule shall be extended in accordance with this Amended Term and all applicable laws.
4. Ice Miller LLP shall update the Certificate of Liability Insurance for approval by ERS prior to final execution of this Amendment.

This Amendment is made in consideration of the payments, performances, promises, and covenants and obligations which are set forth in the original Agreement and as set forth herein.

This Amendment shall in no way act as a waiver of the price, terms, and conditions, not herein amended, imposed on the parties by the original Agreement heretofore executed by them and identified in the above caption. Any rights or obligations which either of the parties has by virtue of the original Agreement shall remain in full force and effect except as is expressly and specifically amended, modified, altered or changed herein.

This agreement constitutes the entire agreement between the parties relating to the subject matter of this Amendment. All prior understandings, agreements, correspondence and discussions of the parties are merged into and made a part of this agreement.

IN WITNESS WHEREOF, this Agreement was executed by the undersigned officers as of the dates hereinafter specified for and on behalf of the parties hereto.

**THE PROVISIONS OF THIS AMENDMENT HAVE BEEN REVIEWED AND APPROVED BY THE OFFICE OF THE CITY ATTORNEY.**

<b>Employees' Retirement System</b>	<b>Ice Miller LLP</b>
	<i>(Must be signed by persons authorized to legally bind your firm to this contract)</i>
Executive Director	Firm: Ice Miller LLP
Date	Address: One American Square Suite 2900
Bernard J. Allen	City, State, Zip: Indianapolis, IN, 46282-0200
<i>Printed Name</i>	E-mail: _____
City Comptroller	Printed Name: _____
Date	Signature: _____
Bill Christianson	Title: _____
<i>Printed Name</i>	Date: _____
Date	E-mail: _____
Bill Christianson	Witness Printed Name: _____
<i>Printed Name</i>	Witness Signature: _____
Date	Title: _____
Date	E-mail: _____



## PROFESSIONAL SERVICES AGREEMENT

This Agreement is entered into pursuant to a resolution of the Annuity and Pension Board of the Employees' Retirement System of the City of Milwaukee ("ERS") and Ice Miller LLP ("Law Firm") adopted on February 16, 2017 authorizing the retention of outside legal counsel to provide legal services to the ERS. The Agreement is effective as of the date of final execution.

IT IS MUTUALLY AGREED BY THE PARTIES:

1. Identity of Client. Law Firm shall represent and counsel ERS in the matters described below.
2. Scope of Work. Law Firm shall provide legal services to ERS in accordance with the section entitled "Client and Nature and Scope of the Relationship" set forth in Exhibit A.
3. Performance. Law Firm agrees that the performance of its services under this Agreement and the results therefrom shall conform to such highly recognized professional standards as are prevalent in the industry.
4. Additional Fringe or Employee Benefits. Law Firm shall not receive nor be eligible for any fringe benefits or any other benefits to which ERS's employees are entitled to or are receiving.
5. Taxes, Social Security, Insurance, and Government Reporting. Personal income tax payments, social security contributions, insurance, and all other governmental reporting and contributions as required as a consequence of Law Firm receiving payment under this Agreement shall be the sole responsibility of Law Firm.
6. Insurance. Law Firm agrees to have and maintain the policies set forth in Exhibit B entitled "Insurance Requirements." All policies, endorsements, certificates, and/or binders shall be subject to approval by ERS as to form and content. These requirements are subject to amendment or waiver only if so approved in writing by ERS. A lapse in any required insurance coverage during the term of this Agreement shall constitute a material breach.
7. Compensation and Staffing.
  - a. See Exhibit C. Payments under this contract are not to exceed \$15,000.00 on an annual basis, unless increased by written amendment signed by both parties. The ERS may from time to time amend this amount in the event the ERS deems that additional funds are needed to complete the work described in the Scope of Services section of this contract.
  - b. Additional staffing. Law Firm may utilize the services of other of its attorneys, paralegals, and legal support staff, provided that Law Firm first receive written approval from ERS. Emailed approvals are sufficient for this purpose. Law Firm shall use the most cost-effective staffing structure possible, including the use of associates and paralegals, where appropriate.
  - c. Administrative and Other Costs: Except as set forth in Exhibit A, Law Firm will not charge for copies, printing, long distance telephone, conference call services, legal research databases such as Westlaw or Lexis, or similar overhead costs in the ordinary course. Law Firm may charge ERS the reasonable costs for necessary mail services. To the extent Law Firm is required to travel at client request, Law Firm will obtain prior authorization, and charge actual costs of such travel to ERS.

d. If, as a result of the engagement, Law Firm is required to produce documents or appear as a witness in connection with any litigation, arbitration, mediation, investigation, or regulatory proceeding involving ERS, ERS also agrees to pay the costs and expenses (including attorney and staff time at the agreed hourly rates) reasonably incurred by Law Firm in connection with such requirement. This provision survives the termination of Law Firm's representation of ERS.

8. Billing.

a. Invoices. Law Firm shall submit an itemized bill for its services no less than monthly to ERS. ERS agrees to pay the bill upon approval of the City Attorney that the charges are reasonable and that the work was necessary to perform. Itemized invoices shall show work hours spent by each individual staffed under this Agreement as well as any costs and expenses arising out of the same unless the services are otherwise agreed to be billed on a flat fee basis. Flat fee services shall not be billed until the service is completed.

b. Prompt Payment. Pursuant to City of Milwaukee Common Council File No. 101137, if ERS does not make payment within 45 days after receipt of the Invoice, ERS shall pay simple interest beginning with the 31st calendar day after submission of the Invoice at the rate of one percent per month. No attorney's fees, expenses, or other collection costs may be billed to ERS unless otherwise agreed in writing. The ERS may dispute any incorrect charges, charges disallowed by this Agreement, or charges for work, services, or deliveries that were incomplete, incorrectly done, defective, damaged, or the like. No interest shall be applied to any outstanding amounts where Law Firm has been sent notice that the amount owed to Law Firm is subject to a good faith dispute within 45 days of the receipt of the Invoice. ERS's failure to pay in a timely fashion does not relieve Law Firm of its obligation to perform the services for which it has been retained.

9. Termination. ERS may, at any time and for any reason, instruct Law Firm in writing to cease activities. Similarly, Law Firm reserves the right to terminate its representation at any time upon 30 days' notice to ERS. ERS agrees to execute any documents necessary to permit Law Firm to withdraw from representing ERS, and to promptly pay all fees, costs, and disbursements incurred through the date of termination. In the case of termination by either party, Law Firm will promptly take the steps necessary to conclude Law Firm's representation. Those steps include preparing the materials appropriate for transferring the matter to another counsel, if requested.

10. Electronic Communications. It is likely that during the course of this engagement both ERS and Law Firm will use electronic devices and Internet services (which may include unencrypted wired or wireless e-mail, cellular telephones, voice over Internet, electronic data/document web sites, and other state of the art technology) to communicate and to send or make available documents. Law Firm will maintain policies, procedures, and technological/licensing infrastructure sufficient to secure its communications as is considered reasonable in its industry.

11. Amendment. This agreement shall not be altered, changed, or amended except by written instrument executed by both parties hereto. As to the scope of representation of this Agreement, this Agreement supersedes any previous engagement letter or agreement between ERS and Law Firm.

12. Notices. Except as otherwise specified herein, notices shall be in writing and deemed served upon the same with the United States Postal Service. Notices shall be addressed to:

**Ice Miller LLP**  
Audra Ferguson-Allen  
Ice Miller LLP  
One American Square  
Suite 2900  
Indianapolis, IN 46282-0200

To ERS:

**Employee Retirement System of the City of Milwaukee**  
789 North Water Street  
Suite 300  
Milwaukee, WI 53202

*With copies to:*  
City Attorney Tearman Spencer  
200 East Wells Street, suite 800  
Milwaukee, WI 53202-3551

13. Jurisdiction, Venue, and Choice of Law. This Agreement shall be governed by, construed, interpreted and enforced in accordance with the laws of the State of Wisconsin. The parties agree that for any claim or suit or other dispute relating to this Agreement that cannot be mutually resolved, jurisdiction and venue shall be in Milwaukee County, Wisconsin, for matters arising under state law or, should federal courts have jurisdiction, the eastern district of Wisconsin. The parties agree to submit themselves to the jurisdiction of said courts, to the exclusion of any other court that may have jurisdiction over such a dispute according to any other law.

14. Indemnification and Defense of Suits. In case any action in court or proceeding before an administrative agency is brought against the ERS or any of either's officers, agents, or employees for the failure or neglect of Law Firm in whole or in part to perform any of the covenants, acts, matters or things by this Agreement undertaken, or for injury or damage caused by the alleged negligence of Law Firm, its officers, agents or employees, Law Firm shall indemnify and save harmless the ERS and any of its officers, agents, or employees from all losses, damages, costs, expenses, judgements, or decrees arising out of such action that result from Law Firm's negligent acts or failure to act.

15. Public Records and Records Retention. Law Firm understands that ERS is bound by the Wisconsin Public Records Law, Wis. Stat. §19.21, et. seq. Pursuant to Wis. Stat. §19.36(3), ERS may be obligated to produce, to a third party, the records of Law Firm that are "produced or collected" by Law Firm under this Agreement ("Records"). Law Firm is further directed to Wis. Stat. §19.21, et. seq, for the statutory definition of Records subject to disclosure under this paragraph, and Law Firm acknowledges that it has read and understands that definition. Irrespective of any other term of this Agreement, Law Firm is (1) obligated to retain Records for seven years from the date of the Record's creation, and (2) produce such Records to ERS if, in ERS's determination, ERS is required to produce the Records to a third party in response to a public records request. Law Firm's failure to retain and produce Records as required by this paragraph shall constitute a material breach of this Agreement.

16. Living Wage. Law Firm agrees to pay all persons employed by Law Firm in the performance of this Agreement, whether on a full-time or part-time basis, a base wage of not less than a living wage as defined by Section 310-13 of the Milwaukee Code of Ordinances.

17. Reports and Information. Law Firm shall furnish the ERS Attorney with such statements, records, reports, data, and information as ERS may reasonably request pertaining to matters covered by the Agreement.

18. Nondiscrimination. It is the City of Milwaukee's policy not to discriminate against any qualified employee or qualified applicant for employment because of an individual's sex, race, religion, color, national origin or ancestry, age, disability, lawful source of income, marital status, sexual orientation, gender identity or expression, victimhood of domestic abuse or sexual assault, past or present membership in the military service, HIV status, domestic partnership, genetic identity, homelessness, familial status, or an individual's affiliation or perceived affiliation with any of these categories ("Protected Classes"), pursuant to Milwaukee Code of Ordinances ("MCO") Section 109-9. Contractors and their subcontractors employing any resident of the City of Milwaukee may not discriminate against any member of the Protected Classes, and such contractors must insert this clause into any subcontracts of subcontractors employing any resident of the City of Milwaukee for work under this Agreement.

19. Severability. If any term of this Agreement is, to any extent, held invalid or incapable of being enforced, such term shall be excluded only to the extent of such invalidity or unenforceability. All other terms hereof shall remain in full force and effect and, to the extent possible, the invalid or unenforceable term shall be deemed replaced by a term that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable term as determined by ERS. If such invalid and unenforceable term has a material and adverse effect on a party and a valid and enforceable replacement that comes closest to expressing the intention of such invalid or unenforceable term as determined by ERS cannot be created, the party materially and adversely impacted shall be allowed to terminate the Agreement pursuant to the section entitled "Termination for Cause."

20. Remedies and No Waiver. Nothing in this Agreement shall be construed to waive any privilege, right of recovery, cause of action, defense, remedy, category of damages, or immunity to which ERS is entitled under common law, or federal, state, or local law; waiver of any of the foregoing may only be accomplished in writing by an individual with the authority to bind ERS.

21. Survival. Any section which by its/their meaning is implied to survive termination shall continue in force and effect following the termination or expiration of the Agreement.

22. Slavery Disclosure Affidavit. All vendors in existence during the "slavery era" (prior to 1865), contracting with ERS, shall complete an affidavit prior to entering into a contract verifying that it has searched any and all company records of investments or profits from slavery or slaveholder insurance policies during the slavery era. The names of any enslaved persons or slaveholders described in those records must be disclosed in the affidavit.

23. Exhibit A. Irrespective of any statement or term included in Exhibit A (which includes the pages titled "Terms and Conditions of Engagements for Legal Services), in case of any conflict or ambiguity between the terms of Exhibit A and this Professional Services Agreement, to which Exhibit A is attached, the terms of this Professional Service Agreement shall govern. No retainer shall be required for work under this Agreement. Ice Miller will not identify ERS as a client in any public marketing materials.

24. Audits and Inspections. At any time during normal business hours and as often as the ERS, or if federal or state grants or aids are involved, as the appropriate federal or state agency may deem necessary, there shall be made available to the ERS or such agency for examination all of its records with respect to all matters covered by this contract and will permit the ERS or such agency and/or representatives of the Comptroller General to audit, examine and make excerpts or transcripts from such records, and to make

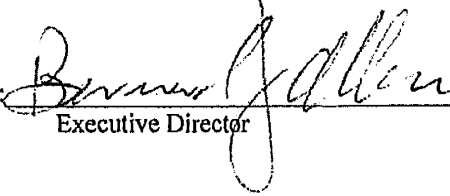


audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this contract.

In Witness Whereof, the parties have executed this Agreement as of the dates listed below:

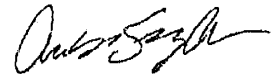
EMPLOYEES' RETIREMENT SYSTEM OF THE  
CITY OF MILWAUKEE

Date: 12/3/2020

By:   
Executive Director

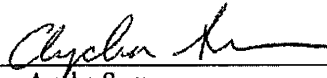
ICE MILLER LLP

Date: 10/28/2020

By:   
Audra Ferguson-Allen  
Partner

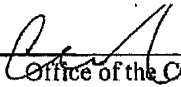
COUNTERSIGNED:

Date: 12.8.2020

By:   
Aycha Sawa  
Comptroller, City of Milwaukee

Approved as to form and execution:

Date: 12/30/2020

By:   
Office of the City Attorney

October 28, 2020

WRITER'S DIRECT NUMBER: (317) 236-2249  
DIRECT FAX: (317) 592-4721  
EMAIL: [Audra.Ferguson-Allen@icemiller.com](mailto:Audra.Ferguson-Allen@icemiller.com)

**CONFIDENTIAL ATTORNEY/CLIENT PRIVILEGED COMMUNICATION**

Ms. Andrea Fowler  
Assistant City Attorney  
Milwaukee City Attorney's Office  
Zeidler Municipal Building  
841 North Broadway  
Milwaukee, WI 53202

**VIA ELECTRONIC MAIL**

**RE: Letter of Engagement of Ice Miller LLP**

Dear Andrea:

We are pleased you have asked us to continue to serve as legal counsel to the Employees' Retirement System of the City of Milwaukee, to handle the engagement described in this letter, and appreciate the opportunity to serve you. Please take a moment to review this letter (and the enclosed standard Ice Miller terms and conditions) to confirm our mutual understanding regarding your retention of Ice Miller, the scope of the engagement and the basis on which we will continue to provide legal services to you. Please let us know if there is anything you do not understand or would like to discuss changing.

**Client and Nature and Scope of the Relationship**

We understand that we will be providing legal counsel services to the Employees' Retirement System of the City of Milwaukee ("ERS") with respect to federal tax law issues and related matters. We understand that the City Attorney is the statutory counsel to the ERS. Accordingly, we will provide our services in conjunction with the City Attorney and provide advice and consultation to the City Attorney as it pertains to federal tax law issues and related matters. We have agreed that our engagement is limited to performance of services related to this matter. Except to the extent otherwise specifically agreed and confirmed by us in writing, this engagement does not extend to advice or representation concerning Wisconsin law or compliance with federal or state securities laws, including appearing or practicing before the U.S. Securities and Exchange Commission (the "SEC") or your disclosure obligations under such laws, and we understand that you will not, without our prior written consent, include documents we provide to you in any filings with federal or state securities regulators, including the SEC. We may agree with you to further limit or to expand the scope of our representation from time to time, provided that any such change is confirmed by us in writing. No other party is being

represented by us or intended to be benefited by our representation. Please understand that while we cannot, and do not, guarantee the outcome or success of this or any other engagement or professional undertaking, we will earnestly strive to represent and serve your interests in this engagement effectively, efficiently, and responsibly while endeavoring to accomplish your objectives in this engagement.

Our engagement is for legal services, and it is understood that you are not relying on us for business, investment or accounting advice or decisions, nor to investigate the character or credit of any person with whom you may be dealing in connection with this matter.

Audra will be the primary contact as to this relationship with Ice Miller LLP. Any questions or concerns that may arise in this regard may always be directed to her.

**Compensation; Other Important Terms and Conditions**

We will charge fees based upon the time expended and other factors applicable to legal fees that are specified by applicable professional rules and standards. Our fees will continue to be based on our hourly rates as applied to the amount of time that we expend in providing services. Our hourly rates for work performed by our Employee Benefit attorneys and paralegals, as established effective January 1, 2020, are attached. During the course of this engagement, we are pleased to offer ERS a 10% discount from our standard hourly rates for all of our work. The hourly rates of our professionals are periodically reviewed and adjusted upward to reflect the current cost of delivering comparable legal services and other market conditions. Accordingly, in preparation of our statements for professional services, we will use those hourly rates in effect at the time the services are rendered.

We understand that ERS is responsible for paying our statements for services and expenses. ERS is also responsible for keeping us informed with complete and accurate information, document and other communications relevant to the subject matter of our representation or otherwise requested by us.

In addition to fees that we charge for our legal services, we also charge for ancillary services and expenses. Such charges and expenses may include photocopying, computer research, mileage, travel expenses and other similar charges specifically applicable to the engagement. Our charges and expenses for such ancillary services are pursuant to a schedule of charges, as the same is revised from time to time. A copy of current charges and expenses is available to you upon request.

**Term**

The engagement shall commence on January 1, 2021 and extends through December 31, 2024, subject to any renewals exercised by the ERS.

Ice Miller's standard Terms and Conditions of Engagements for Legal Services are enclosed. These terms and conditions, which cover various other aspects of this engagement, are important and are to be read as part of this letter, as they apply to this engagement to the same

extent as if they were typed as part of this letter. Unless a different engagement letter is executed in the future, the basic terms of this engagement letter will also be applicable to, and govern our professional relationship on any subsequent matters, on or in which we may become involved or engaged on your behalf.

**Acceptance**

We hope that this letter and the enclosed Terms and Conditions are helpful and accurately states the scope of the representation agreed upon. We intend to provide legal services based on this letter, and will assume that this letter accurately reflects our mutual agreement (regardless of whether you sign and return this letter to us), unless you promptly notify us in writing to the contrary. If you have any questions or wish to discuss any portion of this letter, please call me.

Otherwise, please confirm for our records your acceptance of these terms and conditions by signing the copy of this letter in the space provided, and return the same to me.

Sincerely yours,

ICE MILLER LLP



Audra Ferguson-Allen

Acknowledged and Agreed:

**EMPLOYES' RETIREMENT SYSTEM OF THE  
CITY OF MILWAUKEE**

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

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

## Exhibit A

ICE MILLER LLP

### Terms and Conditions of Engagements for Legal Services

Ice Miller LLP has prepared this statement of the terms and conditions that are generally applicable to its legal services representations of its clients, in the absence of an express agreement specifically to the contrary. These terms and conditions, together with the letter or other document that references them, are the Terms and Conditions applicable to our engagement by you. When used in this document, "we" or "us" or "our" and similar terms refer to Ice Miller LLP, a limited liability partnership, and "you" or "your" and similar terms refer to the person or persons specifically identified in this statement as the client or clients of Ice Miller LLP.

#### **Our Responsibilities**

We are responsible to provide legal services to you in accordance with these Terms and Conditions and with our express understandings with you concerning the nature and scope of our representation.

#### **Your Responsibilities**

You are responsible for paying our statements for services and expenses. You also are responsible for being candid and cooperative with us and for keeping us informed with complete and accurate information, documents and other communications relevant to the subject matter of our representation or otherwise requested by us. Because it is important that we be able to contact our clients at all times in order to consult with them regarding our representation, we expect that you will inform us, in writing, of any changes in the name, address, telephone number, contact person, e-mail address, state of incorporation or other relevant changes regarding you and your business or affairs. If you affiliate with, acquire or your company is acquired by or merged with another company, you will provide us with sufficient notice to permit us to withdraw as your attorneys if we determine that such an affiliation, acquisition or merger creates a conflict of interest between any of our clients and the other party to such affiliation, acquisition or merger, or if we determine that it is not in the best interests of the Firm with respect to the resulting association with the new entity. Your failure to communicate and cooperate with us in these respects could have an adverse effect on our ability to effectively and efficiently represent your interests in this matter and may require that we suspend the rendition of further services in respect of or entirely withdraw from this engagement.

#### **Client(s) Represented**

The client or clients for this engagement are as specifically identified in the engagement letter. Our client(s) do not include natural persons or entities that are not identified as a client in the engagement letter. For clients that are companies, unless otherwise specified or agreed, this does not include individuals or persons who are shareholders, partners, members or owners of the company, or its officers, directors, managers or other representatives, or family members, nor does it include affiliates of the company. Our representation of you for the matter described in the engagement letter does not give rise to a

lawyer-client relationship with any such other individual, person or affiliate. Accordingly our representation of you will not give rise to a conflict of interest in the event other clients of ours are or become adverse to any such other individual, person or affiliate. For clients that are trade associations or other group-type organizations, our clients would not include their members or other constituents.

#### **How We Will Work For You**

We provide services to you through our attorneys and other professionals. We will designate a mutually agreeable partner whom you may contact should you have any questions or concerns at any time about our representation of you or your interests. You will keep us advised of the name(s) and contact information of the person(s) who are authorized to instruct us as to the performance of our legal services for you.

Our engagement is for legal services. While from time to time we may share with you as part of our legal advice information and insights based on our experience with respect to certain market, industry or business practices, structures, or the like, it is understood that you will be solely responsible for determining the extent to which other professional services and advice are obtained and for making all decisions concerning business, investment and accounting matters. In addition, it is understood that we will not have any responsibility to investigate the character or credit of any person with whom you may be dealing in connection with any matter directly or indirectly related to our engagement.

#### **How We May Communicate With You**

Unless you instruct otherwise in writing, we may communicate with you using unencrypted e-mail, facsimile transmission and cellular telephone with the understanding that these methods carry an inherent risk of interception.

#### **About Our Fees**

We will charge you fees based upon the time expended and other factors applicable to legal fees that are specified by applicable professional rules and standards. Unless otherwise specifically agreed, our fees are based on our hourly rates as applied to the amount of time that we expend in providing services. Our base hourly rates for

work performed by our attorneys, absent special engagements or circumstances, are established effective January 1 of each calendar year. Hourly rates may change periodically without prior notice to clients, typically after the end of each calendar year, but a current schedule for anyone working on your engagement is available at any time upon request.

Payment of our fees and other charges is in no way contingent on the outcome of any matter, unless and to the extent that there is a mutual written agreement to the contrary.

#### **Other Charges and Expenses**

Our charges for ancillary services and expenses, such as photocopying, computer research, electronic data discovery services, mileage, travel expenses and other similar charges are pursuant to a schedule of charges and expenses, as the same is revised from time to time, a copy of which is available to you upon request.

#### **Estimates**

The total amount of fees and costs relating to this matter are difficult to predict. Accordingly, we have made no commitment to you concerning the maximum fees and costs that will be necessary to resolve or complete this matter. If requested to provide an estimate of our fees for a given matter, we will endeavor in good faith to provide our best estimate, but unless there is a mutual written agreement to a fixed fee, the actual fees incurred on any project will likely differ from the estimate.

#### **Billing Procedures**

Unless we agree to an alternative billing arrangement, you will receive a statement on a monthly basis for services rendered, and for costs and other charges posted to your account, in the prior month. Payment is due upon receipt of our billing statement or within 30 days thereafter. If your account becomes more than 30 days past due, our Billing and Collection Committee will decide whether additional legal work will be performed while the account remains past due, taking into account obligations we owe to you under applicable professional conduct rules. While we typically do not charge interest on past due amounts, we reserve the right to charge interest on any amount invoiced that remains unpaid after 30 days at the rate of 1% per month until paid in full, plus all costs of collection (including reasonable attorneys' fees). Any questions or disagreements should be brought to our attention in writing within 60 days of the billing date.

#### **Retainers**

As a matter of standard practice for new clients and/or new matters, we typically request a retainer deposit before we begin work, and we may request retainers or additional retainers from time to time with respect to existing clients and existing matters. Unless there is a mutual written

agreement to the contrary, we will hold any such retainers in our firm's agency account until disbursed in accordance with these terms and conditions or other mutual written agreement. We may apply funds held as retainers to any past due account balance of your account. We will return any unapplied excess of your retainers to you within a reasonable period of time following the conclusion of the related engagement. Unless we determine in our discretion to apply all or a portion of the retainers sooner, we will apply the retainers to the final invoice for the related engagement. If we determine for any client or matter to initially waive the required retainer deposit, we nonetheless reserve the right at a later date to require a retainer deposit if conditions concerning either the extent or nature of the matter in our discretion so warrant, or should our statements not be timely paid as expected.

#### **Your Consent to Future Conflicts of Interest**

You are aware that the Firm has grown geographically and represents many other entities and individuals. Thus, during the time that we are representing you, some of our present or future clients may have disputes or transactions with you or other interests that may be adverse to yours. As part of this engagement, you agree that we may undertake in the future to represent existing or new clients in any matter that is not substantially related to any matter as to which we have represented or advised you, even if the interests of such clients in those other matters are directly or indirectly adverse to yours, and you agree not to disqualify our Firm for those conflicting representations. Of course, we agree that we will keep confidential any information of a nonpublic nature provided to us as a result of our representation of you. You acknowledge that we may obtain confidential information as a result of our representation of other clients that might be of interest to you but for the same reasons cannot be shared with you.

#### **Document Retention**

Unless you indicate otherwise to us in writing, we will assume that all papers and property that you provide to us are duplicates and that you retain all originals, so that we do not need to return them to you. When the representation concludes, we will (if you request) return any papers and property that you have provided to us (or that we have obtained for you and that belong to you) if we have them in our possession. Our drafts and work product that we create in relation to our work for you, however, belong to us. We reserve the right, subject to any applicable laws or rules of professional responsibility to the contrary, to apply records retention policies and procedures to these items and also to destroy within a reasonable time any items described in this paragraph that are retained by us.

#### **Personal Data from the European Economic Area**

If you will be providing the Firm with the personal data of individuals in the European Economic Area during the course of the engagement, then it is your responsibility to obtain all appropriate consents, make any necessary

disclosures, and take all other required steps to comply with any applicable data privacy and protection laws and regulations in connection with your use of the Firm's services. As used herein, "personal data" means any information relating to an identified or identifiable natural person, to the extent that such personal data are associated with individuals in the European Economic Area or are otherwise within the scope of the General Data Protection Regulation (EU) 2016/679.

#### **Response to Audit Inquiries**

If you ask that we do so, we will respond to your auditors concerning certain "loss contingencies" as defined by accounting standards by preparing a letter to your auditors. To assist us in responding timely to your auditors, please direct all audit inquiries to:

Audit Letter Coordinator  
Ice Miller LLP  
One American Square, Suite 2900  
Indianapolis, Indiana 46282-0200.

If there are any questions presented by your audit inquiry letter, our Audit Letter Coordinator will contact you. Absent special circumstances, our current fee structure for the preparation of these letters is a minimum of \$300 and a maximum of \$700, depending on the extent and number of any matters reported. However, the fee may exceed \$700 if there are many matters to be reported upon, or if the letter requires extensive substantive attention to disclosure or other related issues. This charge will appear on your statement as a line item for "Services rendered in connection with preparation of response to audit inquiry."

#### **Termination or Withdrawal**

Both you and we have the right to terminate any engagement at any time after providing reasonable advance written notice, and our withdrawal or termination is further subject to applicable rules of professional responsibility. In the event that we terminate the engagement, we will, subject to the terms hereof, take such steps as are reasonably practicable to protect your interests in the above matter and, if you so request, we will suggest to you possible successor counsel and provide that counsel with whatever papers you have provided to us. If permission for

withdrawal is required by a court, we will promptly apply for such permission, and you agree to engage successor counsel to represent you. Otherwise, this representation will terminate (a) once the specific services covered within the scope of the representation have been completed and we have sent you our final statement for services rendered in this matter, or (b) if the engagement is open-ended without any specific services being described, when more than six months have elapsed from the last time you requested and we furnished legal services to you. We are not obligated to provide advice or other legal services concerning this representation to you after our representation of you is completed, or has terminated. After completion of a matter in which we have represented you, changes may occur in the applicable laws or regulations that could have an impact upon your future rights and liabilities. Even though we may send you newsletters or the like after the date of termination of our engagement, we will have no responsibility to provide you with updates or advice concerning any changes in the law or regulations or future legal developments on any matter, including those matters that may have been the subject of a prior representation, unless you and we have expressly agreed that we will provide this service.

#### **Certain Limitations**

Any opinions or views, formal or informal, that we may express to you or to third parties about the outcome of a legal matter are only our best professional estimates. Those opinions or views are necessarily limited by our knowledge of facts at the time that we express them and the law and regulations that are then in effect. You understand and agree that we cannot – and will not – promise to you, or guarantee to you, that any particular outcome will result from your legal matters.

#### **Identification of Relationship**

We are pleased that you have chosen Ice Miller LLP as your legal advisor and would like to have your permission to share this with others. By signing the acknowledgement, you hereby grant us the authority to use your name and logo in connection with Ice Miller LLP's marketing activities, including, without limitation, identification of you as a client of Ice Miller LLP on its website and other printed marketing materials and publications issued by Ice Miller LLP. You may revoke the consent granted in this paragraph at any time by contacting our marketing department at [enews@icemiller.com](mailto:enews@icemiller.com).

Revised: July 2018







ALAS  
Attorneys'  
Liability  
Assurance  
Society

December 13, 2019

Ice Miller LLP  
One American Square  
Suite 2900  
Indianapolis, IN 46282-0200

To Whom It May Concern:

### CONFIRMATION OF INSURANCE

We hereby confirm that Ice Miller LLP has Professional Liability Coverage under Policy ALA#1735 with an annual limit of \$35,000,000 per claim and \$70,000,000 in the aggregate with the right, under stated conditions, to purchase extended reporting rights upon termination of such Policy by ALAS.

The self-insured retention under such Policy is \$1,000,000 each claim up to an aggregate of \$2,000,000 and \$100,000 each claim thereafter.

The Policy effective date is from January 1, 2020 to January 1, 2021.

Such Policy is subject to the terms, conditions, limitations and exclusions stated therein.

#### ATTORNEYS' LIABILITY ASSURANCE SOCIETY LTD., A RISK RETENTION GROUP

By: Nancy Montroy Date: 12/13/2019  
Nancy J. Montroy  
Vice President - Director of Underwriting

311 S. Wacker Drive, Suite 5700  
Chicago, IL 60606-6629  
tel 312.697.6900  
fax 312.697.6901

[als.com](http://als.com)

## EXHIBIT C

<b>Attorney</b>	<b>Current 2020 Standard Hourly Rate</b>	<b>2020 10% Discount</b>
Audra Ferguson-Allen, Partner	\$480	\$432.00
Gary Blachman, Partner	\$590	\$531.00
Sarah Funke, Partner	\$530	\$477.00
Robert Gauss, Partner	\$590	\$531.00
Melissa Proffitt, Partner	\$685	\$616.50
Kathleen Sheil Scheidt, Partner	\$590	\$531.00
Tara Sciscoe, Partner	\$610	\$549.00
Chris Sears, Partner	\$610	\$549.00
Eric Dawes, Actuary	\$645	\$580.50
Lisa Erb Harrison, Senior Counsel	\$590	\$531.00
Shalina Schaefer, Senior Counsel	\$465	\$418.50
Ian Minkin, Of Counsel	\$385	\$346.50
Austin Anderson, Associate	\$375	\$337.50
Raven Merlau, Associate	\$385	\$346.50
Lindsay Knowles, Staff Attorney	\$350	\$315.00
Taretta Shine, Paralegal	\$365	\$328.50
Greg Wolf, Paralegal	\$375	\$337.50

**Note:** The standard hourly rates for these personnel are subject to change from time to time.

# Memo



**To:** Jerry Allen  
**From:** Mary Turk  
**Date:** 8/28/2024  
**Re:** Contract for Mailing Services

---

ERS has been contracting with United Mailing Services (UMS) for the printing and mailing of documents since 2012. The latest contract was from 5/1/17 and expired 4/30/20 when a contract amendment was executed to extend the contract to 4/30/22. After an RFQ was done in 2021 another amendment extended the contract to 4/30/25.

An RFQ was posted on the ERS website and sent to 6 firms in August with a due date for responses of August 9, 2024. Two of the firms responded. The firms were CityPress and UMS.

The prices quoted for UMS were the same as we are currently paying. Their pricing was considerably lower than CityPress.

As staff reports that they are pleased with working with UMS, UMS was the lowest bidding respondent to the RFQ and that prices are static, I recommend that we extend our current contract with them for an additional 3 years with a 2 year option by mutual agreement.



**THIRD AMENDMENT  
TO THE SERVICE AGREEMENT BETWEEN  
THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
AND  
UNITED MAILING SERVICES, Inc.**

**THIS IS THE THIRD AMENDMENT** ("Third Amendment") to the Service Agreement ("Agreement") beginning May 1, 2017, between the Employees' Retirement System of the City of Milwaukee ("ERS") and United Mailing Services, Inc. ("UMS");

**WHEREAS**, on May 1, 2017, the ERS and UMS entered into the Service Agreement; and

**WHEREAS**, the Agreement was amended via the First Amendment To The Contract For Services between the Employees' Retirement System and United Mailing Services, Inc. to run through April 30, 2022; and

**WHEREAS**, the Agreement was amended via the Second Amendment To The Contract For Services between the Employees' Retirement System and United Mailing Services, Inc. to run through April 30, 2025; and

**WHEREAS**, in 2024, ERS completed a request for quotations and determined that UMS will remain the ERS's vendor for the services described herein; and

**WHEREAS**, ERS and UMS wish to amend the Agreement to extend it for three additional years with the potential for an additional 2 years at the option of both parties (for a total potential extension of the Agreement of 5 years):

**NOW, THEREFORE**, in consideration of the mutual covenants herein stated, ERS and UMS agree to amend the Agreement as follows:

1. The term of the Agreement, as set forth in paragraph 2.1 entitled "TIME OF PERFORMANCE" is amended to read: "upon April 30, 2028"; and, the "Time of Performance" on the head of the contract shall read: "May 1, 2017 – April 30, 2028."
2. A new Section 2.3 shall be created to read as follows: "Mutual Option to Extend. No later than July 31, 2027, the Parties may, upon mutual agreement in writing (email acceptable), agree to extend the Term for an additional 2 years under the same terms as presently in force. If either party wishes to alter any terms of the Agreement beyond the 2-year extension of the Term including pricing or the scope of services to be provided, such change can only be done via a formal written amendment to the agreement signed by both Parties.
3. The maximum compensation as set forth on the head of the contract entitled "Maximum Compensation Not to Exceed" and under Section 4.3 is amended to read "\$1,148,000.00."

4. Section 11.2 of the Agreement shall be amended to increase the amount of cyber insurance UMS is required to carry for the remainder of the Term from \$100,000 to \$500,000.

5. These changes constitute the entire Third Amendment to the Agreement. All other covenants, provisions, terms and conditions of the Agreement shall remain unchanged.

6. This Third Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original; all such counterparts shall, together, constitute only one instrument. PDFs shall be deemed the same as originals.

IN WITNESS WHEREOF, the parties hereto execute this Third Amendment:

United Mailing Services, Inc.

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

Title:

THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

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

Title: Board Chair

\_\_\_\_\_  
Bernard J. Allen, Executive Director Date

Countersigned:

\_\_\_\_\_  
Assistant City Attorney Date  
As to Form and Execution

# Memo



To: Jerry Allen  
From: Mary Turk  
Date: 9/3/2024  
Re: Lease for Two Park Plaza

---

ERS has been leasing space at Two Park Plaza as a remote site since 2010. The original contract was for a term of 10 years with 2 options to extend for terms of 5 years. We exercised the first option to extend in 2020. This extension will end in March of 2025.

The landlord presented us with rates for a second option to extend for 5 years. They proposed a starting base rate of \$12.50 per square foot per year with annual increases of 3% in the following 4 years. Our current rate is \$13.10. We then did some research for costs for alternative properties and found that Two Park Plaza was advertising other spaces at a base rate of \$11.50. After some negotiation they offered us that same base of \$11.50 if we were willing to enter into an extension for a term of 7 years with annual increases of 3.5%. The attached spreadsheet presents both of these proposals with analysis that includes the CAM (Common Area Maintenance) rate which is the operating and tax cost share that is included in our overall rent payment. Also on the spreadsheet is a listing of all the comparative properties. Appendices show the details of the comparative properties presented on the spreadsheet. The other properties do not show a CAM rate but it is a standard cost share that would be reasonable to assume would be similar for all properties.

As can be seen on the attached spreadsheet, Two Park Plaza offers the lowest base rent of all the comparative properties. The 7-year option provides a lower overall cost in exchange for the longer term. Therefore, I recommend that we extend the lease with Two Park Plaza for an additional 7 years.



**Remote Office - 2 Park Place, Milwaukee, WI**

**Area** 3300 sq ft  
**Type** Office Class A

**ERS's Lease - Current and Proposed**

**OPTION 1 - 5 YEAR, HIGHER STARTING RENT, LOWER ESCALATOR**

Period	Base Rate (\$/sq ft/yr)	Base Rate Incr	CAM Rate* (\$/sq ft/yr)	Monthly	Annual	Overall Change
Current	\$ 13.10		\$ 10.67	\$ 6,536.75	\$ 78,441.00	
2025-2026	\$ 12.50	-4.6%	\$ 10.67	\$ 6,371.75	\$ 76,461.00	-2.5%
2026-2027	\$ 12.88	3.0%	\$ 10.88	\$ 6,534.94	\$ 78,419.22	2.6%
2027-2028	\$ 13.27	3.0%	\$ 11.10	\$ 6,701.05	\$ 80,412.64	2.5%
2028-2029	\$ 13.66	3.0%	\$ 11.32	\$ 6,871.56	\$ 82,458.69	2.5%
2029-2030	\$ 14.07	3.0%	\$ 11.55	\$ 7,046.57	\$ 84,558.79	2.5%

**OPTION 2 - 7 YEAR, LOWER STARTING RENT, HIGHER ESCALATOR**

Period	Base Rate (\$/sq ft/yr)	Base Rate Incr	CAM Rate* (\$/sq ft/yr)	Monthly	Annual	Overall Change
Current	\$ 13.10		\$ 10.67	\$ 6,536.75	\$ 78,441.00	
2025-2026	\$ 11.50	-12.2%	\$ 10.67	\$ 6,096.75	\$ 73,161.00	-6.7%
2026-2027	\$ 11.90	3.5%	\$ 10.88	\$ 6,266.12	\$ 75,193.47	2.8%
2027-2028	\$ 12.32	3.5%	\$ 11.10	\$ 6,440.54	\$ 77,286.51	2.8%
2028-2029	\$ 12.75	3.5%	\$ 11.32	\$ 6,620.17	\$ 79,442.04	2.8%
2029-2030	\$ 13.20	3.5%	\$ 11.55	\$ 6,805.17	\$ 81,662.02	2.8%
2030-2031	\$ 13.66	3.5%	\$ 11.78	\$ 6,995.71	\$ 83,948.48	2.8%
2031-2032	\$ 14.14	3.5%	\$ 12.02	\$ 7,191.96	\$ 86,303.54	2.8%

\*Estimating a 2% escalator for the CAM rate

**Comparables and Research**

Source	Class	Base Rate (\$/sq ft/yr)	Reference	Appendix
CBRE - Milwaukee NW	All	\$ 14.27	CBRE Milwaukee Office Q1 2024 Research; Page 4	A
Cushman & Wakefield - Milwaukee NW	All	\$ 16.62	Cushman MarketBeat Milwaukee Q1 2024; Page 2	B
Cushman & Wakefield - Milwaukee NW	A	\$ 21.28	Cushman MarketBeat Milwaukee Q1 2024; Page 2	B
JLL - Milwaukee	All	\$ 22.03	JLL 2024 Research	C
JLL - Milwaukee	A	\$ 26.09	JLL 2024 Research	C
Space Available for Rent (classifieds)	A	\$ 11.50	11850 W Park Place	D
Space Available for Rent (classifieds)	B	\$ 16.50	11925 W Lake Park Dr	E
Space Available for Rent (classifieds)	B	\$ 16.50	11950 W Lake Park Dr	F
Space Available for Rent (classifieds)	B	\$ 15.00	5600 W Brown Deer Rd	G
Space Available for Rent (classifieds)	A	\$ 21.79	11270 W Park Place	H



FIGURES | MILWAUKEE OFFICE | Q1 2024

# Renewals dominate top office leases, while new leases illustrate continued demand for downtown

- ▲ 15.1%  
Total Vacancy Rate
- ▲ 83,764  
Sq. Ft. Net Absorption
- ▲ 224,736  
Sq. Ft. Construction
- ▼ \$19.59  
Average Asking / Lease Rate

Note: Arrows indicate change from previous quarter.

- The total vacancy rate in the Milwaukee market increased 70 basis points (bps) to 15.1% and the availability rate increased 10 bps 20.9%. The average asking lease rate decreased to \$19.59.
- Overall, the market experienced 84,764 sq. ft. of positive absorption for Q1 2024.
- One 40,288 sq. ft. office building, Loomis Crossing at 4300 W Layton Ave, delivered this quarter.
- The CBD experienced 157,182 sq. ft. of positive absorption while the suburbs experienced 73,418 sq. ft. of negative absorption for Q1 2024.
- Demand for Class A office space remains high in both the suburbs and CBD, with three of the top five leases in Q1 2024 by size signed at Class A buildings.
- Office sales illustrated space consolidation with the sale of Riverwood Corporate Center to Best Graphics Group, which plans to consolidate its office and warehouse space.
- A significant CBD move this quarter included Fiserv, relocating from Brookfield and moving its new corporate headquarters to HUB640 in downtown Milwaukee.

FIGURE 1: Total Vacancy Rate and Asking Lease Rate



Source: CBRE Research, Q1 2024



### Office Transactions

Office property sales volume decreased in Q1 2024, totaling \$25.7 million. One property in Oak Creek, 10050 S 27<sup>th</sup> St added \$6.6 million to the Q1 2024 sales volume. The 44,160 sq. ft. office building was sold to Adams and Associates. Another office in Waukesha, Riverwood Corporate Center, was sold for \$2.5 million to Best Graphics Group Properties. Best Graphics, a Waukesha firm that sells equipment for commercial printing and packaging, purchased the property and plans to remodel the 61,000 sq. ft. office building for its new headquarters.

### Milwaukee Market Office Trends

- Large renewals dominated the top leases by size this quarter, with three of the five renewing 152,578 sq. ft. total throughout the Milwaukee metro. This follows a trend seen nationally in 2023, with CBRE reporting 58% of the top 100 office leases nationally were renewals. Lease renewal volume is up in Milwaukee by approximately 206,000 sq. ft. from Q4 2023, with the largest Q1 2024 lease renewal transactions signed in Brookfield. Those tenants, BetaNXT and AT&T Wireless, renewed a combined 130,000 sq. ft. Empower Retirement renewed and downsized by 22,000 sq. ft. at Chase Tower in downtown Milwaukee.
- New leases signed in Q1 2024 continued last quarter's trend of headquarters relocations; one of the largest leases signed in downtown Milwaukee was a headquarters relocation. According to CBRE Americas Consulting, 465 companies nationally have relocated their HQs between 2018 and 2023. Within the past year, three companies have relocated their headquarters to Milwaukee, including Mayville Engineering, Regal Ware and Fiserv, moving into a combined 203k sq. ft.
- Two large companies that signed new leases in Q1 2024 to relocate either a headquarters or large regional facility specifically to downtown Milwaukee included Enerpac Tool and Allspring Global Investments, leasing a combined 99,000 sq. ft. of office space. Both companies are relocating downtown from Menomonee Falls, downsizing by a collective 145,000 sq. ft. These relocations illustrate both current office sector trends of rightsizing and flight to quality. Both companies stated their relocations to downtown Milwaukee were driven by factors including the push to attract and maintain top talent.
- CBRE Americas Consulting monitors the office attendance policies of U.S. companies to highlight the current stance on in-office versus remote work while uncovering shifts over time. Q3 2023 attendance data from companies surveyed showed those that had a fully-remote policy had about double the turnover of companies that had a hybrid or fully in-office attendance policy. To prevent loss of talent, companies will continue to look for upgraded space with amenities to encourage office attendance and allow for collaborative space for office teams.

FIGURE 2: Milwaukee Office Market Sales

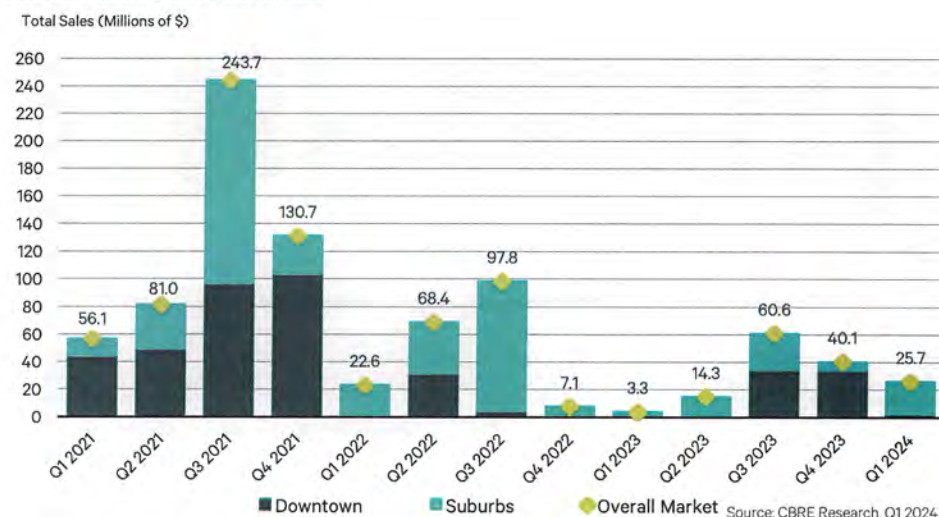
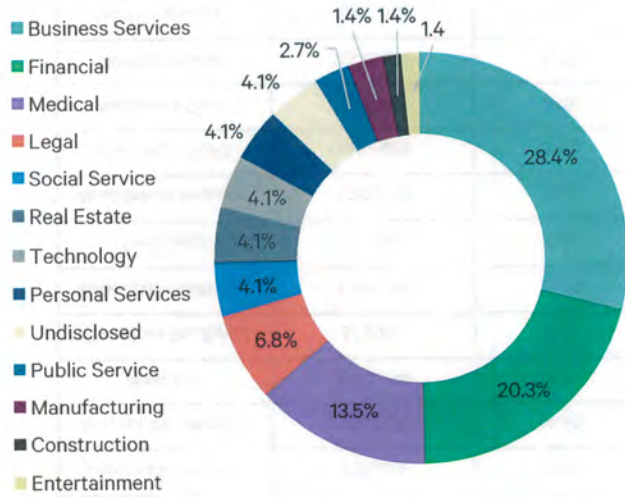


FIGURE 3: Top Lease Transactions, Q1 2024

Tenant	Sq. Ft.	Address	Business Sector	Type
BetaNXT	84,694	350 N Sunny Slope Rd, Brookfield	Financial	Renewal
Enerpac Tool	56,839	648 N Plankinton Ave, Milwaukee	Business Services	New Lease
AT&T Wireless	45,323	440 S Executive Dr, Brookfield	Business Services	Renewal
Allspring Global Investments	42,480	417 E Chicago St, Milwaukee	Financial	New Lease
Empower Retirement	22,561	111 E Wisconsin Ave, Milwaukee	Business Services	Renewal/Contraction

Source: CBRE Research, Q1 2024.

FIGURE 4: Users in the Market by Count of Users



Source: CBRE Research, Q1 2024.

**Users in the Market**

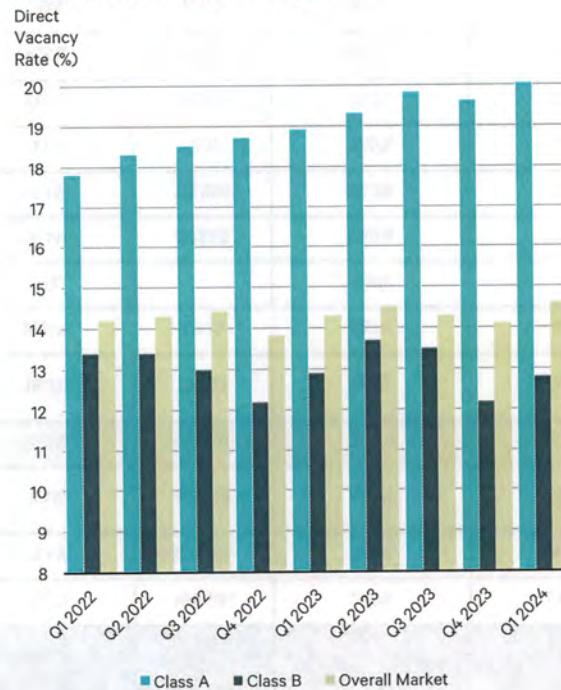
With a median space requirement of 5,859 sq. ft. of the known industry types, Business Services and Financial industries have the most tenants in the market with 36 total. Business Services and Social Services are top users by sq. ft needs, collectively representing about 47% of the square footage in the market.

Of the 74 current users in the office market, 18% of those users are searching for space 20,000 sq. ft. or greater. The majority of users have space needs less than 20,000 sq. ft..

**Office Trends by Class**

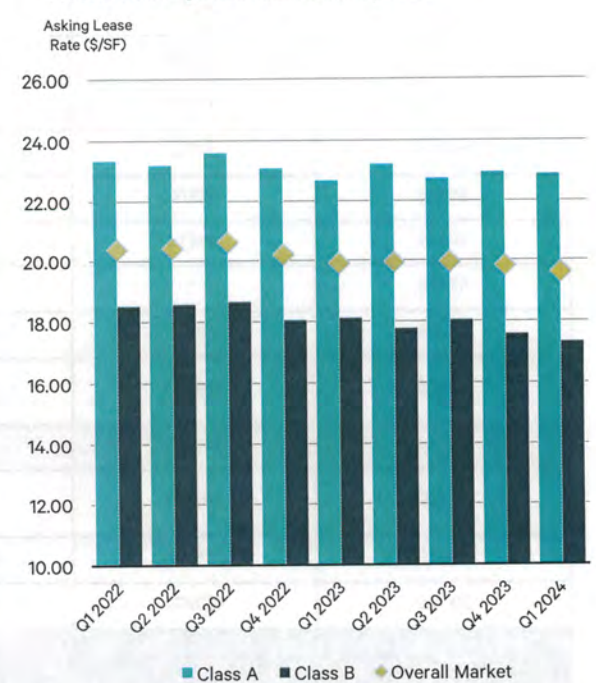
The Class A direct vacancy rate increased to 20.4% while the average lease rate decreased to \$22.88. Significant Class A move out that contributed to the increase include Empower Retirement, renewing and downsizing by 22,000 sq. ft. The Class B direct vacancy rate increased to 12.8% and the average lease rate decreased to \$17.33. Of the top five leases this quarter, three were signed at Class A offices in Q1 2024. A significant downtown Class A move-in in Q1 2024 was Fiserv, relocating from Brookfield and expanding by 51,000 sq. ft. at HUB640 downtown. Annex Wealth Management was the largest Class A suburban move-in, expanding its footprint in the market by 32,000 sq. ft..

FIGURE 5: Vacancy Rate Trends by Class



Source: CBRE Research, Q1 2024

FIGURE 6: Asking Lease Rate Trends by Class



Source: CBRE Research, Q1 2024



FIGURE 7: Milwaukee Market Office Statistics

Submarket	Market Rentable Area (sq. ft.)	Total Vacancy (%)	Direct Vacancy Rate (%)	Available Sublease (sq. ft.)	Availability Rate Total (%)	Q1 2024 Net Absorption (sq. ft.)	Year-to-date 2024 Net Absorption (sq.ft.)	Overall Gross Avg. Asking Lease Rate (\$/sq. ft./Yr)
Downtown East	9,217,991	16.9%	16.3%	184,495	21.8%	(3,805)	(3,805)	\$24.62
Downtown West	4,044,319	19.8%	17.4%	124,308	25.2%	168,000	168,000	\$17.55
Third Ward/Walker's Point	2,638,173	8.5%	8.4%	68,633	16.3%	(7,013)	(7,013)	\$22.71
<b>CBD Subtotal</b>	<b>15,900,483</b>	<b>16.3%</b>	<b>15.3%</b>	<b>377,436</b>	<b>21.7%</b>	<b>157,182</b>	<b>157,182</b>	<b>\$22.30</b>
Milwaukee North Shore	2,516,256	15.8%	15.8%	10,755	19.8%	(4,303)	(4,303)	\$11.64
Milwaukee Northwest	1,906,072	29.4%	29.4%	1,075	32.1%	4,697	4,697	\$14.27
Milwaukee Central	785,789	5.1%	5.1%	-	5.8%	-	-	\$15.14
Mayfair/Wauwatosa	3,951,107	14.5%	14.4%	68,592	20.5%	21,345	21,345	\$20.11
West Allis	1,889,744	17.1%	17.1%	115,856	36.2%	1,003	1,003	\$16.95
Milwaukee Southwest	872,344	8.1%	8.1%	1,200	14.5%	(2,816)	(2,816)	\$16.08
Milwaukee Southeast	1,008,162	24.1%	21.8%	23,578	26.3%	(8,831)	(8,831)	\$23.70
Brookfield	6,311,864	18.8%	18.5%	56,893	24.9%	(85,426)	(85,426)	\$20.06
Waukesha/Pewaukee	2,766,813	7.9%	7.9%	1,200	16.3%	(1,014)	(1,014)	\$20.11
Waukesha North	1,497,879	4.6%	4.6%	3,075	7.9%	9,799	9,799	\$16.00
Waukesha South	631,141	2.1%	2.1%	-	7.6%	676	676	\$14.11
North Suburban	2,038,042	12.1%	11.7%	7,492	18.2%	(8,548)	(8,548)	\$13.77
South Suburban	1,791,018	6.3%	6.1%	3,087	8.8%	-	-	\$15.03
<b>Suburban Subtotal</b>	<b>27,966,231</b>	<b>14.5%</b>	<b>14.3%</b>	<b>292,803</b>	<b>20.6%</b>	<b>(73,418)</b>	<b>(73,418)</b>	<b>\$17.91</b>
<b>TOTAL</b>	<b>43,866,714</b>	<b>15.1%</b>	<b>14.6%</b>	<b>670,239</b>	<b>21.0%</b>	<b>83,764</b>	<b>83,764</b>	<b>\$19.59</b>

Source: CBRE Research, Q1 2024

### National Economic Outlook

The U.S. economy is on track for a 'soft landing', with continued growth but at a slower pace than the 3.0% measure seen last year. This slowdown is mostly due to cautious consumers and slower hiring, particularly in interest rate-sensitive sectors like tech start-ups and goods manufacturing. However, electric vehicle production and microchip manufacturing have thus far bucked the trend with increased investment.

Business caution means much of recent hiring has come from public sectors like education and healthcare, with leisure and hospitality being a notable exception due to continued demand for discretionary services. Job openings have dropped over 2.0% from last year and wage growth has slowed, but not enough to completely quiet inflationary fears.

Given the persistent sub-4% unemployment rate and high-capacity utilization, we don't expect the Consumer Price Index (CPI) returning to its target until 2025. The Fed is likely to cut rates three times this year, providing some hope for real estate markets, though recovery won't kick-start until the drops go into effect. In the meantime, stronger-than-expected growth has kept real estate vacancies low in the last 18 months, specifically in the industrial, retail, and multifamily sectors. Those tailwinds combined with incoming aid from the central bank provide optimism for the market further into the year.

Sources: CBRE Research, Q1 2024

**Market Area Overview**



**Definitions**

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total Building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

**Survey Criteria**

Includes all office buildings 5,000 sq. ft. or greater. Excludes single-tenant owner-occupied buildings, Government owned and occupied buildings, or Medical buildings. Buildings which have begun construction as evidenced by site excavation or foundation work.

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# MARKETBEAT MILWAUKEE

App B

CUSHMAN &  
WAKEFIELD

BOERKE

Office Q1 2024

**22.9%**

Vacancy Rate

YoY  
Chg



12-Mo.  
Forecast



**-507**

YTD Net Absorption, SF



**\$22.30**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2024

**857.4K**

Milwaukee  
Employment

YoY  
Chg



12-Mo.  
Forecast



**3.5%**

Milwaukee  
Unemployment Rate



**3.8%**

U.S.  
Unemployment Rate



Source: BLS, Moody's Analytics

Q1 2024 data are based on latest available data.

## ECONOMY

Home to six Fortune 500 companies, Metro Milwaukee is known for its historically strong manufacturing and financial services industries, along with a bustling downtown area emerging as a vibrant economic center. Meanwhile, the city's growing water technology and energy sectors position Milwaukee as a regional hub of innovation. The region's unemployment rate increased 50 basis points (bps) year-over-year (YOY) to 3.5%, and employment decreased 0.5% YOY.

## MARKET OVERVIEW

Milwaukee's office market had -507 square feet (sf) of net absorption in the first quarter of 2024, keeping overall vacancy stable quarter-over-quarter (QOQ) at 22.9%, which is a 60-bps increase YOY. The Central Business District (CBD) reported absorption of -52,789 sf in Q1, led by large suites vacating at Chase Tower & Associated Bank River Center. Non-CBD submarkets rebounded in Q1 from substantial negative absorption in 2023 with 52,282 sf absorbed, including eight signed leases each exceeding 10,000 sf.

Total market leasing activity in Q1 remained strong totaling 413,275 sf, with Class A space equaling 63% of space leased. Notable leases included Enerpac Tool Company leasing 56,839 sf at ASQ Center in the Downtown West submarket, and Allspring Global Investments leasing 42,280 sf in the Third Ward / Walker's Point submarket. Both firms are relocating their headquarters within the region to their new locations in (or near) the CBD, continuing recent momentum of firm conglomeration in the CBD.

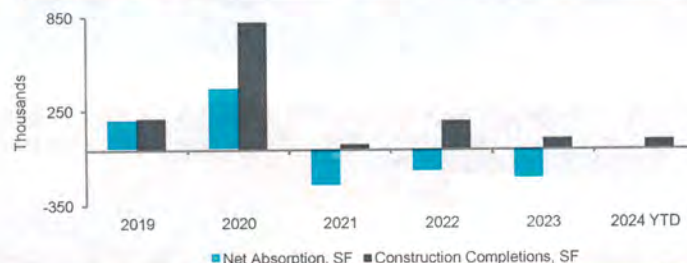
The market's overall rental rate increased 0.8% QOQ and 2.2% YOY to \$22.30 per square foot (psf), continuing a stable gross rate around \$21-\$22 psf since late 2021, as high market vacancy remains, with slight recent increases due to inflationary effects on triple net (NNN) expenses along with high-quality space asking rates increasing as strong demand persists. The Class A asking rate increased 1.9% QOQ and 2.5% YOY to \$25.45 psf.

Class A properties continue to perform well in the market, with 16,176 sf of net absorption in Q1, while Class B absorption equaled -18,144 sf, as "flight to quality" trends continue in the market. Direct opposite absorption levels for CBD / Non-CBD & Class A / B showcases the Milwaukee office market movement consisting of current firms moving within the region. Without an influx of new firms to the market or significant existing tenant growth, large amounts of positive absorption will be unlikely, and vice versa.

## OUTLOOK

Believe it or not, Milwaukee is running out of office space—more specifically, large, contiguous Class A suites. The segment of office users traditionally occupying the newest, highest-quality office buildings has been least affected by work-from-home policies and, while they may slightly reduce their footprint, we have not seen a downturn in the overall volume of space needed in this product type. Since no new developments are in the pipeline, supply has become limited due to the normal absorption in this asset class, putting pressure on rates and forcing some Class A users to consider different product types.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL AVAIL (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown East	7,721,293	2,313,746	1,809,729	23.4%	-35,438	-35,438	37,876	0	\$27.97	\$29.93
Downtown West	3,860,772	1,009,497	731,836	19.0%	-17,351	-17,351	74,560	0	\$21.00	\$20.02
<b>CBD TOTALS</b>	<b>11,582,065</b>	<b>3,323,243</b>	<b>2,541,565</b>	<b>21.9%</b>	<b>-52,789</b>	<b>-52,789</b>	<b>112,436</b>	<b>0</b>	<b>\$25.71</b>	<b>\$27.17</b>
Brookfield	4,205,053	1,459,626	1,123,531	26.7%	62,232	62,232	111,418	0	\$20.22	\$21.88
Mayfair / Wauwatosa	3,134,618	1,037,990	775,491	24.7%	-22,155	-22,155	12,617	0	\$21.96	\$25.65
North Shore	1,902,105	686,042	583,318	30.7%	-31,150	-31,150	2,851	0	\$17.64	\$23.78
Northwest	1,736,002	571,184	410,131	23.6%	3,185	3,185	20,979	0	\$16.62	\$21.28
Ozaukee	608,436	123,065	99,627	16.4%	-4,108	-4,108	2,615	0	\$17.66	\$19.66
Southeast	263,076	63,391	38,764	14.7%	-2,644	-2,644	7,593	0	\$13.69	N/A
Southwest	333,486	109,010	60,064	18.0%	852	852	2,742	0	\$16.06	\$16.44
Third Ward / Walker's Point	2,220,584	568,146	375,078	16.9%	53,369	53,369	81,867	0	\$27.10	\$32.23
Waukesha / Pewaukee	2,528,415	865,109	506,379	20.0%	21,385	21,385	43,769	0	\$20.86	\$23.52
West Allis	1,640,365	706,130	382,479	23.3%	-28,684	-28,684	14,388	0	\$17.69	N/A
<b>NON-CBD TOTALS</b>	<b>18,572,140</b>	<b>6,189,693</b>	<b>4,354,862</b>	<b>23.4%</b>	<b>52,282</b>	<b>52,282</b>	<b>300,839</b>	<b>0</b>	<b>\$20.19</b>	<b>\$23.52</b>
<b>MILWAUKEE TOTALS</b>	<b>30,154,205</b>	<b>9,512,936</b>	<b>6,896,427</b>	<b>22.9%</b>	<b>-507</b>	<b>-507</b>	<b>413,275</b>	<b>0</b>	<b>\$22.30</b>	<b>\$25.45</b>

BUILDING CLASS	INVENTORY (SF)	AVAILABLE SPACE (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT *
Class A	14,126,390	4,423,217	3,408,419	24.1%	16,176	16,176	258,794	0	\$25.45
Class B	15,060,210	4,938,152	3,378,292	22.4%	-18,144	-18,144	154,481	0	\$19.09
Class C	967,605	151,567	109,716	11.3%	1,461	1,461	0	0	\$18.00

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
ASQ Center – 600-648 N Plankinton Ave, Milwaukee	Downtown East	Enerpac Tool Group	56,839	New
417 E Chicago St, Milwaukee	Third Ward / Walker's Point	Allspring Global Investments	42,280	New
300 N Executive Dr, Brookfield	Brookfield	Common Ground	19,675	New
20975 Swenson Dr, Waukesha	Waukesha / Pewaukee	Morgan Stanley	19,583	Renewal

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
10050 S 27th Street, Oak Creek	Southeast	Lion Oak Creek, LLC / 10050 South 27th Street, LLC	44,160	\$6.7M / \$151

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT(S)	SF	OWNER / DEVELOPER
The Grain - 705 N Genesee St, Delafield	Waukesha / Pewaukee	Synthetaic, Midwest Insurance Group, RBC Capital Markets	61,779	Hendricks Commercial Properties

DAN PALEC

Director of Research  
+1 414 436 3712 / [dpalec@boerke.com](mailto:dpalec@boerke.com)

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# Milwaukee

- The market had over 80,000 s.f. in positive absorption to start the year as activity remains healthy.
- Class A vacancy within the CBD continues to fall as it reaches its lowest level since 2020.
- Enerpac announced plans to relocate its headquarters to 56,000 s.f. in the ASQ Center.

The Milwaukee office market started off the year strong with continued positive absorption in the first quarter. This comes on the heels of 2023 posting the first full year of positive absorption since 2019. As was the case in 2023, most of the absorption occurred in the CBD with nearly 80% occurring in the downtown core, led by Downtown West and Third Ward/Walker's Point.

Given the positive momentum over the past five-quarters within the CBD, direct vacancy rates have started to fall. The Class A vacancy rate is down to 19.0% from a high of 22.3% at the end of 2022. This is the lowest vacancy level since year-end 2020, when it was 18.1%. Looking ahead, expect vacancy to continue to drop as leasing activity within the CBD remains steady as evidenced by Enerpac's announcement they will occupy 56,000 s.f. in the ASQ Center.

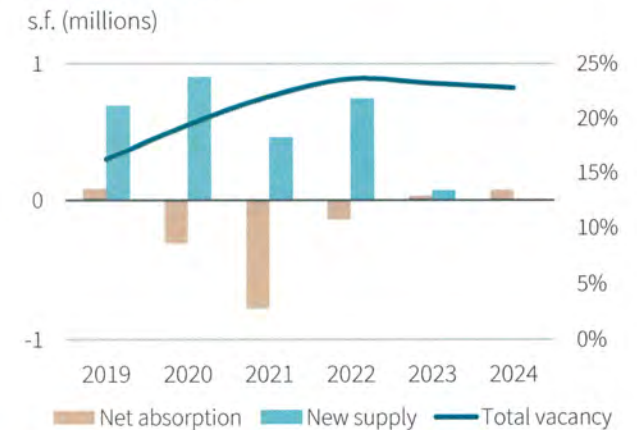
The relocation of Enerpac's headquarters to the ASQ Center in downtown Milwaukee reflects the growing energy and attractiveness of the central business district (CBD). Enerpac is joining other prominent companies, such as Milwaukee Tool, Northwestern Mutual, Rite Hite and Fiserv, who have either relocated to or expanded their presence in downtown Milwaukee.

### Outlook

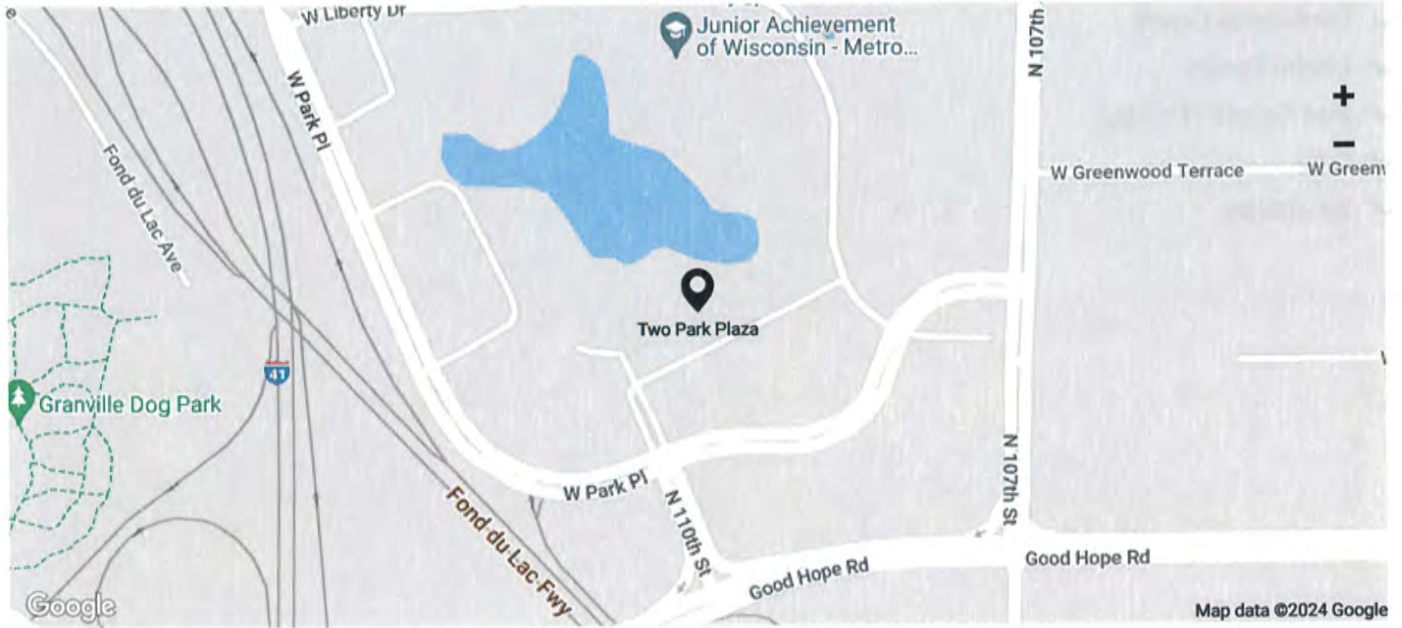
The Milwaukee office market is in a favorable position, with evident strength in the CBD where vacancy rates likely reached a plateau in 2022. The suburban markets may be slightly softer than the CBD but are expected to remain steady. Overall, the outlook for the Milwaukee office market through 2024 is positive, with the CBD driving growth and the suburban markets maintaining stability.

Fundamentals		Forecast
YTD net absorption	80,135 s.f.	▼
Total vacancy	22.8%	▲
Class A direct asking rent	\$26.09 p.s.f.	►
Overall direct asking rent	\$22.03 p.s.f.	▼
Concessions	Rising	▲
Under construction	0 s.f.	►
Pre-leased	0%	►

### Historical trends







## Two Park Plaza

10850 West Park Place, Milwaukee, WI 53224

For Lease

**\$11.50/SF/YR**

Property Size

**197,600 SF**

Additional Rent

**Contact for pricing**

Year Built

**1986**

Property Type

**Office**

Lot Size

**8.5 Acre**

Building Class

**A**

Date Updated

**Apr 8, 2024**

### Want more info on this listing?

Reach out to the broker for more info on lease terms and amenities

[Details](#)

[Spaces Available](#)

[Contacts](#)

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## Highlights

- ✓ Conference Center
  - ✓ Health Facility
  - ✓ Free Covered Parking
  - ✓ Cafe
  - ✓ Lunchroom
- 

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## Spaces Available

#120

Space Type  
Office

Lease Rate  
**\$11.50/SF/YR**

Additional Rent  
**\$10.63/SF/YR**

Total Space Available  
**7,812 SF**

[see more](#) ▾

#150

Space Type  
Office

Lease Rate  
**\$11.50/SF/YR**

Additional Rent  
**\$10.63/SF/YR**

Total Space Available  
**11,276 SF**

[see more](#) ▾

#200

Space Type  
Office

Lease Rate  
**\$11.50/SF/YR**

Additional Rent  
**\$10.63/SF/YR**

Total Space Available  
**4,887 SF**

[see more](#) ▾

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## #350

Space Type  
**Office**

Lease Rate  
**\$11.50/SF/YR**

Additional Rent  
**\$10.63/SF/YR**

Total Space Available  
**13,360 SF**

[see more](#) ▾

## #430

Space Type  
**Office**

Lease Rate  
**\$11.50/SF/YR**

Additional Rent  
**\$10.63/SF/YR**

Total Space Available  
**1,848 SF**

[see more](#) ▾

## #440

Space Type  
**Office**

Lease Rate  
**\$11.50/SF/YR**

Additional Rent  
**\$10.63/SF/YR**

Total Space Available  
**745 SF**

[see more](#) ▾

## #460

Space Type  
**Office**

Lease Rate  
**\$11.50/SF/YR**

Additional Rent  
**\$10.63/SF/YR**

Total Space Available  
**1,423 SF**

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Details

Spaces Available

Contacts

Location

## Park Place - 11925 West Lake Park Drive

11925 West Lake Park Drive, Milwaukee, WI 53224

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For Lease  
**\$16.50/SF/YR**

Property Type  
**Office - Government Office**

Property Size  
**36,037 SF**

Lot Size  
**3.45 Acre**

Additional Rent  
**Contact for pricing**

Parking Spaces Avail.  
**129**

Parking Ratio  
**3.60 / 1,000 SF**

Property Tenancy  
**Multi-Tenant**

Building Class  
**B**

Year Built  
**1989**

Date Updated  
**Feb 1, 2023**

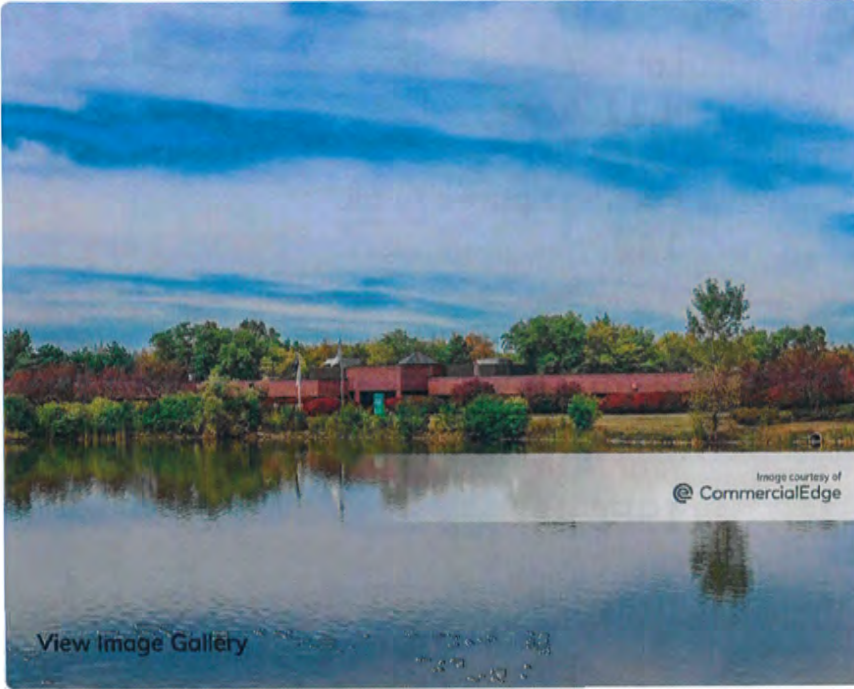
## Want more info on this listing?

Reach out to the broker for more info on lease terms and amenities

[Reach Out Now](#)

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Details

Spaces Available

Contacts

Location

## Park Place - 11950 West Lake Park Drive

11950 West Lake Park Drive, Milwaukee, WI 53224

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Cookies Settings

Reject All

Accept All Cookies

For Lease  
**\$16.50/SF/YR**

Property Size  
**35,749 SF**

Additional Rent  
**Contact for pricing**

Parking Ratio  
**4.00 / 1,000 SF**

Building Class  
**B**

Date Updated  
**Feb 1, 2023**

Property Type  
**Office - General Office**

Lot Size  
**4.11 Acre**

Parking Spaces Avail.  
**142**

Property Tenancy  
**Multi-Tenant**

Year Built  
**1986**

### Want more info on this listing?

Reach out to the broker for more info on lease terms and amenities

[Reach Out Now](#)

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[View Image Gallery](#)

[Details](#)

[Spaces Available](#)

[Contacts](#)

[Location](#)

## Brown Deer Plaza Office

5600 West Brown Deer Road, Brown Deer, WI 53223

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For Lease  
**\$15.00 - \$16.00/SF/YR**

Property Type  
**Office - General Office**

Property Size  
**33,000 SF**

Lot Size  
**1.65 Acre**

Additional Rent  
**Contact for pricing**

Property Tenancy  
**Multi-Tenant**

Building Class  
**B**

Year Built  
**1983**

Date Updated  
**May 28, 2024**

## Want more info on this listing?

Reach out to the broker for more info on lease terms and amenities

[Reach Out Now](#)

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## Park Place - One Park Plaza

11270 West Park Place, Milwaukee, WI 53224

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[Details](#)

[Spaces Available](#)

[Contacts](#)

[Location](#)

[Cookies Settings](#)

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For Lease  
**\$11.75/SF/YR**

Property Size  
**228,261 SF**

Additional Rent  
**Contact for pricing**

Parking Ratio  
**2.91 / 1,000 SF**

Building Class  
**A**

Date Updated  
**May 21, 2024**

Property Type  
**Office - General Office**

Lot Size  
**7.88 Acre**

Parking Spaces Avail.  
**664**

Property Tenancy  
**Multi-Tenant**

Year Built  
**1983**

### Want more info on this listing?

Reach out to the broker for more info on lease terms and amenities

Reach Out Now

## Spaces Available

#700

Space Type  
**General Office**

Lease Rate  
**\$11.75/SF/YR**

Additional Rent  
**\$10.04/SF/YR**

Total Space Available  
**12,503 SF**

[see more](#) ▾

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## FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (the "First Amendment") is made and entered this 28 day of May 2019, by and between Two Park Place LLC, a Delaware limited liability company ("Landlord") and Employees' Retirement System of the City of Milwaukee ("Tenant").

### WITNESSETH

WHEREAS, Landlord and Tenant entered into a lease (the "Original Lease") dated March 1, 2010, under the terms of which Tenant leased approximately 3,300 rentable square feet (the "Original Space") of space as described in said Lease in the building commonly known as Two Park Plaza, located at 10850 West Park Place, Milwaukee, Wisconsin 53224, as further described in the Lease (the "Building"), and;

WHEREAS, Tenant and Landlord desire to amend the Original Lease to extend the term for an additional five (5) year term per Article 32 of the Original Lease;

NOW, THEREFORE, in consideration of the terms, covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree to amend the Original Lease as follows:

### AGREEMENTS

In consideration of the Recitals and the mutual agreements set forth herein, Landlord and Tenant agree as follows:

1. Definitions. Terms used herein and not otherwise defined herein shall have the same meanings as provided in the Original Lease. Upon execution of this First Amendment, the "Lease" shall mean the Original Lease as amended by this First Amendment.

2. Term. The Term, as set forth in the Schedule of the Lease, shall be amended to reflect a term of sixty (60) months commencing on April 1, 2020 ("First Amendment Commencement Date") and ending on March 31, 2025.

3. Base Rent. Commencing on the First Amendment Commencement Date, "Base Rent" for the Premises shall be in accordance to the following schedule:

<u>Time Period</u>	<u>Base Rent per Rentable Square Foot</u>	<u>Monthly Installments of Base Rent</u>	<u>Annual Base Rent</u>
4/1/20 – 3/31/21	\$11.87	\$ 3,264.25	\$ 39,171.00
4/1/21 – 3/31/22	\$12.17	\$ 3,345.86	\$ 40,150.32

4/1/22 – 3/31/23	\$12.47	\$ 3,429.50	\$ 41,154.00
4/1/23 – 3/31/24	\$12.78	\$ 3,515.24	\$ 42,182.88
4/1/24 – 3/31/25	\$13.10	\$ 3,603.12	\$ 43,237.44

4. Option to Extend. This First Amendment constitutes the exercising of Tenant's first option to extend for an additional period of five (5) years per Article 32 of the Lease. Tenant shall continue to have the right to exercise its second option to extend the Lease for an additional period of five (5) years, in accordance with the language set forth in Article 32 of the Lease.

5. Other Terms and Conditions/Conflict. Except as specifically modified or amended herein, all other terms and condition of the Original Lease shall remain in full force and effect. In the event of a conflict between the terms and conditions of the Original Lease and the terms and conditions of this First Amendment, the terms and conditions of this First Amendment shall control.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date and year written above.

**LANDLORD:**

Two Park Place LLC, a Delaware limited liability company

By: IP Two Park Place LLC, a Wisconsin limited liability company, a manager

By: 


Name: John B. Heller

Title: Member

**TENANT:**

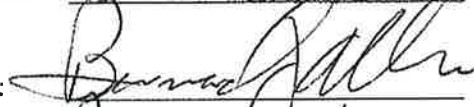
Employes' Retirement System of the City of Milwaukee

By its: Annuity and Pension Board

By: 

Name: MARTIN MAISE

Title: BOARD Chair

By: 

Name: Beantara ALTIN

Title: Executive Director

## SECOND AMENDMENT TO LEASE

**THIS SECOND AMENDMENT TO LEASE** (the “Second Amendment”) is made and entered this \_\_\_\_ day of September 2024, by and between **Two Park Place LLC**, a Delaware limited liability company (“Landlord”) and **Employees’ Retirement System of the City of Milwaukee** (“Tenant”). Landlord and Tenant are each a “Party”; together, they are the “Parties.”

### RECITALS

The Parties hereto recite, declare, and agree as follows:

**WHEREAS**, Landlord and Tenant entered into that certain Lease dated March 1, 2010, as amended by that First Amended to Lease dated May 28, 2019 (“First Amendment”) (collectively, the “Lease”), under the terms of which Tenant leased approximately 3,300 rentable square feet (the “Original Space”) of space as described in said Lease in the building commonly known as Two Park Plaza, located at 10850 West Park Place, Milwaukee, Wisconsin 53224, as further described in the Lease (the “Building”); and,

**WHEREAS**, Tenant and Landlord desire to enter into this Second Amendment to Lease in order to modify and amend certain provisions of the Lease.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the terms, covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the Lease as follows:

1. Recitals. The foregoing Recitals are expressly made a part of this Second Amendment and are incorporated herein by this reference.
2. Definitions. Terms used herein and not otherwise defined herein shall have the same meanings as provided in the Lease. Upon execution of this Second Amendment, the “Lease” shall mean the Lease as amended by the First Amendment and this Second Amendment.
3. Term. The Term of the Lease is hereby extended to midnight on March 31, 2032.
4. Option to Extend. Tenant shall have the right to extend this Lease for one (1) additional five-year term on the same terms and conditions as set forth in Article 32 of the Lease.

5. Base Rent. Commencing on the Second Amendment Commencement Date, “Base Rent” for the Premises shall be in accordance to the following schedule:

<u>Time Period</u>	<u>Base Rent/RSF</u>	<u>Monthly Base Rent</u>	<u>Annual Base Rent</u>
4/1/25 – 3/31/26	\$11.50	\$ 3,162.50	\$ 37,950.00
4/1/26 – 3/31/27	\$11.90	\$ 3,272.50	\$ 39,270.00
4/1/27 – 3/31/28	\$12.32	\$ 3,388.00	\$ 40,656.00
4/1/28 – 3/31/29	\$12.75	\$ 3,506.25	\$ 42,075.00
4/1/29 – 3/31/30	\$13.20	\$ 3,630.00	\$ 43,560.00
4/1/30 – 3/31/31	\$13.66	\$ 3,756.25	\$ 45,078.00
4/1/31 – 3/31/32	\$14.14	\$ 3,888.50	\$ 46,662.00

6. Other Terms and Conditions/Conflict. Except as specifically modified or amended herein, all other terms and condition of the Original Lease shall remain in full force and effect. In the event of a conflict between the terms and conditions of the Original Lease and First Amendment and the terms and conditions of this Second Amendment, the terms and conditions of this Second Amendment shall control.

IN WITNESS WHEREOF, the Parties have executed this Second Amendment as of the date and year written above.

**LANDLORD:**

**Two Park Place LLC**, a Delaware limited liability company

By: IP Two Park LLC, a Wisconsin limited liability company, a manager

By: \_\_\_\_\_

Name: John B. Heller

Title: Member

**TENANT:**

**Employees’ Retirement System of the City of Milwaukee**

By its: Annuity and Pension Board

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



# Memo



**To:** Jerry Allen  
**From:** Mary Turk  
**Date:** 8/28/2024  
**Re:** ABT MailCom Contract

---

ERS's contract with ABT MAILCOM to provide printing, mailing and reporting of our 1099R forms annually expires March 31, 2025. Our latest contract was for a three-year period. We have been contracting with them since January 1, 2010. The annual cost for this contract in 2023 was \$12,463. They have shown interest in extending the contract with a price increase of \$0.01 per piece unless there is an increase in postage pricing. In that case, the increase would reflect the amount of the postage increase. A postage increase is expected in January of 2025. This is the only local provider of these services.

The RFQ was posted on the ERS website. Three companies were contacted directly for a price quote. Two companies provided the following quotes for the processing of 16,000 forms:

ABT MailCom Lake Geneva, WI	\$14,090
Tab Services Company Chicago, IL	\$19,565

The current vendor knows our practices and has worked with our file layout and format previously and we have had no complaints with their service. They do have the lowest price and are proposing only a slight price increase and we haven't approached the other vendor with our contractual requirements yet. The current provider has already agreed to our contractual requirements which do tend to be extensive.

Therefore, I recommend we negotiate with ABT MAILCOM to extend the current contract for three additional years with an option for two more upon mutual agreement.

V.

NEW BUSINESS

- A. Retirements, Death Claims, and Refunds (July and August).
- B. Approval of Annual Comprehensive Financial Report (ACFR) for the Year Ended December 31, 2023.
- C. Conference Requests – September 24, 2024 Board Meeting.
- D. Approval of Fiduciary, Cyber, and Property Insurances.
- E. Referral to Legislative Committee regarding whether to recommend the City to Lobby the State to make changes to the Law Enforcement Standards Bureau (LESB) requirements as they relate to the Duty Disability program and the Limited Duty protocols of the Milwaukee Police Department.

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	CARTAGENA-CINTRON	CLEODOMIRA	8/22/2019	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	WASHINGTON	NICOLE	5/1/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	LEACH	JENNY	5/16/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	MARTINA	CHARLES	6/2/2024	MAX	MPD - ADMINISTRATION
Regular	Early	NORMAN	TONYA	6/4/2024	MAX	HACM
Regular	Service	RYDLEWICZ	ROBERT	6/4/2024	MAX	WISCONSIN CENTER DISTRICT
Regular	Service	PAGAN	HECTOR	6/5/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	SOMMERS	DELORES	6/6/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	KAYLOR	DEBRA	6/7/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BOGNAR	TOM	6/8/2024	50	MILWAUKEE POLICE DEPARTMENT
Regular	Service	CARTER	MONTELL	6/8/2024	50	MILWAUKEE POLICE DEPARTMENT
Regular	Service	COLBERT	VALERIE	6/8/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	HIMLE	SHELDYN	6/8/2024	MAX	MUNICIPAL COURT
Regular	Service	JACKSON	ZOE	6/8/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	SHORTS	CHRISTOPHER	6/8/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	TANEM	MICHAEL	6/8/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	TERRIQUEZ	FREDERICK	6/8/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	THOMAS	HAROLD	6/8/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	TOMLINSON	WILLIAM	6/8/2024	75	MILWAUKEE POLICE DEPARTMENT
Regular	Service	WARE	ANGELA	6/8/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	BUBLITZ	DAVID	6/9/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	NEITMAN	ERIC	6/9/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	FIELD	BRIAN	6/12/2024	100	DPW-OPS-FLEET SERVICES
Regular	Service	WELCH	SHAWN	6/12/2024	100	DPW-OPS-FLEET SERVICES
Regular	Deferred	COLBERT	CHERYL	6/13/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	SCHWANTES	CAROL	6/13/2024	100	GENERAL CITY
Regular	Service	BOVIA	CAROLYN	6/13/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Early	ROEDER	LINDA	6/14/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Early	SIKORA	THERESA	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	ARBEITER	JEWEL	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BROUGHTON	DEBRA	6/14/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	COLLINS	ALICE	6/14/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	GALES	JUDY	6/14/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	KELLY	BARBARA	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	LANGE	JUDITH	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MUSZYNSKI	CARLA	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	NORTON SCHALK	SUSAN	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	SAYAVONG	BARBARA	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	TAYLOR	DEBRA	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	TITSCHLER	DIANE	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	TURNER	JEANETTE	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	WEINS	MARC	6/14/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	ZABOROWSKI	NANCY	6/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BACHMANN	GLENN	6/15/2024	MAX	FIRE - FIREFIGHTING
Regular	Service	BERMUDEZ	LUCIA	6/15/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	DAVIS	GREGORY	6/15/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	DIETERT	JANET	6/15/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	HARTZHEIM	CINDY	6/15/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	HOWARD	PHYLLIS	6/15/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	KENDRICK	CARMEN	6/15/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	SEEFELD	ROBERT	6/15/2024	100	WISCONSIN CENTER DISTRICT

Retirement Type	Retirement Sub Type	Last Name	First Name	Retirement Date	Option	Department
Regular	Service	MIGDAL	DEBRA	6/19/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	CHEMLICK	MICKAL	6/22/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	CIANCIOLO	STEVEN	6/22/2024	MAX	DPW-WATER-ENGINEERING
Regular	Service	DALL	SUZIE	6/22/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	EMMONS	LAFAYETTE	6/22/2024	64	MILWAUKEE POLICE DEPARTMENT
Regular	Service	GIBBS	TAMARA	6/22/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	KUPSİK	THOMAS	6/22/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	PARSONS	LOUANN	6/22/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	TURNER	KEITH	6/22/2024	MAX	DPW-OPS-SANITATION
Regular	Service	WEBBER	KRISTINA	6/22/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	BENFORD	PHILLIP	6/23/2024	MAX	DPW-OPS-FLEET SERVICES
Regular	Service	CARLONI	JUSTIN	6/23/2024	75	MILWAUKEE POLICE DEPARTMENT
Regular	Service	KRAKER	JERRY	6/23/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	FOSS	KATHLEEN	6/24/2024	100	GENERAL CITY
Regular	Deferred	HOFFMANN	MARYBETH	6/24/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	HORTMAN	ELSTON	6/25/2024	MAX	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Deferred	RANDALL	WILLIAM	6/25/2024	MAX	DPW
Regular	Service	KASTEN	PAUL	6/27/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	OBI	JOSEPHINE	6/28/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	COLE	NANCY	6/29/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	MILLER	GREGORY	6/29/2024	50	FIRE - FIREFIGHTING
Regular	Service	METZEN	WILLIAM	6/30/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	CARLSON	CINDY	7/1/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	DONEY	RACHEL	7/1/2024	75	DEPT OF NEIGHBORHOOD SRVCS
Regular	Service	GROCHOWSKI	ADAM	7/1/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	JOHNSON	DEBRA	7/1/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	KNOWLES	CHRISTOPHER	7/1/2024	75	FIRE - FIREFIGHTING
Regular	Service	MIKOLAJCZAK	PAUL	7/1/2024	MAX	FIRE - FIREFIGHTING
Regular	Service	SEAGER	DAVID	7/1/2024	100	FIRE - FIREFIGHTING

**Board Report - July 2024**

**Deaths**

Type	Last Name	First Name	Death Date	Payment Date	Amount
Ordinary Death	DARBY	GERARD	2/12/2023	7/31/2024	\$ 20,634.89
Ordinary Death	ROBERTS	BOLIVIA	5/30/2021	7/31/2024	\$ 18,726.16
Ordinary Death	THOMAS JR.	WILLIAM	8/20/2014	7/31/2024	\$ 11,580.76
Ordinary Death	WILLIAMS	JOHNAQUIAN	4/23/2024	7/31/2024	\$ 12,722.01
Retiree Death-Termination	BAKER	BARBARA	4/27/2024	7/31/2024	\$ 1,568.00
Retiree Death-Termination	BRENNAN	THOMAS	5/24/2024	7/31/2024	\$ 1,976.76
Retiree Death-Termination	COLOREZ	MARIA	1/18/2024	7/31/2024	\$ 127.03
Retiree Death-Termination	DONDER	DANIEL	6/22/2024	7/31/2024	\$ 1,420.12
Retiree Death-Termination	GRILLI	JOSEPH	6/12/2024	7/31/2024	\$ 364.53
Retiree Death-Termination	GUZNICZAK	BARBARA	6/12/2024	7/31/2024	\$ 640.68
Retiree Death-Termination	JACOBSON	GLENN	11/29/2023	7/31/2024	\$ 253.73
Retiree Death-Termination	KLEPPIN	JEROME	4/21/2024	7/31/2024	\$ 1,922.24
Retiree Death-Termination	KROLL	MARY	6/17/2024	7/31/2024	\$ 494.54
Retiree Death-Termination	KRUMBIEGEL	KARLA	3/28/2024	7/31/2024	\$ 2,324.64
Retiree Death-Termination	LABELLE	PAT	10/12/2023	7/31/2024	\$ 4,124.38
Retiree Death-Termination	PARONTO	SHARON	4/26/2024	7/31/2024	\$ 1,958.81
Retiree Death-Termination	SCHWARTZ	GEORGE	6/2/2024	7/31/2024	\$ 234.84
Retiree Death-Termination	SMITH	MERLIN	5/17/2024	7/31/2024	\$ 1,946.13
Retiree Death-Termination	THEIS	FLOYD	4/25/2024	7/31/2024	\$ 3,833.92
Retiree Death-Termination	TUCHEL	THOMAS	5/4/2024	7/31/2024	\$ 358.68
Surv Death-Termination	BIALEK	JOHN	5/26/2024	7/31/2024	\$ 262.71
Surv Death-Termination	BUTTITTA	DOLORES	4/21/2024	7/31/2024	\$ 1,097.72
Surv Death-Termination	PIESKE	IRMA	6/22/2024	7/31/2024	\$ 1,278.08
Surv Death-Termination	POTISK	PATRICIA	5/12/2024	7/31/2024	\$ 607.74
Surv Death-Termination	SPECK	LILLIAN	5/15/2024	7/31/2024	\$ 761.02
Surv Death-Termination	SPENCER	VERONICA	2/20/2024	7/31/2024	\$ 1,258.90
Surv Death-Termination	VENNE	OLIVIA	6/2/2024	7/31/2024	\$ 89.31
Surv Death-Termination	VENTO	MAGDALENA	4/27/2024	7/31/2024	\$ 5,108.63
Surv Death-Termination	WIER	JUDY	5/16/2024	7/31/2024	\$ 1,630.09
<b>TOTAL \$</b>					<b>99,307.05</b>

Type	Last Name	First Name	Death Date	Payment Date	Amount
Retiree Death-Cont Opt	CARMICHAEL	GREGORY	6/5/2024	7/1/2024	
Retiree Death-Cont Opt	KEMP	DORAN	7/8/2024	7/1/2024	
Retiree Death-Cont Opt	KULINSKI	PATRICK	7/19/2024	7/1/2024	
Retiree Death-Cont Opt	MACEJK	RONALD	6/18/2024	7/1/2024	
Retiree Death-Cont Opt	MUHAMMAD	JAMES	7/15/2024	7/1/2024	
Retiree Death-Cont Opt	SHOKATZ	MICHAEL	6/21/2024	7/1/2024	
Retiree Death-Cont Opt	TRIMBORN	CHARLOTTE	7/6/2024	7/1/2024	
Retiree Death-Cont Opt	VANDER HEYDEN	GUY	6/27/2024	7/1/2024	
Retiree Death-Cont Opt	WALTERS	RALPH	6/22/2024	7/1/2024	
Retiree Death-Cont Opt	WASHINGTON	DARRYL	7/11/2024	7/1/2024	
Retiree Death-Cont Opt	WHEELER	CLORIA	6/17/2024	7/1/2024	

**Board Report - July 2024**

**Withdrawals**

Type	Last Name	First Name	Payment Date	Amount
Administrative Withdrawal	BAPTIST	NICHOLAS	7/31/2024	\$ 1,388.18
Administrative Withdrawal	CUNNINGHAM	NAJON	7/31/2024	\$ 4,911.86
Administrative Withdrawal	DANIELS	SHENEDA	7/31/2024	\$ 411.47
Administrative Withdrawal	DAVIS	LEONARD	7/31/2024	\$ 1,805.14
Administrative Withdrawal	GILLISPIE	LADANIEL	7/31/2024	\$ 946.83
Administrative Withdrawal	GRAY	CHARMINA	7/31/2024	\$ 7,373.16
Administrative Withdrawal	NEWTON	MEGHAN	7/31/2024	\$ 757.03
Administrative Withdrawal	PETERSON	CHENELL	7/31/2024	\$ 281.78
Administrative Withdrawal	VILLARREAL	YESENIA	7/31/2024	\$ 986.13
Administrative Withdrawal	WASKIEWICZ	JODI	7/31/2024	\$ 1,508.25
Full Refund	DOLLHOPF	BRANDON	7/31/2024	\$ 6,067.18
Full Refund	DUCKSWORTH	TORIANO	7/31/2024	\$ 6,490.74
Full Refund	JACKSON	LILLIE	7/31/2024	\$ 3,875.53
Full Refund	JUDE-BLUNT	QUEEN	7/31/2024	\$ 3,456.12
Full Refund	OLGUIN	NOAH	7/31/2024	\$ 8,679.43
Full Refund	SPENCER	JAQUIL	7/31/2024	\$ 5,121.04
Full Refund	STEWART	LORNA	7/31/2024	\$ 4,111.60
Full Refund	ZUGBAUM	AMBER	7/31/2024	\$ 12,645.21
Member Only Refund	BOWIE	NASIF	7/31/2024	\$ 1,032.35
Member Only Refund	BRODIE	KUMMARDAR	7/31/2024	\$ 2,353.22
Member Only Refund	BURRIS	TEQUILA	7/31/2024	\$ 2,171.98
Member Only Refund	DENSCH	CHRISTINA	7/31/2024	\$ 631.01
Member Only Refund	EDWARDS	DEKENDRIA	7/31/2024	\$ 4,378.76
Member Only Refund	FITZGIBBONS	MICHAEL	7/31/2024	\$ 4,021.32
Member Only Refund	HAUSCH	BARBARA	7/31/2024	\$ 3,910.74
Member Only Refund	JAHNKE	MONIQUE	7/31/2024	\$ 1,569.30
Member Only Refund	JONES	TANISHA	7/31/2024	\$ 2,614.24
Member Only Refund	NELSON	CARLO	7/31/2024	\$ 2,646.63
Member Only Refund	NOLL	CRAIG	7/31/2024	\$ 8,345.99
Member Only Refund	O'SHEA	LIAM	7/31/2024	\$ 4,479.49
Member Only Refund	RAMIREZ	TORIAN	7/31/2024	\$ 2,402.58
Member Only Refund	RUTLEDGE-ESTESE	TAFARAH	7/31/2024	\$ 999.18

Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	SHAFFER	RODGER	7/31/2024 \$	1,017.16
Member Only Refund	STARK	ERICKA	7/31/2024 \$	2,471.28
Member Only Refund	VALENTINE	JASMAINE	7/31/2024 \$	505.48
Member Only Refund	VALES	CORDELIAH	7/31/2024 \$	288.38
			<b>TOTAL \$</b>	<b>116,655.77</b>



Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	BEHMKE	ROBIN	2/28/2019	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	ESHLEMAN	LORI	8/14/2020	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	TRESTER	BARBARA	5/10/2021	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	GOODVINE	SYLVIA	2/5/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	FILMANOWICZ	STEPHEN	2/10/2024	MAX	MAYOR
Regular	Service	JACKSON	ZILPHA	5/22/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Involuntary Separation	JONES	SILVER	5/23/2024	MAX	ASSESSOR'S OFFICE
Regular	Service	FARRIS	SPENCER	6/9/2024	MAX	CITY ATTORNEY
Regular	Service	TALLY	JOHN	6/18/2024	MAX	PARKING
Regular	Involuntary Separation	JONES	LATESHA	7/1/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	MARTIN	KEITH	7/6/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BECKER	NANCY	7/6/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	PRIOLETTA	MARIA	7/6/2024	MAX	DCD - MGMT & SPECIAL PROJECTS
Regular	Deferred	ADAMS	BETH	7/7/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	BENITEZ	XAVIER	7/7/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	NASH-AARON	LAURIE	7/11/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	BAUMANN	MARY	7/13/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	FEDEL	MICHAEL	7/13/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	ROBINSON	MICHAEL	7/18/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	LACY	PATRICK	7/20/2024	100	BOARD OF ZONING APPEALS
Regular	Service	KOHNERT	BRITT	7/20/2024	50	MILWAUKEE POLICE DEPARTMENT
Regular	Service	RAFAELIDYS	THEOFILOS	7/20/2024	MAX	DPW-WATER-LINWOOD
Regular	Service	SHEEHAN	WILLIAM	7/25/2024	75	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	DIXON	JADA	7/27/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	KLOSS	TERRANCE	7/27/2024	100	PARKING
Regular	Service	WAGNER	ANDREW	7/27/2024	100	COMMON COUNCIL - CITY CLERK
Regular	Service	SEE	JEANINE	7/29/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	COFFER	CASSANDRA	8/1/2024	50	HACM

**Board Report - August 2024**

**Deaths**

Type	Last Name	First Name	Death Date	Payment Date	Amount
Deferred Death	STATON	MELBURN	5/11/2022	8/30/2024	\$ 5,378.49
Ordinary Death	WILLIAMS	JOHNAQUIAN	4/23/2024	8/30/2024	\$ 12,722.00
Retiree Death-Termination	BONNER	ADDIE	3/14/2024	8/30/2024	\$ 268.70
Retiree Death-Termination	BURNS	JOHN	7/11/2024	8/30/2024	\$ 436.72
Retiree Death-Termination	DONDER	DANIEL	6/22/2024	8/30/2024	\$ 1,420.12
Retiree Death-Termination	HUEBSCHMANN	CINDY	3/29/2023	8/30/2024	\$ 1,909.90
Retiree Death-Termination	KEELER	REMEDIOS	5/21/2024	8/30/2024	\$ 779.16
Retiree Death-Termination	KOPYDLOWSKI	DENNIS	7/3/2024	8/30/2024	\$ 278.97
Retiree Death-Termination	RAY	EARNEST	3/29/2023	8/30/2024	\$ 2,511.61
Retiree Death-Termination	SHIRODA	DAVID	5/21/2024	8/30/2024	\$ 1,135.98
Retiree Death-Termination	ZUEGE	JANICE	10/30/2021	8/30/2024	\$ 2,342.77
Surv Death-Termination	FROEHLICH	OSCAR	4/12/2024	8/30/2024	\$ 341.49
Surv Death-Termination	GRZONA	MILDRED	5/11/2024	8/30/2024	\$ 257.72
Surv Death-Termination	RUSSELL	EDGAR	4/29/2024	8/30/2024	\$ 1,370.35
Surv Death-Termination	SCHACHTERLE	DOROTHY	6/6/2024	8/30/2024	\$ 192.75
Surv Death-Termination	SCHAEFER	RITA	3/28/2023	8/30/2024	\$ 2,512.80
Surv Death-Termination	VERHALEN	BARBARA	5/21/2024	8/30/2024	\$ 828.90
Surv Death-Termination	ZIEBELL	NANCY	3/8/2024	8/30/2024	\$ 158.06
Surv Death-Termination	ZIOLKOWSKI	JOAN	6/24/2024	8/30/2024	\$ 2,598.28
					<b>\$ 37,444.77</b>
Retiree Death-Cont Opt	BRUSS	THOMAS	7/6/2024	8/1/2024	
Retiree Death-Cont Opt	CRAWFORD	ROBERT	7/15/2024	8/1/2024	
Retiree Death-Cont Opt	FINK	JAMES	8/12/2024	8/1/2024	
Retiree Death-Cont Opt	GEHM	ROBERT	8/14/2024	8/1/2024	
Retiree Death-Cont Opt	HANSEN	KEVIN	7/22/2024	8/1/2024	
Retiree Death-Cont Opt	KAMENICK	LEROY	7/11/2024	8/1/2024	
Retiree Death-Cont Opt	KUHN	DANIEL	7/25/2024	8/1/2024	
Retiree Death-Cont Opt	MARSHALL	BARNETTE	8/3/2024	8/1/2024	
Retiree Death-Cont Opt	PIETTE	CYRIL	7/15/2024	8/1/2024	
Retiree Death-Cont Opt	SOMERS	THEODORE	8/5/2024	8/1/2024	
Retiree Death-Cont Opt	TRAUT	EUGENE	8/5/2024	8/1/2024	
Retiree Death-Cont Opt	TRAYNOR	THOMAS	7/28/2024	8/1/2024	

**Board Report - August 2024**

**Withdrawals**

Type	Last Name	First Name	Payment Date	Amount
Administrative Withdrawal	DUCKWORTH	CLAYTON	8/30/2024	\$ 339.65
Administrative Withdrawal	FOSTER	JASON	8/30/2024	\$ 1,748.02
Administrative Withdrawal	HAMILTON	SHEROKUS	8/30/2024	\$ 1,529.62
Administrative Withdrawal	LAGRONE	MICHELLE	8/30/2024	\$ 742.70
Administrative Withdrawal	MARSHALL	BYRON	8/30/2024	\$ 1,928.71
Administrative Withdrawal	WASHINGTON	SHANA	8/30/2024	\$ 1,383.37
Administrative Withdrawal	YATES	JUNIUS	8/30/2024	\$ 5,852.26
Full Refund	BLOSS	KEITH	8/30/2024	\$ 9,405.64
Full Refund	JACKSON	ROMELL	8/30/2024	\$ 4,012.72
Full Refund	JACOCKS	VICTORIA	8/30/2024	\$ 5,209.24
Full Refund	KHIELSELAH	MAKI	8/30/2024	\$ 2,450.47
Full Refund	KOWALIK	JEANETTE	8/30/2024	\$ 32,063.72
Full Refund	LOCKETT	KELLY	8/30/2024	\$ 4,663.61
Full Refund	SALLIS	LALITA	8/30/2024	\$ 7,084.71
Full Refund	SIMS	SHAWN	8/30/2024	\$ 802.09
Full Refund	SUMLIN	LESIA	8/30/2024	\$ 80,243.00
Full Refund	THOMAS	SHARITA	8/30/2024	\$ 958.65
Full Refund	WILLIAMS	ROMALE	8/30/2024	\$ 1,747.66
Full Refund	WILSON	VALERICE	8/30/2024	\$ 5,985.45
Member Only Refund	ANDERSON	BIANCA	8/30/2024	\$ 1,261.59
Member Only Refund	BOUNDS	WILLIE	8/30/2024	\$ 3,080.70
Member Only Refund	BOX	JOANNA	8/30/2024	\$ 2,077.63
Member Only Refund	BROUSSARD	ASHLEY	8/30/2024	\$ 3,368.14
Member Only Refund	ELLIOTT	MARTIN	8/30/2024	\$ 98.30
Member Only Refund	GARRETT	JARVIS	8/30/2024	\$ 1,519.34
Member Only Refund	HOWARD	SHEKILA	8/30/2024	\$ 1,070.92
Member Only Refund	LOVE	BRANDON	8/30/2024	\$ 1,089.78
Member Only Refund	MAGNUSON	MADELEINE	8/30/2024	\$ 793.33
Member Only Refund	MAYORGA	JORGE	8/30/2024	\$ 6,297.30
Member Only Refund	OGLEN	BRYANT	8/30/2024	\$ 1,401.67
Member Only Refund	PUTMAN	ERICA	8/30/2024	\$ 2,605.50
Member Only Refund	RICE-JONES	KATHERYN	8/30/2024	\$ 721.12

Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	ROBY	MILDRED	8/30/2024 \$	1,798.75
Member Only Refund	SCOTT	MARSHIA	8/30/2024 \$	711.59
Member Only Refund	SEMONS	CELIA	8/30/2024 \$	603.23
Member Only Refund	SHAW	KYLE	8/30/2024 \$	1,602.82
Member Only Refund	WILLIAMS	TENIKA	8/30/2024 \$	1,668.15
			<b>TOTAL \$</b>	<b>199,921.15</b>

# **The Employees' Retirement System of the City of Milwaukee**

Pension and Annuity Board  
September 24, 2024

**Annual Comprehensive Financial Report (ACFR)  
For the Year Ended December 31, 2023**



# CMERS' Awards

- Received two awards in 2023 for financial reporting
  - **NCPERS – Certificate of Transparency** – We received this award because we have been participating in NCPERS surveys and other requests for CMERS' public data.
  - **Government Finance Officers Association (GFOA) – Certificate of Achievement in Financial Reporting** - This award requires that governments go beyond the minimum requirements of Generally Accepted Accounting Principles (GAAP) and prepare ACFR's that evidence the spirit of transparency and full disclosure.
    - We received this award for our 2022 ACFR, we plan to submit our 2023 ACFR to GFOA for consideration as well.



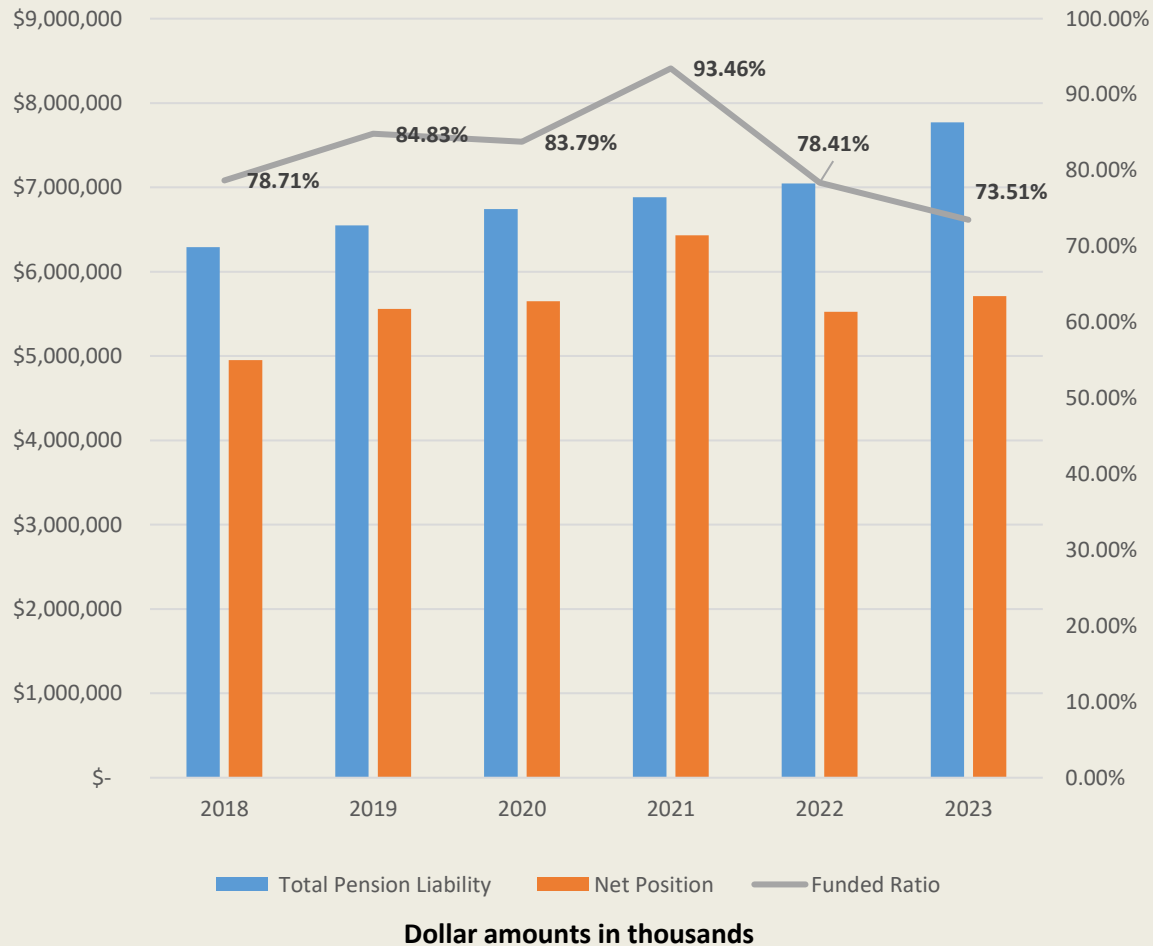


# 2023 ACFR – Items of Interest

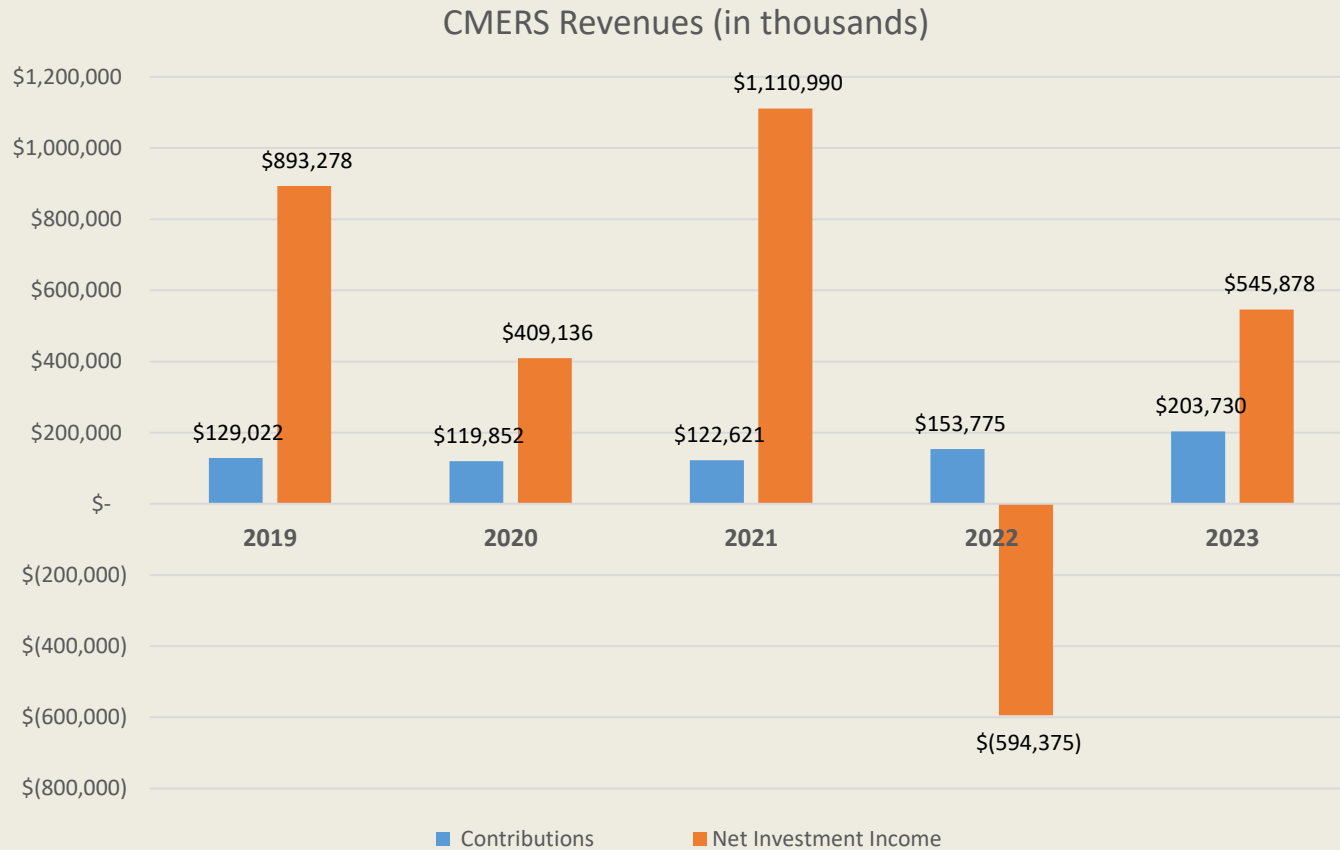
- New auditors this year. Under 2023 WI Act 12, ERS is required to have an annual audit of financial statements and an evaluation of internal controls by the WI Legislative Audit Bureau (LAB). ERS is also required to have LAB complete an actuarial audit at least every 5 years.
- ERS updated its assumed investment rate of return from 7.5% to 6.8%. Under WI Act 12, CMERS' assumed rate of return cannot exceed the assumed rate used by the Wisconsin Retirement System, which was 6.8% for 2024.
- Our 2023 investment returns were 10.0% (net of fees), but we underperformed our benchmark by 242 basis points. For the past ten years, CMERS has generated annualized returns of 7.2% (net of fees), which exceeded our benchmarks by an annualized 49 basis points. The Fund's returns also rank in first or second quartiles of its public fund peers over the 3,5, and 10-year time periods.
- CMERS has paid out about \$3.96 billion in benefits payments over the last ten years, while increasing its fiduciary net position from \$4.95 billion to \$5.71 billion.



# CMERS' Funded Status per GASB 67

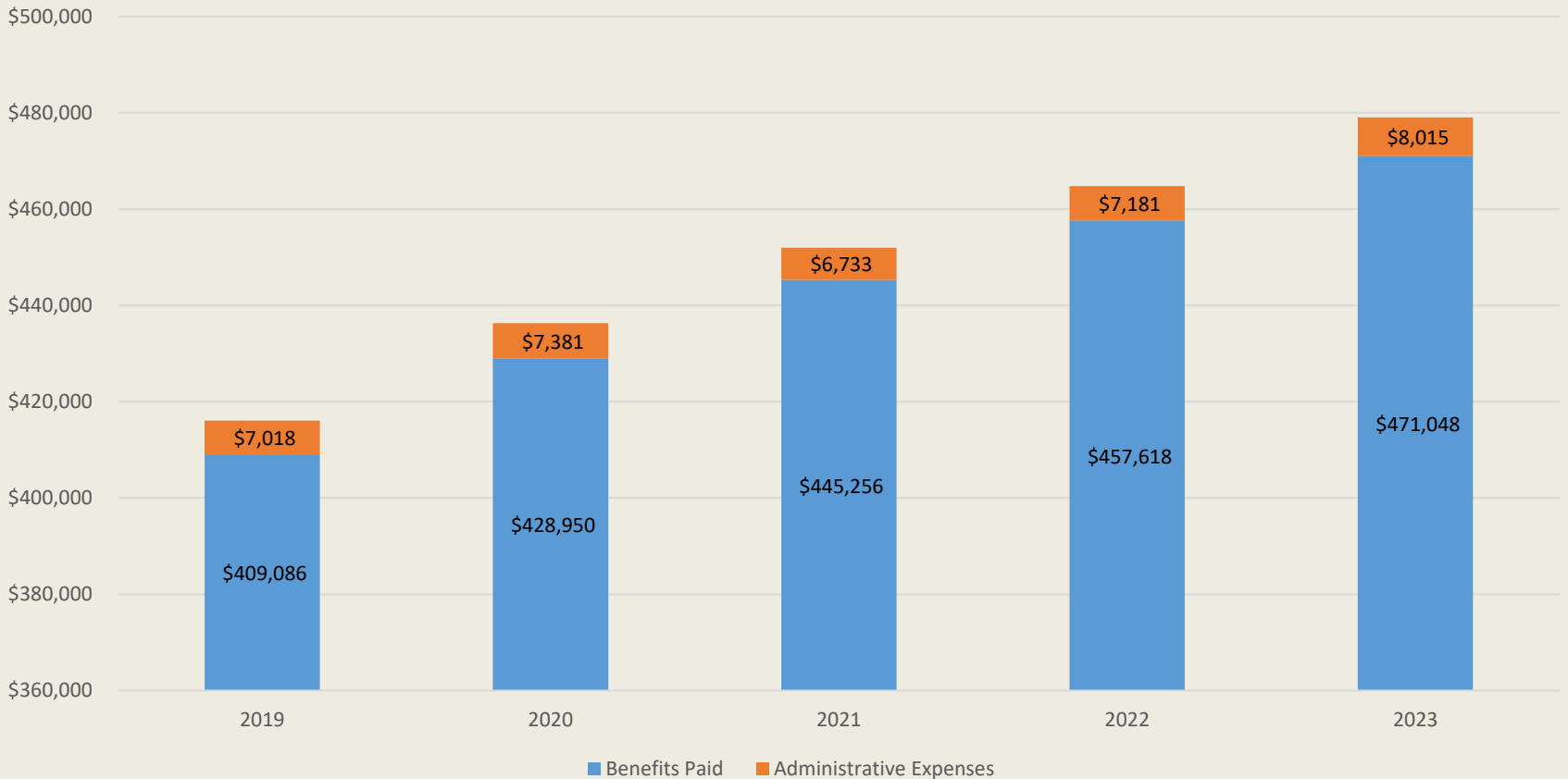


# Investment Income is 76.4% of Revenue from 2019 - 2023



# Benefit Payments Increased by 15.1% From 2019 to 2023

CMERS Expenses (in thousands)



# Board Approval Needed

- The ACFR will need to be approved by the Board today. Once approved by the Board, LAB will issue their official audit opinion and ERS will finalize the ACFR and post it to our website.
- Once the ACFR is finalized, we will also include our 2023 Annual Report trifold and include it with our retirees' monthly benefit statement.  
Any questions about the ACFR?

**EMPLOYEES' RETIREMENT SYSTEM  
OF THE CITY OF MILWAUKEE**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Year Ended December 31, 2023**

Employees' Retirement System of the City of Milwaukee  
789 North Water Street, Suite 300  
Milwaukee, WI 53202



# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

## **EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**

*For the year ended December 31, 2023*

*Prepared by:*

*Bernard J. Allen, Executive Director,  
David Silber, CFA, CAIA, Chief Investment Officer, &  
Daniel Gopalan, CPA, Chief Financial Officer*

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# INTRODUCTORY SECTION



**City of Milwaukee**  
Employees' Retirement System

**Bernard J. Allen**  
Executive Director

**David M. Silber, CFA, CAIA**  
Chief Investment Officer

**Melody Johnson**  
Deputy Director

## Executive Director's Letter of Transmittal

**September 30, 2024**

On behalf of the Annuity and Pension Board (the Board) of the Employees' Retirement System of the City of Milwaukee (ERS, the System, or the Plan), we are pleased to present this Annual Comprehensive Financial Report (ACFR) of the Employees' Retirement System of the City of Milwaukee as of and for the year ended December 31, 2023.

ERS is a defined benefit plan created under Chapter 396 of the Laws of Wisconsin of 1937 and the City of Milwaukee Charter, Chapter 36. ERS is a qualified retirement plan under the Internal Revenue Code. The ERS Pension and Annuity Board (the Board) serves as trustee of the Plan.

ERS was created to provide retirement, survivor, and disability benefits to eligible employees. Currently, this includes eligible employees of the City of Milwaukee and some of its agencies, such as Milwaukee Metropolitan Sewerage District, Wisconsin Center District, Veolia Water Milwaukee LLC, Milwaukee Housing Authority, and non-certified staff of Milwaukee Public Schools (Agencies).

### **Financial Information**

The System's administration is responsible for the accuracy of the data, completeness, and fairness of the presentation of the ACFR, including all disclosures. The Plan's record-keeping, financial statements, and investment controls are also performed by the System's administration. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the fiduciary net position and the change in fiduciary net position. All disclosures necessary to enable the reader to gain an understanding of the Plan's financial activities have been included. Users of this report are strongly encouraged to review the Management's Discussion and Analysis portion of the financial section in order to obtain a more complete understanding of ERS' financial condition and activity.

### **Major Initiatives**

There were three major undertakings during 2023: Asset-Liability Modeling Study, Banking Services Request for Proposals (RFP), and information technology upgrades.

*Asset-Liability Modeling Study:* The Investment Committee, in conjunction with ERS investment staff and Callan, ERS' outside investment consultant, undertook the asset-liability study to establish a long-term strategic asset allocation target for ERS. The analysis focused on the expected return and risk of the Fund's asset allocation and review of the actuarial discount rate based upon Callan's capital markets assumptions. The Investment Committee selected, and the Board approved, an asset allocation that forecasted the ERS' long term expected rate of return of 7.5% for investment purposes as of June 2023. The long-term investment rate of return was subsequently updated to 6.8% to comply with the provisions of 2023 WI Act 12.

*Banking Services RFP:* ERS issued a request for proposals for banking services in 2023. We received responses from four banks, and ended up selecting US Bank for ERS banking services in the fall of 2023. ERS previously used Wells Fargo for its banking services. The contract with US Bank was approved by the Board in October 2023. Staff worked to implement US Bank for benefit payments to ERS members effective January 2024.

*Information Technology Upgrades:* In 2023, the ERS continued major security enhancements and upgrades to its IT infrastructure and disaster recovery/business continuity portfolio. The ERS completed the implementation of tools to manage mobile devices, including laptops and cell phones. Better control of these devices decreases risk for its networks and systems. Server and storage library hardware was implemented as part of standard life cycle processes. The new hardware is projected to have capacity and capability for a minimum of 7 years. System log/event collection and analysis continued to be enhanced with additional logs being incorporated, providing better insight and ability to correlate security events. A Security Operations Center was brought online for 24/7 incident response capabilities and risk mitigation. Work continued on upgrading key components of the MERITS software architecture, including additional client driven reviews and upgrades of the user navigation tools and security components within the product.

### **Impact of 2023 Wisconsin Act 12 (Act 12)**

On June 20, 2023, the 2023 Wisconsin Legislature enacted 2023 Act 12, which allows the City of Milwaukee to impose a new sales tax. The summary of changes and changes made to comply with Act 12 are:

- The City of Milwaukee elects to join the Wisconsin Retirement System (WRS) for all new employees effective January 1, 2024. ERS members as of December 31, 2023 will continue to accrue benefits with ERS. The City of Milwaukee amended Chapter 36 of the City Charter to implement the requirements of Act 12.
- The tax will cease the earlier of: 30 years or the first year the ERS actuary determines ERS to be fully funded.
- The Stable Employer Contribution Policy is repealed with employer contributions being determined by the annual actuarial valuation.
- ERS's actuary must use a 30-year amortization of the January 1, 2024 UAAL (unfunded actuarial accrued liability), and
- ERS' investment return assumption will be no higher than the investment return assumption used by WRS. WRS uses an investment return assumption of 6.8% for active employees for 2023.

To address the passage of Act 12, the Board implemented the following changes:

- One-year contribution lag – The contribution lag is the term used for the difference between the valuation date and the date the actuarially determined employer contributions from that valuation are to be contributed. For example, the January 1, 2024 actuarial valuation will be used to determine the actuarially determined employer contributions for the 2025 plan year.
- Amortization policy for future UAAL – A layered amortization policy was adopted, where future increases in the UAAL are amortized over a closed 10-year period with payments calculated as level-dollar amounts, and future decreases in the UAAL will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.
- Allocation of actuarially determined employer contribution across agencies – Due to the closure of CMERS to new hires after January 1, 2024, each employer's actuarially determined employer contribution will be determined using the actual normal cost amount for their participating employees, and an allocation of the total administrative expenses and UAAL payment based on their percentage share of the total actuarial accrued liability (AAL).



- Replace employer contribution rates with employer contribution dollars – Because the closure of CMERS will eventually result in employers having no payroll upon which to apply rates, the actuarial valuation will only show the amount of the actuarially determined employer contributions.

### Actuarial and Funding Results

ERS' consulting actuary, Cavanaugh MacDonald, prepared three actuarial reports. The three reports are as follows:

- The actuarial valuation is prepared for funding purposes and produced annually. Cavanaugh Macdonald prepared the most recent actuarial valuation as of January 1, 2023. In 2023, the actuarial valuation was prepared twice. The *first* January 1, 2023 valuation was approved at the June 28, 2023 meeting of the Board and determines the contributions due to ERS from employers on January 31, 2024. After the passage of Act 12, the *second* actuarial valuation as of January 1, 2023 was prepared and reflects the impact of Act 12, as described above. The second January 1, 2023 valuation determines the contributions due to ERS from employers on December 31, 2024. The *second* January 1, 2023 actuarial valuation was approved by the Board in March 2024.
- The GASB Statement No. 67 report is prepared annually, with the most recent report completed as of December 31, 2023 by Cavanaugh Macdonald. The GASB 67 report focuses on the reporting aspects of ERS' assets and liabilities.
- The experience study is completed every five years and the study sets the actuarial assumptions used to calculate the pension liabilities for ERS. Cavanaugh MacDonald completed the most recent experience study based on a measurement date of December 31, 2021. The experience study was adopted at the February 27, 2023 meeting of the Annuity and Pension Board.

The *first* actuarial valuation was conducted on January 1, 2023 to determine the employer contributions for Plan Year 2023. The valuation showed the actuarial value of assets was \$5.85 billion as of January 1, 2023. The actuarial liability was \$7.07 billion, the unfunded actuarial liability was \$1.22 billion, and the present value of future normal costs was \$738 million. The System's funded ratio, which is the ratio of actuarial assets to actuarial liability, decreased from 83.4% in 2022 to 76.6% in 2023. The decrease in ERS' funded ratio is primarily attributable to the impact of the passage of Act 12, which decreased the funded ratio by 6.1%. Demographic experience decreased the funded ratio by 0.4%, primarily due to more retirements than expected. The changes implemented due to the updated experience study decreased the funded ratio by 0.3%.

The required employer contribution is determined actuarially, based on the annual cost of accrual of benefits and amortization of the unfunded actuarial liability offset by employee contributions. The recommended employer contribution for 2023 was \$182.5 million for all ERS employers and was due to ERS by January 31, 2024.

Additional information regarding the actuarial valuation can be found in the Actuarial section of this report.

For GASB 67 reporting purposes, the System's Fiduciary Net Position (FNP) increased from \$5.53 billion as of December 31, 2022 to \$5.71 billion as of December 31, 2023. This was a 3.25% increase from 2022's net position. The FNP was insufficient to offset the Total Pension Liability (TPL) of \$7.77 billion as of December 31, 2023 resulting in a Net Pension Liability (NPL) of \$2.06 billion as provided on page 41. The NPL is the TPL less the FNP. This represents an increase of \$536.6 million in NPL from 2022. The increase in NPL is mainly attributed to the System's decrease in the assumed rate of return from 7.5% to 6.8%. All data related to GASB 67 is provided in the Notes to Basic Financial Statements and the Required Supplementary Information sections.

## **Investments**

The Board is responsible for the investment of the System's assets. The responsibilities of the Board relating to the investment management of the System's assets include: establishing reasonable investment objectives and policy guidelines; using reasonable care, skill and caution in selecting investment professionals; and evaluating performance results of investment managers and other investment professionals on a systematic and regularly scheduled basis. The Board has a fiduciary duty to exercise its investment authority prudently and solely in the interest of the System's participants and beneficiaries.

The System's investment goal is to obtain the highest return possible on its investments within corresponding acceptable levels of investment risk and liquidity requirements in recognition of prudent person standards and applicable local, state, and federal laws.

The System's investment objective is to earn or exceed the actuarial assumption rate or to outperform its policy benchmark over the long term. The System's 10.0% net of fee return, which exceeded the actuarial assumption rate of 6.8%, nevertheless, the net of fee return underperformed the policy benchmark for the year, which was 12.4% in 2023. Although the system underperformed the benchmark in 2023, the System's net of fee return outperformed the policy benchmark over the past 3- and 5-year periods. Please see the Schedule of Investment Results on page 71 of this report for further detail. The investment consultant provides the Board with quarterly and annual evaluation reports. Their annual analysis and the target asset allocation is found in the Investment Section of this report. Please refer to the MD&A for more investment and financial analysis.

## **Professional Services**

The Board retains professional consultants to prudently discharge its fiduciary responsibility for the proper administration of the Plan. Cavanaugh Macdonald provides actuarial services and the corresponding certification. Northern Trust serves as the master custodian. Callan Associates provides investment consulting and other investment-related services. The State of Wisconsin Legislative Audit Bureau audits ERS' financial statements and CliftonLarsonAllen, LLP performs reviews of operations. The City Attorney's Office provides legal representation.

## **Internal Controls**

Management is responsible for establishing and maintaining a system of internal controls to protect the System from loss, theft, or misuse and to ensure adequate accounting data is compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

## **Awards**

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ERS for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the fifth consecutive year that ERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ERS was also awarded a Certificate of Transparency by NCPERS (National Conference on Public Employee Retirement Systems) in 2023 for a fourth consecutive year. The Certificate of Transparency was awarded for ERS's contribution to the 2024 NCPERS Public Retirement Systems Study, a comprehensive study exploring the retirement practices of the public sector. The study covers 22 topics, including current and target asset allocations, returns and governance practices. The results of the study are available on NCPERS' website.

### **Acknowledgements**

The guidance provided by the Board is greatly appreciated. The preparation of this report is a collaborative effort of many individuals and I would like to acknowledge the hard work of the ERS staff, especially Robin Hayes, CPA. The intention of this report is to provide complete and reliable information to the members of ERS, employers of the members, the City of Milwaukee, and other important users of ERS' financial and demographic information.

Respectfully submitted,

A handwritten signature in cursive script that reads "Bernard J. Allen".

Bernard J. Allen  
*Executive Director*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Milwaukee Employees' Retirement System  
Wisconsin**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO



This Certificate of Transparency is awarded to the

**City of Milwaukee Employee Retirement System**

for its participation in the *2024 NCPERS Public Retirement Systems Study*, which seeks to further open disclosure, data collection, and encourage the public's understanding of public retirement systems.

A handwritten signature in black ink, appearing to read 'Hank Kim', is positioned above the printed name.

Hank Kim, Esq.  
Executive Director & Counsel

# List of Principal Officials

## Annuity & Pension Board Members as of December 31, 2023

### **Elected Representatives - Active Members:**

Matthew Bell	Milwaukee Police Department
Molly Christianson	City of Milwaukee Mayor's Office - Fiscal Policy Director
Timothy Heling	Milwaukee Fire Department

### **Elected Representative - Retirees:**

Thomas Klusman	Retired
----------------	---------

### **Appointed by the President of the Common Council:**

Deborah Ford	Retired
Rudolph Konrad	Retired
Nik Kovac	City of Milwaukee Budget & Management Director

### **Ex-Officio Member:**

Aycha Sawa	City of Milwaukee Comptroller
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## List of Professional Relationships

### **Investment Managers:**

Abbott Capital Management LLC  
Almanac Realty Investors, LLC  
Apogem Capital LLC  
Apollo Global Real Estate Management, L.P.  
AQR Capital Management, LLC  
BlackRock Investments, LLC  
Brandes Investment Partners, LP  
Bryanston Realty Partners LLC  
CastleArk Management LLC  
Colony Capital, LLC  
Deutsche Asset Management  
Dimensional Fund Advisors LP  
Earnest Partners LLC  
Fortress Investment Group  
Goldman Sachs Asset Management  
Greenfield Multi-State Partners, L.P.  
H/2 Capital Partners  
J.P. Morgan Investment Management Inc.  
LaSalle Investment Management, Inc.  
Loomis, Sayles & Company, L.P.  
M&G Real Estate  
Mesirow Financial, Inc.  
MFS Investment Management  
Morgan Stanley Real Estate Advisor, Inc.  
Neuberger Berman  
Northern Trust Securities, Inc.  
Polen Capital Management, LLC  
Principal Asset Management  
Prologis, LP  
Reams Asset Management  
R.W. Baird & Co., Inc.  
Standard Life  
Stockbridge Capital Partners, LLC  
UBS Hedge Fund Solutions, LLC  
Walton Street Capital, L.L.C.  
William Blair Investment Management, LLC

### **Investment Trading Analytics:**

Global Trading Analytics, LLC

### **Legal Counsel:**

Bernstein Litowitz Berger & Grossman LLP  
Foley & Lardner LLP  
Ice Miller LLP  
Reinhart Boerner Van Deuren  
Tearman Spencer, Milwaukee City Attorney

### **Bank:**

Wells Fargo Bank Wisconsin, NA

### **Investment Consultants:**

Callan LLC

### **Custodians:**

The Northern Trust Company  
G. Spencer Coggs, City of Milwaukee Treasurer

### **Auditors:**

Baker Tilly US, LLP  
CliftonLarsonAllen LLP  
State of Wisconsin Legislative Audit Bureau

### **Actuaries:**

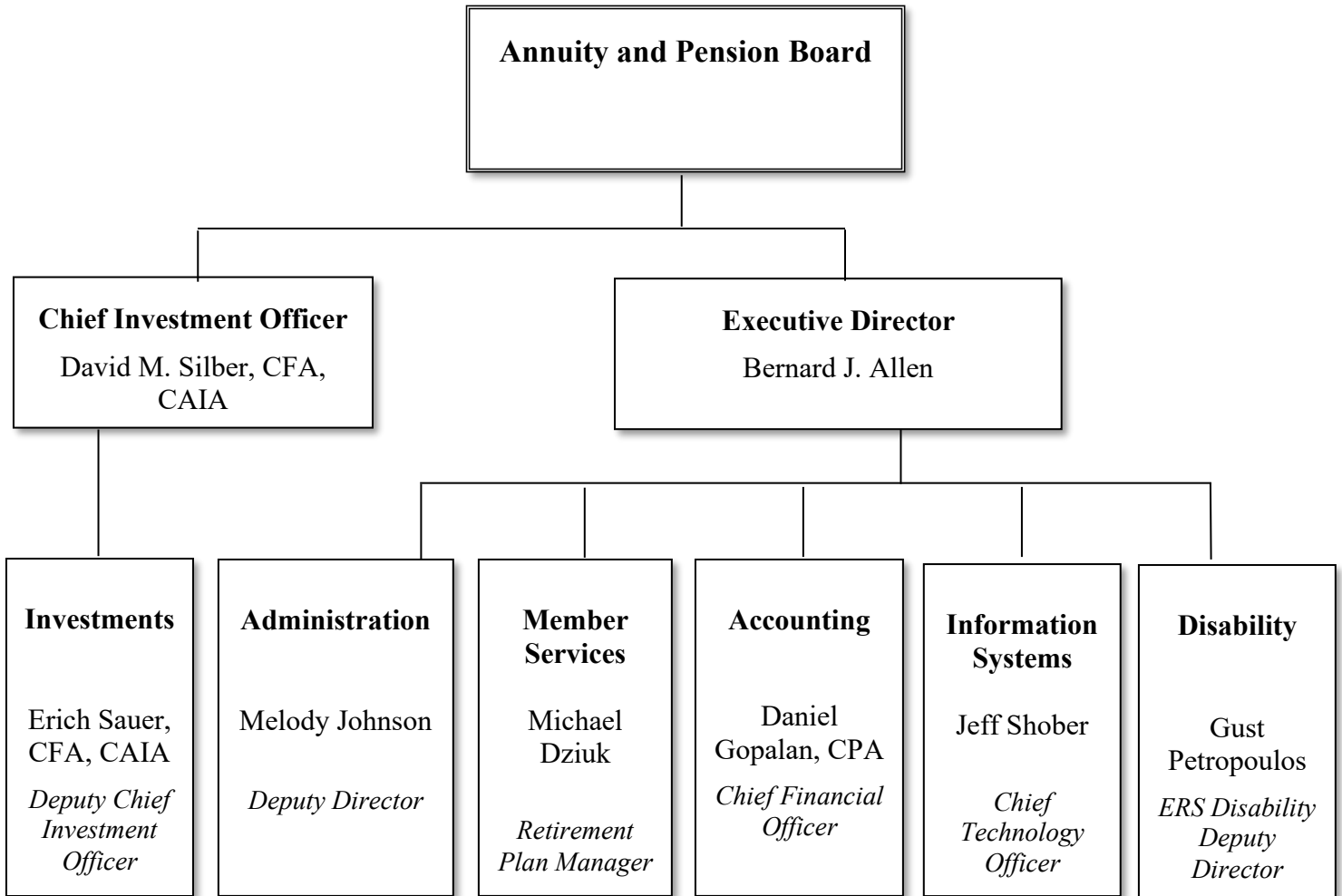
Cavanaugh Macdonald Consulting, LLC

### **Medical Advisors:**

Gregory Brotzman, M.D.  
David L. Drury, M.D.  
William Greaves, M.D.



## Employees' Retirement System Organization Chart



*Investments are managed externally through investment managers. Please refer to the Summary of Management Fees on page 74 in the Investment Section and the Schedule of Brokerage Commissions on page 75 in the Investment Section.*

# FINANCIAL SECTION

## Independent Auditors' Report

Page reserved for Audit Report – will be issued at conclusion of audit

Page reserved for Audit Report

Page reserved for Audit Report

Page reserved for Audit Report

## **EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

---

We are pleased to provide this analytical overview of the financial activities of the Employees' Retirement System of the City of Milwaukee ("ERS", "the System", or "the Plan") for the year ended December 31, 2023. The information provided is intended to be considered in conjunction with the Plan's financial statements.

### **Financial Highlights**

---

- The System's Fiduciary Net Position increased by \$270,545,000 and 4.9% during 2023. The increase in Net Position is primarily attributable to both the positive investment return and increased employer contributions in 2023.
  
- As members consent to the Global Pension Settlement, their member balances are transferred from the Non-Consenter fund to the Global Combined Fund. Balances transferred for 2023 totaled \$644,752.
  
- The ERS's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2023, pursuant to GASB Statement No. 67, ERS's funded ratio is 73.51%. In general, this means the Plan has 73.51 cents of assets to cover every dollar of benefits due.
  
- For 2023, Northern Trust, the ERS custodian, reported a 10.0% annual net of fees total fund return, while in 2022 the return was a negative 6.5%. Returns are calculated using geometrically-linked, time and asset-weighted returns, net of investment manager fees.

(See Independent Auditors' Report)



**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

---

**Overview of the Financial Statements**

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The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements and the Financial Section of this report.

The **Statement of Fiduciary Net Position** presents ERS' assets and liabilities, as well as the net position restricted for pensions and other governments at December 31, 2023. The assets comprise receivables, mainly from investment activity, investments at fair value, and securities lending collateral.

The **Statement of Changes in Fiduciary Net Position** presents information showing how the Plan's net position changed during the year. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when a formal commitment has been made by the City or Agencies to provide the contributions. All investment gains and losses are shown at trade date. Both realized and unrealized gains and losses are shown on investments. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The **Notes to Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are an integral part of the financial statements and included detailed information not readily evident in the basic financial statements.

The statements and notes are presented in conformity with U.S. generally accepted accounting principles. These principles require certain financial statement presentations and disclosures, including the use of accrual basis of accounting to record assets and liabilities, and revenues and expenses.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position can be found on pages 28 and 29 of this report, respectively.

The **Required Supplementary Information** that follows immediately after the notes to the basic financial statements include the Schedules of Changes in Net Pension Liability, Net Pension Liability, Investment Returns, Contributions, and the Notes to Required Supplementary Information. See the Required Supplementary Information beginning on page 56 of this report.

The remaining supplemental schedules provide additional detailed information concerning administrative expenses, investment expenses, and payments to consultants. All of this information is considered useful in understanding and evaluation the financial activities of the Plan.

(See Independent Auditors' Report)

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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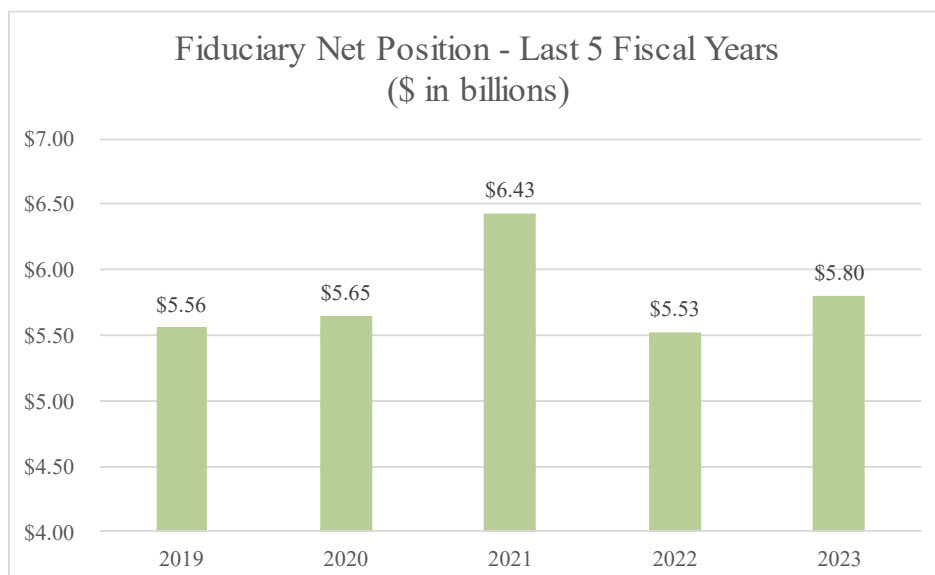
**Financial Analysis**

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**Net Position**

Net position may serve over time as a useful indicator of the ERS's financial position. At December 31, 2023, assets exceeded liabilities by \$5.8 billion. The net position is available to meet ERS' ongoing obligation to participants and their beneficiaries. As of December 31, 2023, total net position increased by 4.9% compared to the prior year. The change in net position is attributable to both an increase in investment market value in 2023, along with the market overall, as well as an increase in employer contributions in 2023. The increase in employer contributions is due to updated employer contribution rates under the Stable Employer Contribution Policy. Management believes that ERS is in a strong financial position to meet its obligations to the members, retirees, and their beneficiaries.

<b>Fiduciary Net Position (\$ in thousands)</b>	<b>For the year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Investments	\$ 5,928,699	\$ 5,612,985	\$ 315,714
Other assets	548,838	423,391	125,447
Total assets	6,477,537	6,036,376	441,161
Total liabilities	(681,035)	(510,419)	(170,616)
Total net position	\$ 5,796,502	\$ 5,525,957	\$ 270,545



(See Independent Auditors' Report)

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

---

**Investments**

ERS is a long-term investor and manages its assets with long-term objectives in mind. A primary element of this investment philosophy is to employ a diversification of assets as the best possible way to achieve its goals. After conducting an asset-liability study with investment staff and ERS' consultant, the Board established an asset allocation plan taking into account the risk associated with each asset class as well as the financial objectives of the plan. Investments are stated at fair value and include the recognition of unrealized gains and losses in the current period.

The rate of return on investments (net of investment fees) for the year ended December 31, 2023 was 10.0%, a 16.5% increase compared to the fiscal year 2022 rate of return of negative 6.5%. Returns are calculated using geometrically-linked, time and asset-weighted returns, net of investment manager fees. The Fund's 10.0% net of fee return exceeded the actuarial assumption rate of 6.8% and increased along with the majority of the capital markets. However, the Fund underperformed the benchmark performance by 2.4%. The annualized rate of return (net of fees) for the last three and five periods ended December 31, 2023 were 6.9% and 9.1%, respectively.

The Investment Section beginning on page 65 gives detailed information on the ERS's investment policies. See page 71 of this report for a table showing the asset allocation targets established by the Board and actual asset allocation of the System's assets at December 31, 2023.

**Liabilities**

The liabilities are payables incurred by the transaction activity of the investment assets, securities lending, retirement benefit expenses, and administrative expenses of the Fund. Long-term liabilities consist of commitments for lease payments. More detailed information regarding the lease liabilities can be found in Note 10 of the financial statements.

(See Independent Auditors' Report)

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

---

**Changes in Fiduciary Net Position**

*(\$ in thousands)*

	<u>2023</u>	<u>2022</u>	<u>Change</u>
<b>Additions</b>			
Employer contributions	\$ 171,042	\$ 121,571	\$ 49,471
Member contributions	32,688	32,204	484
<i>Investing Activity:</i>			
Net appreciation (depreciation) in fair value of investments	477,961	(646,750)	1,124,711
Interest, dividends and other investment income	130,427	115,668	14,759
Less: Direct investment expense	(64,612)	(65,499)	887
<i>Securities Lending Activity:</i>			
Securities lending income	18,886	6,822	12,064
Less: Securities lending expenses	(16,784)	(4,616)	(12,168)
<b>Total Additions:</b>	<u>\$ 749,608</u>	<u>\$ (440,600)</u>	<u>\$ 1,190,208</u>
<b>Deductions</b>			
Administrative expenses	\$ (8,015)	\$ (7,181)	\$ (834)
Benefits paid	(466,604)	(452,407)	(14,197)
Refund of contributions	(4,444)	(5,211)	767
<b>Total Deductions</b>	<u>\$ (479,063)</u>	<u>\$ (464,799)</u>	<u>\$ (14,264)</u>
<b>Net Increase (Decrease)</b>	<u>\$ 270,545</u>	<u>\$ (905,399)</u>	<u>\$ 1,175,944</u>
<b>Net Position Restricted</b>			
Beginning of year	5,525,957	6,431,356	
End of year	<u>\$ 5,796,502</u>	<u>\$ 5,525,957</u>	

**Contributions and Investment Income**

Employer contributions increased by 40.7% over last year's contributions. Up to and including Plan Year 2023, the employer contributions are actuarially determined in the prior year and due by January 31st of the following year. The increase in employer contributions is due to updated employer contribution rates under the Stable Employer Contribution Policy. The primary driver of the updated employer contribution rates was the decrease in the discount rate from 8.25% to 7.5% in 2017. Due to the Stable Employer Contribution Policy, the effect of this change in the actuarial valuation was not applied to employers' contribution rates until the first January 1, 2023 valuation (which determined the 2023 contribution). Plan members' contributions increased by 1.5%. Plan member contributions are determined by the City Charter and by contracts signed with bargaining units. In 2023, the Fund generated positive investment returns (net of fees), along with the market overall. Net investment income includes securities lending income and investment expenses. The Stable Employer Contribution Policy was repealed by the City of Milwaukee Common Council in 2023.

(See Independent Auditors' Report)

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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**Retirement Benefits and Administrative Expenses**

The Plan was created to provide lifetime service retirement benefits, survivor benefits, and disability benefits to eligible members and their beneficiaries. The cost of such programs includes recurring benefit payments, death benefits, payments to terminated members, and the administrative expenses of the ERS. The primary source of expense during 2023 was for the payment of continuing retirement benefits totaling \$467 million, compared to \$452 million in 2022. The increase was attributable to new retirees and cost of living increases to retirees.

**Requests for Information**

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Members of the Annuity and Pension Board and ERS senior management are fiduciaries of the pension fund and are responsible for ensuring that ERS assets are used exclusively for the benefit of plan participants and their beneficiaries. This financial report is designed to provide an overview of the financial condition of ERS, and to account for the resources entrusted to ERS for the benefit its stakeholders. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Bernard J. Allen  
Executive Director and Secretary  
Employes' Retirement System – City of Milwaukee  
789 North Water Street, Suite 300  
Milwaukee, WI 53202

(See Independent Auditors' Report)

# BASIC FINANCIAL STATEMENTS

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Statement of Fiduciary Net Position**  
**As of December 31, 2023**  
**(in thousands)**

	Pension Trust Funds		Custodial Fund	
	Global Combined Fund	Non-consenter Retirement Funds	Employers' Reserve Fund	Total
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 94,544	\$ 1,036	\$ 2,868	\$ 98,448
INVESTMENTS (Notes 1 and 9)				
Fixed income	1,728,164	4,310	82,217	1,814,691
Public equity	2,260,699	5,637	-	2,266,336
Absolute return	441,996	1,103	-	443,099
Real assets	636,577	1,588	-	638,165
Private equity	764,501	1,907	-	766,408
Total Investments	5,831,937	14,545	82,217	5,928,699
RECEIVABLES AND OTHER ASSETS				
Employer (Note 1)	109	-	-	109
Member (Note 1)	986	-	-	986
Actuarially determined contributions (Note 2)	26,124	25	-	26,149
Interest, dividends and foreign tax recoverable (Note 1)	16,313	40	24	16,377
Investments sold	68,290	169	-	68,459
Software development and equipment, net of depreciation (Note 1)	593	-	-	593
Securities lending collateral (Note 9)	335,751	-	-	335,751
Lease assets, net of accumulated amortization (Note 10)	1,609	-	-	1,609
Subscription-based information technology arrangements, net of accumulated amortization (Note 11)	357	-	-	357
Total Receivables and Other Assets	450,132	234	24	450,390
<b>Total Assets</b>	<b>6,376,613</b>	<b>15,815</b>	<b>85,109</b>	<b>6,477,537</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Benefits payable	1,164	-	-	1,164
Unearned contributions	29,638	-	-	29,638
City of Milwaukee (Notes 5 and 7)	1,198	-	-	1,198
Securities lending obligation (Note 9)	333,086	-	-	333,086
Investments purchased	313,391	782	-	314,173
Short-term lease liability (Note 10)	240	-	-	240
Total Current Liabilities	678,717	782	-	679,499
<b>LONG-TERM LIABILITIES</b>				
Long-term lease liability (Note 10)	1,536	-	-	1,536
<b>Total Liabilities</b>	<b>680,253</b>	<b>782</b>	<b>-</b>	<b>681,035</b>
<b>NET POSITION</b>				
Restricted for:				
Pensions	5,696,360	15,033	-	5,711,393
Other Governments	-	-	85,109	85,109
<b>TOTAL NET POSITION</b>	<b>\$ 5,696,360</b>	<b>\$ 15,033</b>	<b>\$ 85,109</b>	<b>\$ 5,796,502</b>

See Independent Auditors' Report.

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



**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2023**  
**(in thousands)**

	<u>Pension Trust Funds</u>		<u>Custodial Fund</u>	
	<u>Global Combined Fund</u>	<u>Non-consenter Retirement Funds</u>	<u>Employers' Reserve Fund</u>	<u>Total</u>
<b>ADDITIONS</b>				
<b>Contributions</b>				
Employer (Note 2)	\$ 170,822	\$ 220	\$ -	\$ 171,042
Member	32,687	1	-	32,688
<b>Total Contributions</b>	<b>203,509</b>	<b>221</b>	<b>-</b>	<b>203,730</b>
<b>Investment Income</b>				
<b>From Investing Activity:</b>				
Net appreciation in fair value of investments	474,663	1,185	2,113	477,961
Interest, dividends, and other investment income	127,650	318	2,459	130,427
<b>Total Investing Activity Income</b>	<b>602,313</b>	<b>1,503</b>	<b>4,572</b>	<b>608,388</b>
Less: Direct investment expense (Note 7)	(64,410)	-	(202)	(64,612)
<b>Net Investing Activity Income</b>	<b>537,903</b>	<b>1,503</b>	<b>4,370</b>	<b>543,776</b>
<b>From Securities Lending Activity:</b>				
Securities lending income	18,886	-	-	18,886
Less: Securities lending borrower rebates and fees (Note 7)	(16,784)	-	-	(16,784)
<b>Net Securities Lending Activity Income</b>	<b>2,102</b>	<b>-</b>	<b>-</b>	<b>2,102</b>
<b>Total Net Investment Income</b>	<b>540,005</b>	<b>1,503</b>	<b>4,370</b>	<b>545,878</b>
<b>Total Additions</b>	<b>743,514</b>	<b>1,724</b>	<b>4,370</b>	<b>749,608</b>
<b>DEDUCTIONS</b>				
Administrative expenses (Note 7)	(8,015)	-	-	(8,015)
Benefits paid (Note 2)	(466,506)	(98)	-	(466,604)
Refunds of contributions	(4,313)	(131)	-	(4,444)
Interfund transfers (Note 4)	645	(645)	-	-
<b>Total Deductions</b>	<b>(478,189)</b>	<b>(874)</b>	<b>-</b>	<b>(479,063)</b>
<b>NET INCREASE IN NET POSITION</b>	<b>265,325</b>	<b>850</b>	<b>4,370</b>	<b>270,545</b>
<b>NET POSITION RESTRICTED</b>				
<b>Beginning of Year</b>	<b>5,431,035</b>	<b>14,183</b>	<b>80,739</b>	<b>5,525,957</b>
<b>End of Year</b>	<b>\$ 5,696,360</b>	<b>\$ 15,033</b>	<b>\$ 85,109</b>	<b>\$ 5,796,502</b>

See Independent Auditors' Report.

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

# NOTES TO BASIC FINANCIAL STATEMENTS

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

For accounting and financial reporting purposes, the Employees' 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. MUFJ 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.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**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. 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.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**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 of equity and debt participation in diversified real estate investments. The majority of properties in the portfolio are offices, industrial warehouses, multi-family and retail. Real estate investments are carried at fair value as of December 31, 2023. Annual assessments performed by independent professional appraisers are used for market values, which approximate fair values.

Private equity consists of equity and debt participation in diversified private equity investments. The majority of investments in the portfolio consist of buyouts and venture capital. Private equity investments are carried at fair value as of December 31, 2023.

The Retirement System may have investments in certain derivative vehicles, including interest rate, credit, and currency futures; bond futures; deliverable and non-deliverable forward contracts; bond forwards; currency forwards; U.S. equity indices, and U.S. equity index futures; total return swaps; and to-be-announced (TBA) securities. The ERS allows UBS Hedge Fund Solutions, LLC to allocate funds within CMERS Low Beta, LLC and Goldman Sachs Asset Management to allocate funds within CMERS Low Beta 2, LLC to hedge fund managers who may invest in derivatives including, but not limited to, the derivatives listed earlier. Derivative investments comply with the Annuity and Pension Board Investment Policy and 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 9.

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 2023, investments were in compliance with the Annuity and Pension Board Investment Policy and Guidelines.

Investments in stocks of corporations in 2023, as measured quarterly by their cost, did not exceed 44.4% 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, 2023, are detailed in Note 9.

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.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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 9 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. 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, 2023, the cost of the Retirement System's hardware and software development totaled \$19,820,000 and accumulated depreciation totaled \$19,227,000. During 2023, depreciation of \$377,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

**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, 2023, the underlying lease assets totaled \$2,143,000 and the related accumulated amortization totaled \$534,000. During 2023, amortization of \$267,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**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, 2023, the underlying lease assets totaled \$495,000 and the related accumulated amortization totaled \$138,000. During 2023, amortization of \$138,000 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 2022, the GASB issued Statement No. 99, "Omnibus 2022". The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective at varying times, ranging from immediately upon issuance to the 2024 fiscal year. The requirements of Statement No. 99 that are effective have been implemented. When the remaining requirements of Statement No. 99 become effective, the application of this standard may result in the restatement of a portion of these financial statements.

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections". The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will become effective in the 2024 fiscal year. However, earlier application was encouraged and the standard was implemented in the 2023 fiscal year.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement will become effective in the 2024 fiscal year. When Statement No. 101 becomes effective, the application of this standard may result in the restatement of a portion of these financial statements.



**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

In December 2023, the GASB issued Statement No. 102, "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will become effective in the 2025 fiscal year. When Statement No. 102 becomes effective, the application of this standard may result in the restatement of a portion of these financial statements.

**2. DESCRIPTION OF RETIREMENT SYSTEM**

The following description of the more common provisions of the Employees' 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.

Subsequent to completion of the January 1, 2023 actuarial valuation, seven 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 54% of the active participants in the Retirement System.

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.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)**

The 2023 Wisconsin 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.

At January 1, 2023, the measurement date, the membership of the plan was as follows:

Plan members currently receiving benefits	13,853
Inactive plan members entitled to, but not yet receiving benefits	5,960
Current employees:	
Vested	6,967
Non-vested	<u>2,833</u>
Total	<u><u>29,613</u></u>

This membership data is as of January 1, 2023, and reasonably approximates membership data through December 31, 2023.

**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. It is a section 401(a), Internal Revenue Code, qualified cost-sharing, multiple-employer defined benefit plan for participating public employees.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**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. During 2023, the Board repealed the Stable Employer Contribution Policy and participating employers are now required to contribute an actuarially-calculated amount each year. In order to administer the revised funding policy, the Board adopted a one-year contribution lag. For example, the *second* January 1, 2023 valuation calculated the employer contributions due for the 2024 plan year. The 2024 plan year contributions are due December 31, 2024, and accrue interest at 6.8% per annum if paid after January 1, 2024.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**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:

<u>Class</u>	<u>Enrollment Date</u>	<u>Eligibility for Service Retirement*</u>
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.

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**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. CHANGES IN ACCOUNTING PRINCIPLES AND OTHER CHANGES**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability. This standard was implemented as of January 1, 2023. The change resulted in the addition of the line "Subscription-based information technology arrangements, net of accumulated amortization" on the Statement of Net Position. The implementation of this standard did not affect beginning net position.

To better comply with the requirements of GASB Statement No. 84, the presentation of the securities lending program has changed from the presentation in previously issued financial statements. The activity in the program was presented previously as a separate fund on the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. The activity previously presented in the Securities Lending Fund is now presented as part of the Global Combined Fund. This change had no effect on the beginning net position of ERS in total; however, the beginning net position of the Global Combined Fund differs from the ending net position shown on the 2022 financial statements by \$2,208,000, the ending net position of the Securities Lending Fund on the 2022 financial statements. As a result of this change, the investment income section on the Statement of Changes in Fiduciary Net Position has been expanded to differentiate income and expenses from investing activities and securities lending activities.

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**3. CHANGES IN ACCOUNTING PRINCIPLES AND OTHER CHANGES (cont'd)**

ERS also made an error correction in how it reports its GASB 67 plan disclosures. Prior to 2023, the Employer Reserve Fund was included as an ERS plan asset for the purposes of calculating its Net Pension Liability under GASB 67. ERS had included the Employer Reserve Fund as part of the Pension Net Position and reduced the Net Pension Liability (NPL) reported in Note 6 and the Required Supplementary Information section. For 2023, ERS determined that the Employers' Reserve Fund should not be considered in calculating the Retirement System's Net Pension Liability under GASB 67 since the assets of Employers' Reserve Funds cannot be used for pension benefits, until authorized by the contributing employer. The Net Pension liability reported as of December 31, 2022 In Note 6 was overstated by \$80.8 million. Management doesn't plan to restate the prior periods containing the Employer Reserve Fund as part of the NPL in the prior year periods presented.

**4. 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, 2023 actuarial valuation, 233 members were non-consenting, including 34 active members, 188 inactive members, and 11 benefit recipients. During 2023, seven members elected to consent to the GPS, resulting in a transfer of \$645,000 to the Global Combined Fund from the non-consenter funds.

**5. 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 2023, there were no net contributions made to the Employers' Reserve Fund and there were no net transfers out of the fund to pay contributions. As of December 31, 2023, the City of Milwaukee is the only employer participating in the fund and the balance of the fund is \$85,109,000.

**6. NET PENSION LIABILITY**

The components of the pension liability at December 31, 2023, were as follows (in thousands):

Total pension liability	\$ 7,769,353
Plan fiduciary net position	<u>(5,711,392)</u>
Net pension liability	<u>\$ 2,057,961</u>

Plan fiduciary net position as a percentage of total pension liability	73.51%
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**6. NET PENSION LIABILITY (cont.)**

**Actuarial Assumptions:** The last actuarial valuation was performed as of January 1, 2023, and these amounts were used to roll-forward the total pension liability for the year ended December 31, 2023. The valuation was determined using the following actuarial assumptions, which were applied to all prior periods included in the measurement:

Valuation Date	1/1/2023 - Second valuation
Actuarial Cost Method	Entry Age Normal - Level Percentage of Pay
Amortization Method	Level percent of payroll, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
<b>Actuarial Assumptions:</b>	
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 <i>Second</i> January 1, 2023 actuarial valuation

The total pension liability as of December 31, 2023 was determined by rolling forward the total pension liability as of January 1, 2023 to December 31, 2023.

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.

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**6. NET PENSION LIABILITY (cont.)**

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. The rate for the long term expected return was selected for the portfolio such that there was a better than 50% likelihood of the emerging returns exceeding the expected return.

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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Public Equity	44.0%	7.31%
Fixed Income & Cash	23.0%	3.08%
Real Estate	9.7%	5.07%
Real Assets	3.3%	4.55%
Private Equity	10.0%	10.01%
Absolute Return	10.0%	3.61%
	<u>100.0%</u>	

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

**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' 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.



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**6. 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):

	<b>1% Decrease (5.8%)</b>	<b>Current Discount (6.8%)</b>	<b>1% Increase (7.8%)</b>
Net Pension Liability	\$ 3,015,198	\$ 2,057,961	\$ 1,265,021

**7. 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 \$64,612,000 and securities lending fees and rebates were approximately \$16,784,000, for a total investment-related expenses of \$81,396,000. The administrative expenses of approximately \$8,015,000 were charged to the Retirement System in 2023.

**8. 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.

**9. INVESTMENTS**

**Investment Policies**

The Retirement System's policy for the allocation of invested assets is established, and amended, as needed, by the ERS Board. The ERS Board's adopted asset allocation policy as of December 31, 2023, is provided on pages 70 and 71. 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.

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**9. INVESTMENTS (cont.)**

**Rate of Return**

For the year ended December 31, 2023, the annual money-weighted rate of return on ERS investments, net of pension plan investment expense, was 9.92 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.

**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, 2023 (in thousands):

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Public Equity	\$ 2,159,878	\$ 1,125,531	\$ 1,034,347	\$ -
Fixed Income	1,814,691	150,519	1,664,172	-
Public Diversified Real Assets	175,601	-	175,601	-
Total assets in the Fair Value Hierarchy	\$ 4,150,170	\$ 1,276,050	\$ 2,874,120	\$ -
Investments measured at Net Asset Value *	1,778,529			
Investments at Fair Value	<u>\$ 5,928,699</u>			

*\* 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, 2023.

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**9. INVESTMENTS (cont.)**

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 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, and private equity are valued using the net asset value (NAV) per share (or its equivalent). 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).

<b>Investment Type</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Private Equities	\$ 766,408	\$ 433,382	N/A	N/A
Public Equities	106,458	-	Twice per Month	15 days
Absolute Return	443,099	-	Monthly - 30 Months	30 - 180 Days
Real Assets - Non-Core	10,422	4,610	N/A	N/A
Real Assets - Core	452,142	50,000	Quarterly	90 Days
Totals	<u>\$ 1,778,529</u>	<u>\$ 487,992</u>		

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**9. INVESTMENTS (cont.)**

**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.

**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 10 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 6 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%.

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**9. INVESTMENTS (cont.)**

**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, 2023, 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, 2023, approximately \$235,000 of cash and cash equivalents was exposed to custodial credit risk.

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, 2023, 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, 2023, the segmented time distribution of the various investment types of debt securities for the Retirement System is as follows (in thousands):

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**9. INVESTMENTS (cont.)**

Investment Type	Fair Value	Years to Maturity			
		1 Year or Less	1 to 5 Years	6 to 10 Years	More than 10 Years
Asset Backed Securities	\$ 152,883	\$ -	\$ 127,960	\$ 9,861	\$ 15,062
Commercial Mortgage-Backed	31,218	4,901	95	197	26,025
Corporate Bonds	487,458	2,559	172,256	242,850	69,793
Corporate Convertible Bonds	5,490	-	5,482	8	-
Government Agencies	2,114	-	1,129	954	31
Government Bonds	599,931	-	271,217	98,393	230,321
Government Mortgage Backed Securities	247,046	-	3,220	1,281	242,545
Gov't-issued Commercial Mortgage-Backed	-	-	-	-	-
Municipal/Provincial Bonds	3,234	-	-	-	3,234
Non-Government Backed C.M.O.s	69,088	-	-	-	69,088
Short Term Bills and Notes	152,251	152,251	-	-	-
<b>Totals</b>	<b>\$ 1,818,141</b>	<b>\$ 159,711</b>	<b>\$ 635,229</b>	<b>\$ 359,471</b>	<b>\$ 663,730</b>

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, 2023.

**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, 2023, the Retirement System's exposure to foreign currency risk, expressed in U.S. Dollars, is as follows (in thousands):

Foreign Currency	Equities	Fixed Income	Absolute Return	Real Assets	Private Equity	Total Fair Value
Australian dollar	\$ 1,359	\$ -	\$ -	\$ -	\$ -	\$ 1,359
Brazilian real	12,603	3,388	-	-	-	15,991
British pound sterling	91,853	-	-	-	-	91,853
Canadian dollar	20,963	-	-	-	-	20,963
Danish krone	6,514	-	-	-	-	6,514
Euro	194,804	-	-	-	111	194,915
HK offshore Chinese Yuan Renminbi	2,388	-	-	-	-	2,388
Hong Kong dollar	16,438	-	-	-	-	16,438
Indonesian rupiah	-	2,185	-	-	-	2,185
Japanese yen	83,348	-	-	193	-	83,541
Mexican peso	4,807	2,184	-	-	-	6,991
New Taiwan dollar	5,855	-	-	-	-	5,855
Norwegian krone	808	-	-	-	-	808
Singapore dollar	1,449	-	-	-	-	1,449
South African rand	-	2,217	-	-	-	2,217
South Korean won	20,093	-	-	-	-	20,093
Swedish krona	9,443	-	-	-	-	9,443
Swiss franc	36,767	-	-	-	-	36,767
<b>Totals</b>	<b>\$ 509,492</b>	<b>\$ 9,974</b>	<b>\$ -</b>	<b>\$ 193</b>	<b>\$ 111</b>	<b>\$ 519,770</b>

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**9. 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, 2023, are as follows (in thousands):

<b>Rating</b>	<b>Fair Value</b>	<b>% of Total</b>
AAA	101,682	5.6%
AA	7,632	0.4%
A	126,093	6.9%
BBB	270,546	14.9%
BB	63,352	3.5%
B	30,714	1.7%
CCC	8,188	0.5%
US Government Guaranteed	1,049,607	57.7%
Not Rated	160,327	8.8%
	<u>1,818,141.00</u>	<u>100.0%</u>

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, 2023. Fair Values within this table may differ from the Basic Financial Statements provided on page 27 and the Summary of Investment Holdings provided on page 76 due to Corporate Convertible Bonds classified as Public Equities on those pages.

**Derivatives**

The ERS' 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.

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.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**9. INVESTMENTS (cont.)**

In 2023, the Retirement System's separate account investment managers utilized currency forwards, bond futures, and credit default swaps. 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.

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 and Global Equity managers entered 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.

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. ERS had no futures contracts as of December 31, 2023.

The following table summarizes the aggregate notional or contractual amounts for the ERS' separate account managers as of December 31, 2023 (in thousands):

	<b>Notational/ Contractual Amounts</b>	<b>Fair Value</b>	<b>Gain/(Loss)</b>
Foreign exchange forward spot contracts receivable	\$ 518	\$ 518	\$ -
Foreign exchange forward spot contracts payable	(518)	(518)	-
Foreign exchange forward long-term receivable	12,885	13,466	581
Foreign exchange forward long-term payable	(12,885)	(12,902)	(17)

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.

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 one 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



**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**9. INVESTMENTS (cont.)**

lower trading costs. The CDSs may not be used to create leverage, and must be fully collateralized by cash or US Treasury securities.

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, 2023 (in thousands):

<u>Investment Type</u>	<u>Exchange Traded</u>	<u>Quality Rating Not Available</u>
<b>Assets</b>		
<b>Forwards</b>		
Foreign Exchange Contracts	\$ -	\$ 581
<b>Swaps</b>		
Credit Contracts	2,040	-
<b>Liabilities</b>		
<b>Forwards</b>		
Foreign Exchange Contracts	-	(17)
<b>Total Value by Rating</b>	<u>\$ 2,040</u>	<u>\$ 564</u>

**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.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**9. INVESTMENTS (cont.)**

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, 2023, the Retirement System earned revenue from securities lending of approximately \$18,886,000 and paid custodian fees and rebates of approximately \$16,784,000. The ERS also disbursed \$792,000 to offset some of the Retirement System's administrative costs.

As of December 31, 2023, ERS has securities on loan with a fair value of approximately \$325,435,000 and the short-term collateral investment pool has a fair value of approximately \$335,751,000.

<b>Investment Type</b>	<b>Securities on Loan Fair Value</b>
Global Equities	\$ 1,428,809
US Corporate Fixed	84,979,725
US Equities	27,340,220
US Government Fixed	211,685,929
Totals	\$ 325,434,683

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' 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, 2023, the ERS' collateral pool was trading at or near fair value with no impairments.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**10. 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 and the Securities Lending program.

<u>Description</u>	<u>Lease Inception</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Office Space - 789 N Water Street, Suite 300	1/1/2022*	3/1/2030	4.35%	\$ 1,430,173
Office Space - 10850 West Park Place, Suite 450	1/1/2022*	3/31/2030	3.97%	248,982
Office Space - Disaster Recovery Computer Facility	1/1/2022*	12/31/2029	7.50%	84,489
Equipment - Copiers	1/1/2022*	1/31/2025	7.50%	12,105
Total				<u>\$ 1,775,749</u>

\* 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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 240,132	\$ 79,272	\$ 319,404
2025	258,990	68,410	327,400
2026	272,175	56,696	328,872
2027	292,721	44,587	337,308
2028	314,410	31,563	345,973
Thereafter	<u>397,321</u>	<u>18,040</u>	<u>415,361</u>
Total	<u>\$ 1,775,749</u>	<u>\$ 298,569</u>	<u>\$ 2,074,318</u>

**11. SOFTWARE-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, 2023, the total of SBITA assets was \$495,000, the accumulated amortization was \$138,000, and the net asset balance was \$357,000.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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**12. 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.

**13. 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 Milwaukee Police Supervisors Organization (MPSO) and Local 215 filed suit on behalf of certain duty disability retirees against the City of Milwaukee and ERS alleging the defendants violated the collective bargaining agreements as it relates to the payment of the 5.8% employee pension contribution offset. On March 21, 2023, the WI Supreme Court reversed the prior Court of Appeals decision, and ruled in favor of Petitioners (Local 215). The court ruled that the pension offset amounts should be included in the calculation of the duty disability benefit calculations. This ruling results in increased benefits for both current and potential future recipients, as well as retroactive lump sum payments for members whose DDR benefit determination did not include the pension offset payment. In addition, to the DDR retirees that were members of the MPSO and Local 215, the ruling affects other similarly situated members of the Milwaukee Police Association (MPA).

The lawsuit will result in an increase in the Unfunded Accrued Actuarial Liability (UAAL) of \$22.9 million and following Actuarial Standards of Practice, will be amortized over 10 years, effective with the January 1, 2024 actuarial valuation. The plan year 2025 actuarially determined employer contribution will increase by \$1.0 million for Policemen and \$2.3 million for Firemen. The actuarially determined employer contributions amounts for employers other than the City of Milwaukee will not be affected. The lawsuit will be recognized on the financial statements as the increased duty disability benefits are paid and management doesn't believe that any prior financial statements will need to be reissued.

# REQUIRED SUPPLEMENTARY INFORMATION

(See Independent Auditors' Report)

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Required Supplementary Information**  
**Schedule of Changes in the Net Pension Liability**  
**Last 10 Fiscal Years**  
**(in thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 84,638	\$ 83,123	\$ 85,158	\$ 88,215	\$ 87,285	\$ 75,119	\$ 77,681	\$ 70,377	\$ 70,500	\$ 69,693
Interest	517,549	505,466	495,668	482,120	463,215	464,845	441,811	430,745	418,874	409,899
Changes in benefit items	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	21,320	(5,552)	3,169	50,316	119,477	(91,515)	67,154	(9,921)	(30,035)	-
Changes of assumptions	569,618	40,766	-	-	-	475,766	244,993	-	(5,206)	-
Benefit payments including refunds of member contributions	(471,048)	(457,618)	(445,256)	(428,950)	(409,086)	(393,526)	(385,331)	(351,303)	(347,889)	(342,569)
Net change in total pension liability	722,077	166,185	138,739	191,701	260,891	530,689	446,308	139,898	106,244	137,023
Total pension liability - beginning	7,047,276	6,881,091	6,742,352	6,550,651	6,289,760	5,759,071	5,312,763	5,172,865	5,066,621	4,929,598
Total pension liability - ending	\$ 7,769,353	\$ 7,047,276	\$ 6,881,091	\$ 6,742,352	\$ 6,550,651	\$ 6,289,760	\$ 5,759,071	\$ 5,312,763	\$ 5,172,865	\$ 5,066,621
Plan fiduciary net position										
Contributions - employer	\$ 171,042	\$ 121,571	\$ 91,177	\$ 87,661	\$ 96,389	\$ 83,166	\$ 83,524	\$ 74,095	\$ 72,198	\$ 72,844
Contributions - member	32,688	32,204	31,444	32,191	32,633	32,085	32,494	35,918	49,553	43,663
Net investment income (loss)	541,506	(594,375)	1,110,990	409,136	893,278	(160,190)	787,809	383,747	34,982	238,985
Benefit payments, including refunds of member contributions	(471,048)	(457,618)	(445,256)	(428,950)	(409,086)	(393,526)	(385,332)	(351,303)	(347,889)	(342,569)
Administrative expense	(8,015)	(7,181)	(6,733)	(7,381)	(7,018)	(7,181)	(8,637)	(8,096)	(9,686)	(10,831)
Net change in plan fiduciary net pension	266,173	(905,399)	781,622	92,657	606,196	(445,646)	509,858	134,361	(200,842)	2,092
Plan fiduciary net position - beginning	5,445,219	6,431,356	5,649,734	5,557,077	4,950,881	5,396,527	4,886,669	4,752,308	4,953,150	4,951,058
Plan fiduciary net position - ending	\$ 5,711,392	\$ 5,525,957	\$ 6,431,356	\$ 5,649,734	\$ 5,557,077	\$ 4,950,881	\$ 5,396,527	\$ 4,886,669	\$ 4,752,308	\$ 4,953,150
Net pension liability - ending	\$ 2,057,961	\$ 1,521,319	\$ 449,735	\$ 1,092,618	\$ 993,574	\$ 1,338,879	\$ 362,544	\$ 426,094	\$ 420,557	\$ 113,471

*See independent auditors' report and notes to required supplementary information.*

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Required Supplementary Information**  
**Schedules of Net Pension Liability and Investment Returns**  
**Last 10 Fiscal Years**  
**(in thousands)**

**Schedule of Net Pension Liability**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 7,769,353	\$ 7,047,276	\$ 6,881,091	\$ 6,742,352	\$ 6,550,651	\$ 6,289,760	\$ 5,759,071	\$ 5,312,763	\$ 5,172,865	\$ 5,066,621
Plan fiduciary net position	(5,711,392)	(5,525,957)	(6,431,356)	(5,649,734)	(5,557,077)	(4,950,881)	(5,396,527)	(4,886,669)	(4,752,308)	(4,953,150)
Net pension liability	\$ 2,057,961	\$ 1,521,319	\$ 449,735	\$ 1,092,618	\$ 993,574	\$ 1,338,879	\$ 362,544	\$ 426,094	\$ 420,557	\$ 113,471
Plan fiduciary net position as a percentage of total pension liability	73.51%	78.41%	93.46%	83.79%	84.83%	78.71%	93.70%	91.98%	91.87%	97.76%
Covered payroll	\$ 599,284	\$ 579,351	\$ 586,369	\$ 596,386	\$ 581,663	\$ 574,394	\$ 577,119	\$ 583,950	\$ 535,802	\$ 529,939
Net pension liability as a percentage of covered payroll	343.40%	262.59%	76.70%	183.21%	170.82%	233.09%	62.82%	72.97%	78.49%	21.41%

**Schedule of Investment Returns**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.92%	-6.58%	18.89%	5.88%	18.51%	-2.75%	16.41%	8.77%	0.55%	5.17%

The returns on this schedule were calculated by ERS' custodian, Northern Trust

*See independent auditors' report and notes to required supplementary information.*

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Required Supplementary Information**  
**Schedule of Employers' Contributions**  
**For Last 10 Fiscal Years**  
**(in thousands)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contribution	\$ 171,042	\$ 81,571	\$ 83,177	\$ 84,661	\$ 83,025	\$ 83,166	\$ 83,524	\$ 74,095	\$ 72,198	\$ 72,844
Actual employer contributions	171,042	81,571	83,177	79,661	83,025	83,166	83,524	74,095	72,198	72,844
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 599,284	\$ 579,351	\$ 586,369	\$ 596,386	\$ 581,663	\$ 574,394	\$ 577,119	\$ 583,950	\$ 535,802	\$ 529,939
Actual contributions as a percentage of covered payroll	28.54%	14.08%	14.19%	13.36%	14.27%	14.48%	14.47%	12.69%	13.47%	13.75%

*See independent auditors' report and notes to required supplementary information.*



**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Notes to Required Supplementary Information**  
**As of and for the year ended December 31, 2023**

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1. This information presented in the required supplementary schedules, for pension funding purposes, was based on the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	First Annual Actuarial Valuation of the Employees' Retirement System of the City of Milwaukee as of January 1, 2023 - Used for determining the actuarially determined employer contributions for 2023
Actuarial Cost Method	Entry age normal-level percent of pay
Amortization Method	Level percent of payroll, closed
Amortization Period	Initial UAAL Base: 25 years as of January 1, 2019 Subsequent Experience Bases: 15 years for bases established before 2023 and 20 years for bases established on or after 2023 Assumption Change Base: 25 years
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Price Inflation	2.50 percent
Salary Increases, Including Price Inflation	General City: 3.00% to 7.50% Police & Fire: 3.00% to 19.00%
Long-term Rate of Return, Net of Investment Expense, Including Price Inflation	7.50 percent
Cost of Living Adjustments	Varies by employee group and decrement type (see plan provisions)
Mortality Table	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.

2. The total pension liability contained in the Schedule of Net Pension Liability was provided by the Retirement System's actuaries, Cavanaugh Macdonald Consulting, LLC for 2018 and subsequent years and Conduent HR Consulting, LLC for years prior to 2018. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Retirement System. Effective for the 12/31/2023 reporting, contributions to the Employers' Reserve Fund are no longer presented in the Schedule of Contributions and all periods were restated to remove the contributions to this fund.
3. The required employer contributions and percent of contributions made are presented in the Schedule of Contributions.
4. The plan is closed to employees hired on or after January 1, 2024.
5. Effective with 12/31/2023 GASB 67 actuarial report, ERS no longer uses assets of the Employers' Reserve Fund as part of its Plan Net Fiduciary Position (PNP) to reduce the amount of Net Pension Liability, resulting in a decrease of \$80.8 million in the beginning balance of the PNP. Prior periods were not restated to remove the Employers' Reserve Fund from the calculation of the Net Pension Liability.

*See independent auditors' report and notes to required supplementary information.*

# SUPPLEMENTARY INFORMATION

(See Independent Auditors' Report)

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedules of Administrative Expenses, Investment Expenses, and Payments to Consultants**  
**For the Year Ended December 31, 2023**

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**Schedule of Administrative Expenses**

Salaries	\$ 3,591,408
Fringe benefits	1,451,440
Professional services	681,658
Other operating services & supplies	562,281
Facility operations & maintenance	385,881
Depreciation of equipment	377,355
Information technology services	266,570
Amortization of lease assets	266,806
General office expense	194,722
Amortization of SBITAs	138,259
Interest portion of lease payments	88,961
Equipment usage fees	9,286
	<u>\$ 8,014,627</u>

**Schedule of Investment Expenses**

Investment manager expense	\$ 62,586,212
Employers' Reserve Fund investment manager expense	201,704
Security lending fees	207,885
Security lending rebates	16,575,889
Investment consulting fees	479,635
Investment custodian fees	300,000
Other investment related expenses	1,044,630
	<u>\$ 81,395,955</u>

**Schedule of Payments to Consultants**

Actuary services	\$ 112,848
Audit	169,362
Legal services	96,899
Medical advisors	292,329
Memberships	6,625
Other professional services	3,595
	<u>\$ 681,658</u>

(See Independent Auditors' Report)

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Combining Schedule of Fiduciary Net Position**  
**Non-Consenter Funds**  
**As of December 31, 2023**  
**(in thousands)**

	Retirement Fund	Combined Retirement Fund	General Employees' Duty Disability Fund	Total
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS	\$ 553	\$ 479	\$ 4	\$ 1,036
INVESTMENTS (Notes 1 and 9):				
Fixed income	2,481	1,813	16	4,310
Public equity	3,246	2,371	20	5,637
Absolute return	635	464	4	1,103
Real assets	914	668	6	1,588
Private equity	1,098	802	7	1,907
Total Investments	8,374	6,118	53	14,545
RECEIVABLES AND OTHER ASSETS				
Actuarially determined contributions (Note 2)	-	25	-	25
Interest, dividends and foreign tax recoverable (Note 1)	23	17	-	40
Investments sold	98	70	1	169
Total Receivables and Other Assets	121	112	1	234
<b>Total Assets</b>	<b>9,048</b>	<b>6,709</b>	<b>58</b>	<b>15,815</b>
<b>LIABILITIES</b>				
Investments purchased	450	329	3	782
<b>Total Liabilities</b>	<b>450</b>	<b>329</b>	<b>3</b>	<b>782</b>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 8,598</b>	<b>\$ 6,380</b>	<b>\$ 55</b>	<b>\$ 15,033</b>

See Independent Auditors' Report.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**Non-Consenter Funds**  
**For the Fiscal Year Ended December 31, 2023**  
**(in thousands)**

	Retirement Fund	Combined Retirement Fund	General Employees' Duty Disability Fund	Total
<b>ADDITIONS</b>				
<b>Contributions</b>				
Employer (Note 6)	\$ -	\$ 220	\$ -	\$ 220
Member	-	1	-	1
<b>Total Contributions</b>	-	221	-	221
<b>Investment Income</b>				
Net appreciation in fair value of investments	682	497	6	1,185
Interest, dividends, and other investment income	183	134	1	318
<b>Total Investment Income</b>	865	631	7	1,503
Investment expense (Note 7)	-	-	-	-
<b>Net Investment Income (Loss)</b>	865	631	7	1,503
<b>Total Additions</b>	865	852	7	1,724
<b>DEDUCTIONS</b>				
Benefits paid	(52)	(46)	-	(98)
Refunds of contributions	(10)	(121)	-	(131)
Interfund transfers	(371)	(268)	(6)	(645)
<b>Total Deductions</b>	(433)	(435)	(6)	(874)
<b>NET INCREASE IN NET POSITION</b>	432	417	1	850
<b>NET POSITION RESTRICTED FOR PENSIONS</b>				
<b>Beginning of Year</b>	8,166	5,963	54	14,183
<b>End of Year</b>	\$ 8,598	\$ 6,380	\$ 55	\$ 15,033

See Independent Auditors' Report.

# INVESTMENT SECTION



**City of Milwaukee**  
Employees' Retirement System

**Bernard J. Allen**  
Executive Director

**David M. Silber, CFA, CAIA**  
Chief Investment Officer

**Melody Johnson**  
Deputy Director

June 7, 2024

To the Annuity and Pension Board and Our Members:

The Annuity and Pension Board (Board), as trustee of the funds in the Employees' Retirement System of the City of Milwaukee ("the Fund"), employs a prudent investment process. Together with the Fund's staff and the Fund's investment consultant, Callan Associates, the Board oversees the investment strategy through periodic reviews of return and volatility assumptions, asset class structures, and investment manager implementation.

Major stock markets around the world have exhibited volatile calendar year returns in recent years, and 2023 was no exception. While stock market volatility had a negative impact on the Fund's returns in 2022, stock market volatility had a positive impact on the Fund's returns in 2023. The Fund generated a positive return in 2023, net of fees, but underperformed its benchmark.

- The Fund's return of 10.0% in 2023, net of investment management fees, underperformed its benchmark by 242 basis points.
- As a result of the Fund's 10.0% investment return, the System's Fiduciary Net Position increased from \$5.53 billion in 2022 to \$5.80 billion in 2023, even after accounting for benefit payments that exceeded contributions.
- Over the past 10 years, the Fund generated annualized returns of 7.2%, net of investment management fees, which exceeded its benchmark by an annualized 49 basis points. The Fund's returns rank in the first or second quartile of its public fund peer universe over the 3, 5, and 10-year time periods, as measured by both its custodian and investment consultant, respectively.
- The Fund's Public Equity allocation generated the highest return for the Fund in 2023, at 21.0% net of fees. The Fund's Real Assets allocation generated the lowest return for the Fund in 2023, at -7.2% net of fees.
- The Fund, and all the asset classes the Fund invests in, has generated positive returns and has exceeded its respective benchmark in the 5, 7, and 9½ -year time periods, net of fees (9½ years reflects the inception date of the Fund's Absolute Return asset class return).

The Consultant's Commentary; a summary of the Fund's goals, objectives, and guidelines; and selected investment schedules follow for your review.<sup>1</sup>

A handwritten signature in black ink that reads "David Silber". The signature is written in a cursive style and is positioned to the left of a vertical yellow line.

David M. Silber, CFA, CAIA  
CMERS Chief Investment Officer

<sup>1</sup> Data provided to the Fund by its custodian and its investment consultant form the basis of the information that is presented throughout the Investment Section. Data is based upon market values. All portfolio rates of return are presented using time and asset-weighted returns, based on the market rate of return. Returns are calculated net of investment manager fees.

June 6, 2024

Annuity and Pension Board  
Employees' Retirement System of the City of Milwaukee  
789 N. Water Street, Suite 300  
Milwaukee, WI 53202

Dear Annuity and Pension Board,

Callan LLC is pleased to present the Employees' Retirement System of the City of Milwaukee ("Fund") results for fiscal year ended December 31, 2023. As of year-end, the Fund reported a fair value of \$5.8 billion.

The most widely predicted recession in recent history did not materialize in 2023. In late 2022, 85% of economists polled by the Financial Times predicted a recession in 2023. Consumers were also gloomy, affected by post-pandemic blues and worries over rising inflation, especially gas and food prices, and stagnating wages. In March, an unforeseen regional banking crisis and continued rate hikes portended a potentially bleak remainder of the year. However, markets defied the early 2023 pessimism, and most asset classes and sectors posted robust gains for the year. Global stocks surged and the S&P 500 closed the year just shy of a record. Even bond markets sharply reversed course in the fourth quarter to bring 2023 results into the black. As a stark reminder of how quickly fortunes can be reversed, bond markets were on track to post a third consecutive year of negative returns as late as October of 2023.

U.S. stock indices rebounded sharply following a challenging year in 2022. Resilient economic data and strong earnings results drove markets higher during the year. The S&P 500 Index was up an impressive 26.3% for the year. The tech sector was the clear winner for the year (+57.8%) while Energy (-1.3%) was the only sector to register a 2023 decline. Index concentration had a notable impact on returns throughout the year. The "Magnificent Seven," which comprise over 25% of the S&P 500, accounted for 76% of the 2023 return for the index. The S&P 500 Index would have been up only about 10% for the year without these stocks, and the equally weighted version of the index returned 13.9% for the year. Small capitalization securities lagged large caps for the year, and growth stocks substantially outperformed value across the capitalization spectrum.

Non-U.S. equity markets, as measured by the MSCI ACWI ex-USA IMI Index, advanced 15.6% for the year but lagged domestic equities. Developed markets outperformed emerging markets, led by strong results from the Euro zone and Japan. China's continued weak market performance dragged on emerging market returns as concerns surrounding real estate and the resiliency of its economy remained prevalent. The dollar gained against major currencies over the full year, which detracted from global ex-U.S. results for U.S. investors.

Fixed Income markets also bounced back in 2023. Falling rates in the fourth quarter drove returns for the Bloomberg US Aggregate to 5.5% in 2023, a sharp contrast to the -1.2% year-to-date return as of 9/30/23. The 10-year U.S. Treasury yield was volatile in 2023—ranging from an April low of 3.31% to the October high of 4.99% and subsequently declining into year-end for a 3.88% close.



Corporate credit strongly outperformed U.S. Treasuries for the year, and High Yield posted an equity-like gain of 13.4% for the year. The yield curve remained inverted, but to a much lesser extent; .35% between the 2-year and 10-year U.S. Treasury yields versus more than 1% earlier in the year.

Commercial real estate suffered a disappointing year. The NCREIF ODCE Value-weighted Net Index, representing equity ownership positions in U.S. core real estate, fell 12.7% in 2023. All major property sectors and regions experienced negative returns. These lower valuations are reflective of higher interest rates, which have put upward pressure on capitalization rate and discount rate assumptions. Office was the worst performing property type for the year, driven by uncertainty around future office occupancy as companies struggled with work from home policies. Transaction volume for commercial real estate properties slowed meaningfully during the year and ended the year well below five-year averages. Open-end private real estate funds have seen a continued increase in redemption requests. While redemption queues can be concerning as they may indicate a lack of investor confidence in an open-end real estate fund, a large proportion of these redemptions are partial, driven by portfolio rebalancing and liquidity needs following a volatile period in financial markets. Current ODCE redemption queues average approximately 15.3%, with a median queue of 13.4%. This is comparable to the Global Financial Crisis when queues peaked at approximately 17% of NAV.

Hedge funds entered 2023 very defensive on concerns about rising inflation, the possibility of a recession, and worries the Fed would continue to aggressively raise interest rates. Following the banking crisis in March, hedge funds started to increase their risk as equity markets soared on the back of large capitalization technology stocks. Within credit, spreads tightened throughout the year despite some distressed opportunities popping up. Overall, the markets have assumed the Fed has accomplished its mission of taming inflation, despite no labor market weakness in its official data. Hedge funds finished off 2023 on a strong note with the HFRI Fund Weighted Composite ending 8.1% higher and the Callan Institutional Hedge Fund Peer Group, a proxy for large, broadly diversified hedge funds with low-beta exposure to equity markets, gaining 7.5%. Markets rallied into year-end on expectations that the Federal Reserve was done raising interest rates during this market cycle and would soon begin the easing process.

The strong recovery of the public equity market in 2023 (led by the “Magnificent Seven” technology stocks) has left private equity in its wake. Private equity doesn’t recover as quickly as the public markets because the smoothing effect dampens private equity returns in both up and down markets. In 2023, the number of funds raised declined sharply by ~50% from the highs of 2021–22. The 2023 vintage experienced the full impact of the denominator effect, which when combined with slower deal activity and exits, left minimal capital for new commitments. Exits in 2023 have declined dramatically by over 50% compared to their record in 2021. Only 8% of total private equity AUM generated liquidity in 2023 (the lowest level ever, lower even than in the depths of the Global Financial Crisis).

As noted in the Schedule of Investment Results, the Fund generated a total return of approximately 9.98% (net of management fees) for the year ended December 31, 2023, which trailed the 12.39% return of the Fund’s benchmark (the Policy Benchmark). In aggregate, the Fund’s allocation to International Equity Strategies provided the strongest relative and absolute contributions. For the last five years, the Fund generated an approximate 9.1% annualized return, ahead of the benchmark return of 8.2%. For the last ten years, the Fund returned an annualized 7.2% versus the benchmark return of 6.7%.

Sincerely,



John P. Jackson, CFA  
Senior Vice President, Callan LLC

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Summary of Investment Policies**

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**INVESTMENT GOALS AND OBJECTIVES**

The overall investment goal is to provide participants with retirement, disability and death and survivor benefits. The purpose of the Fund establishing an investment policy is to obtain the highest return possible on Fund investments within corresponding acceptable levels of minimum investment risk and liquidity requirements in recognition of prudent person standards and compliance with applicable local, state, and federal laws governing the operation and activities of the Fund. In particular, the Fund is bound by the City of Milwaukee Charter Chapter 36.

**FUNDING LEVELS AND LIQUIDITY REQUIREMENTS**

The Board seeks to keep Plan benefits as well funded as possible at all times. Additionally, the Board wishes to remain as fully invested as possible at all times, while maintaining appropriate liquidity. Generally, the Fund will maintain enough liquidity to meet one month of payments and expenses.

**ASSET ALLOCATION CONSIDERATIONS**

The Board implements an asset allocation policy that is predicated on a number of factors, including:

1. A projection of actuarial assets, liabilities, and benefit payments and the cost of contributions;
2. Historical and expected long-term capital market risk and return behavior;
3. An assessment of future economic conditions, including inflation and interest rate levels; and,
4. The current and projected funding status.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Summary of Investment Policies**

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**TARGET ALLOCATIONS**

The Board has determined that the following asset allocation policy is appropriate for the Fund. This allocation policy will be reviewed periodically and may be modified, if appropriate, in light of changes in the structure or goals of the Fund.

<b><u>Public Equity</u></b>	<b><u>Target</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Domestic Equity			
Passive Large Cap	6.9%		
Active Large Cap	4.4%		
Active Mid/Small Cap	6.2%		
Total Domestic Equity	<b>17.5%</b>	<b>13.5%</b>	<b>21.5%</b>
Total International Equity	<b>13.7%</b>	<b>10.7%</b>	<b>16.7%</b>
Total Global Equity	<b>7.8%</b>	<b>3.8%</b>	<b>11.8%</b>
<b>Total Public Equity</b>	<b>39%</b>	<b>34%</b>	<b>44%</b>
<b><u>Fixed Income</u></b>			
Cash	1%	0%	5.0%
Passive Fixed Income	7.2%		
Core Opportunistic Fixed Income	20.8%		
<b>Total Fixed Income</b>	<b>29%</b>	<b>26%</b>	<b>32%</b>
<b><u>Real Assets</u></b>			
Private Real Estate	<b>9.7%</b>		
Public Diversified Real Assets	<b>3.3%</b>	<b>1.3%</b>	<b>5.3%</b>
<b>Total Real Assets</b>	<b>13%</b>	<b>10%</b>	<b>16%</b>
<b><u>Private Equity</u></b>	<b>12%</b>	<b>9%</b>	<b>17%</b>
<b><u>Absolute Return</u></b>	<b>7%</b>	<b>4%</b>	<b>12%</b>
<b><u>Total</u></b>	<b><u>100%</u></b>		

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Investment Results**  
**For the Year Ended December 31, 2023**

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	<u>2023</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fund	10.0%	6.9%	9.1%
Policy Benchmark <sup>1</sup>	12.4%	4.3%	8.2%
Fixed income	6.7%	-0.4%	1.6%
Bloomberg U.S. Aggregate Index	5.5%	-3.3%	1.1%
Public equity	21.0%	7.1%	12.2%
ACWI IMI	21.6%	5.5%	11.5%
Absolute return	6.3%	12.7%	6.6%
90 Day Treasury Bill + 3%	8.3%	5.5%	5.0%
Public Diversified Real Assets	3.3%	4.6%	6.4%
Blended Benchmark <sup>2</sup>	4.3%	4.7%	6.1%
Private Real Estate	-10.9%	6.6%	5.4%
NCREIF Fund Index ODCE	-12.7%	4.0%	3.3%
Private equity <sup>3</sup>	2.9%	18.0%	18.5%
Cambridge Private Equity Index	9.3%	13.5%	17.2%

<sup>1</sup> The policy benchmark is a composite index designed to track the target asset allocation. Historical data on the Total Fund benchmark allocations can be found in the Fund's Statement of Investment Policy.

<sup>2</sup> Effective April 1, 2022, the blended benchmark is as follows: 15% Bloomberg U.S. TIPS, 30% S&P Global Infrastructure, 15% S&P Global Natural Resources, 15% Bloomberg Commodity, 25% FTSE NAREIT. Prior to April 1, 2022, the blended benchmark was as follows: 35% Bloomberg U.S. TIPS, 20% S&P Global Infrastructure, 20% Global Natural Resources, 15% Bloomberg Commodity, 10% FTSE NAREIT.

<sup>3</sup> Private Equity returns shown above are calculated by the Fund's custodian at a 1-quarter lag.

Note: With the exception of Real Estate, returns are calculated by the Fund's custodian using geometrically-linked, time and asset-weighted returns, based on the market rate of return. Returns are calculated net of investment manager fees. Real Estate returns are calculated by the Fund's Real Estate consultant.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedules of Top Ten Largest Holdings**  
**For the Year Ended December 31, 2023**

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<u>Top Ten Equity Holdings</u>	<u>Fair Value</u>
Microsoft Corp.	\$ 24,603,921
Alphabet Inc.	14,707,680
Visa Inc.	12,351,785
Amazon.com Inc.	11,509,607
Accenture PLC	11,029,452
Takeda Pharmaceutical Co. Ltd.	9,733,051
Adobe Inc.	9,653,585
Rolls-Royce Holdings PLC	9,633,097
ServiceNow Inc.	8,707,489
Heineken Holding NV	8,214,286

<u>Top Ten Fixed Income Holdings</u>	<u>Fair Value</u>
FNMA Single Family Mortgage 5% 30 Years	\$ 61,528,018
FNMA Pass-throughs 5.5% 30 Years	60,606,211
U.S. Treasury Notes 1.25% Due 4/15/2028	53,869,745
FNMA Pass-throughs 6.0% 30 Years	38,667,448
U.S. Treasury Bonds 4.0% Due 8/15/2053	35,277,734
U.S. Treasury Bonds 2.0% Due 2/15/2052	31,361,101
U.S. Treasury Bonds 4.0% Due 11/15/2042	31,344,178
U.S. Treasury Notes 4.625% Due 3/15/2026	31,004,889
FNMA Single Family Mortgage 4.0% 30 Years	26,316,913
FNMA Single Family Mortgage 3.5% 30 Years	24,184,517

*The schedules above exclude commingled funds.*

*A complete list of the portfolio holdings is available for review upon request.*

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Summary of Management Fees**  
**For the Year Ended December 31, 2023**

	<u>Assets Under Management</u>	<u>Management Fee</u>	<u>Performance Fee</u>	<u>Fund of Fund Fee</u>	<u>Total Fees</u>
<b>Public Equity</b>					
Domestic					
<i>Passive Large Cap Equity</i>	\$ 387,442,742	\$ 45,459	\$ -	\$ -	\$ 45,459
<i>Active Large Cap Equity</i>	259,070,784	659,375	-	-	659,375
<i>Active Mid/Small Cap Equity</i>	366,172,083	1,275,335	1,020,845	-	2,296,180
International					
<i>Active International Equity</i>	814,282,492	3,836,695	-	-	3,836,695
Global					
<i>Active Global Equity</i>	447,185,223	993,603	575,557	-	1,569,160
<b>Total Public Equity</b>	<u>\$ 2,274,153,324</u>	<u>\$ 6,810,467</u>	<u>\$ 1,596,402</u>	<u>\$ -</u>	<u>\$ 8,406,869</u>
<b>Private Equity Fund of Funds<sup>1</sup></b>	<u>\$ 766,407,764</u>	<u>\$ 7,320,049</u>	<u>\$ 9,853,592</u>	<u>\$ 7,446,897</u>	<u>\$ 24,620,538</u>
<b>Fixed Income</b>					
Cash	\$ 47,056,593	\$ -	\$ -	\$ -	\$ -
Passive Fixed Income	359,087,888	56,123	-	-	56,123
Active Fixed Income	1,184,745,035	1,343,730	-	-	1,343,730
<b>Total Fixed Income</b>	<u>\$ 1,590,889,516</u>	<u>\$ 1,399,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,399,853</u>
<b>Absolute Return<sup>1</sup></b>	<u>\$ 443,098,146</u>	<u>\$ 8,420,723</u>	<u>\$ 10,279,653</u>	<u>\$ 3,467,956</u>	<u>\$ 22,168,332</u>
<b>Real Estate</b>					
Private Real Estate - Core	\$ 452,141,952	\$ 4,214,185	\$ 408,306	\$ -	\$ 4,622,491
Private Real Estate - Non-Core	10,420,655	112,877	199,991	-	312,867
<b>Total Real Estate</b>	<u>\$ 462,562,607</u>	<u>\$ 4,327,062</u>	<u>\$ 608,297</u>	<u>\$ -</u>	<u>\$ 4,935,359</u>
<b>Real Assets</b>					
Public Real Assets	\$ 175,601,312	\$ 1,055,261	\$ -	\$ -	\$ 1,055,261
<b>Employers' Reserve Fund</b>					
<b>Fixed Income</b>					
Active Fixed Income	\$ 85,109,460	\$ 201,704	\$ -	\$ -	\$ 201,704
<b>Total Fixed Income</b>	<u>\$ 85,109,460</u>	<u>\$ 201,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,704</u>
<b>Total External Management Fees</b>		<u>\$ 29,535,119</u>	<u>\$ 22,337,944</u>	<u>\$ 10,914,853</u>	<u>\$ 62,787,916</u>

Assets under management amounts may differ from the Basic Financial Statements on page 28. Assets under management reflect the categorization of the manager, not necessarily the categorization of the assets held within separate accounts.

Fees are paid quarterly on quarter-end asset values for the majority of investment managers. Basis point calculations made from the data presented here would not be reflective of the fund's true fee rates.

<sup>1</sup> Management Fee and Performance Fee for Private Equity Fund of Funds and Hedge Fund of Funds (included in Absolute Return) includes, but may not be limited to, management fees and performance/carry at the underlying fund level, respectively.

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Brokerage Commissions**  
**For the Year Ended December 31, 2023**

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<b>Broker Name</b>	<b>Number of Shares</b>	<b>Commissions</b>	<b>Cost Per Share</b>
Goldman Sachs & Co.	21,751,353,024	\$ 68,864	\$ 0.000003
J.P Morgan Securities LLC	2,065,918,488	38,870	0.000019
Merrill Lynch International Ltd	6,383,383,985	36,114	0.000006
William Blair & Company LLC	588,040	22,977	0.039074
Jefferies LLC	9,305,289	22,444	0.002412
Morgan Stanley & Co LLC	1,723,123,128	19,836	0.000012
Jefferies International Ltd	2,459,264	17,090	0.006949
Craig Hallum	379,040	15,094	0.039822
UBS AG	8,294,717	14,548	0.001754
J.P Morgan Securities PLC	8,822,838	14,191	0.001608
Total - Top Ten Brokers	31,953,627,813	270,028	0.000008
Total - Other Brokers	15,519,675,034	305,654	0.000020
<b>Grand Total</b>	<b>47,473,302,847</b>	<b>\$ 575,682</b>	<b>\$ 0.000012</b>

*The schedule above excludes commingled funds.*



**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Summary of Investment Holdings**  
**For the Year Ended December 31, 2023**  
**(in thousands)**

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<u>Asset Class</u>	<u>Fair Value</u>	<u>Percent of Total</u>	<u>Target Allocation</u>
Cash and cash equivalents	\$ 95,580	2%	0%
Fixed income	1,732,474	29%	23%
Public equity	2,266,336	38%	44%
Absolute return	443,099	7%	10%
Real assets	638,165	11%	13%
Private equity	766,408	13%	10%
	<u>\$ 5,942,062</u>	<u>100%</u>	<u>100%</u>

This chart excludes pending investment sales and purchases for the asset class totals.

The summary above excludes investments held as part of the Employers' Reserve Fund.

# ACTUARIAL SECTION



## Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

June 6, 2024

Annuity and Pension Board  
Employees' Retirement System of the City of Milwaukee  
789 North Water Street, Suite 300  
Milwaukee, WI 53202

Members of the Board:

At your request, we performed the *Second* Eighty-fifth Annual Actuarial Valuation of the Employees' Retirement System of the City of Milwaukee (referred to as "ERS" or "System") as of January 1, 2023 to be used for determining actuarially determined employer contributions for the 2024 Plan Year. The *First* Eighty-fifth Annual Actuarial Valuation of the Employees' Retirement System of the City of Milwaukee as of January 1, 2023 had been performed and submitted on June 8, 2023, and was used for determining the actuarially determined employer contributions for the 2023 Plan Year.

There have been several Changes to the set of actuarial assumptions and methods since the January 1, 2022 valuation that were adopted by the Board on February 27, 2023 based on the results of the Experience Study based on calendar years 2017 through 2021. The key assumption changes include:

- Mortality assumption: For General employees, move to Pub-2010 Below Median General Mortality Table with one-year age setback for males and two-year set forward for females. For Policemen and Firemen, move to Pub-2010 Median Public Safety Mortality Tables with one-year age set forward for males and females. Future mortality improvements are modeled using SOA Scale MP-2021.
- Retirement: Lower early retirement rates for General Employees and adjust normal retirement rates for males and females to better fit experience. Increase retirement rates for Police and Fire to better reflect actual experience.
- Termination: Move to service-based assumption for General as well as Policemen and Firemen.
- Disability: Lower the disability assumption for all groups to partially reflect the observed experience.
- Duty-Related Disability: 20% for General and Non-union Police and Fire. 60% for MPA Police and 75% for MPFFA Fire. No disabilities are assumed to be eligible for 90% benefit.
- Salary Increase: Move to service-based assumption for General Employees as well as Policemen and Firemen, with 3.0% general wage increase assumption.
- Future Service Accruals: Active members are assumed to earn a full year of service each year in the future.



In addition to the assumption changes, the Board also adopted the following changes to the UAAL amortization schedule:

- Future changes to the UAAL arising from actual experience that is different than assumed will be amortized over a closed 20-year period instead of a closed 15-year period. This has since been superseded by the changes introduced under 2023 Wisconsin Act 12 (Act 12).
- If the UAAL is negative, all prior bases will be eliminated, and the participating employers will be required to contribute their share of the annual normal cost and administrative expenses.
- Changes to the UAAL arising from contributions which are above or below the actuarially determined employer contribution amount will be amortized over a closed 5-year period.
- Changes to the UAAL arising from other sources will be amortized over various periods, depending on the nature of the change and which participants are affected.

Following the submission of the First January 1, 2023 actuarial valuation, on June 20, 2023, the 2023 Wisconsin Legislature enacted Act 12, which allows the City of Milwaukee to impose a sales tax if the following conditions are met:

- The City of Milwaukee elects to join WRS for all new employees effective January 1, 2024. CMERS members as of December 31, 2023 continue to accrue benefits under CMERS.
- The tax will cease the earlier of 30 year or with the first year the CMERS actuary determines CMERS to be fully funded.
- The Stable Employer Contribution Policy is repealed with employer contributions being determined by the annual actuarial valuation.
- 30-year amortization of the January 1, 2024 UAAL, and
- Investment return assumption no higher than WRS. This valuation uses an investment return assumption of 6.80% which is consistent with that used by WRS for active employees.

Act 12 was silent on many issues needed to complete this annual valuation and was inconsistent with Board policy in some areas. To address those issues, CMC recommended the following changes to implement Act 12, which were adopted by the Board:

- ***Implement a One-Year Contribution Lag:*** “Contribution Lag” is the term used for the difference between the valuation date and the date the actuarially determined employer contributions from that valuation are to be contributed. The *First* January 1, 2023 actuarial valuation dated June 8, 2023 did not incorporate a contribution lag – that valuation was used to determine employer contributions for Plan Year 2023. The *Second* January 1, 2023 actuarial valuation uses a one-year contribution lag and as such is for determining actuarially determined employer contributions for Plan Year 2024. *Note, this means we are using the January 1, 2023 actuarial valuation for both Plan Year 2023 and Plan Year 2024 employer contribution requirements. Subsequent actuarial valuations will be for the year following – for example the January 1, 2024 actuarial valuation will be used to determine the actuarially determined employer contributions for Plan Year 2025.*



- ***Amortization Policy for Future UAAL:*** At the February 27, 2023 Retirement Board meeting, one of CMC's recommendations, which the Retirement Board adopted, was the use of a 10-year level dollar amortization of the UAAL if CMERS was closed. As noted above, Act 12 prescribed a 30-year amortization of the January 1, 2024 UAAL, which is inconsistent with our recommendation. We recommended, and the Board adopted, a layered amortization policy where future increases in the UAAL are amortized over a closed 10-year period with payments calculated as level-dollar amounts, and future decreased in the UAAL will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer. While not required under ASOP 4, we will be disclosing the actuarially determined employer contribution based on our pre-Act 12 recommendation of a closed 10-year level dollar payments as adopted by the Retirement Board. Had the Retirement board's policy of a 10-year level dollar amortization of the UAAL been used, the actuarially determined employer contribution would increase by \$109.8 million, from \$217.2 million to \$327.0 million.
- ***Allocation of Actuarially Determined Employer Contribution Across Agencies:*** Due to the closure of CMERS, we recommended that each employer's actuarially determined employer to be determined using the actual normal cost amount for their participating employees, and an allocation of the total administrative expense and UAAL payment based on their percentage share of the total AAL. The previous policy was to allocate based on active AAL which would have resulted in allocating actuarially determined employer contribution only to employers with active members despite there currently being inactive UAAL as a direct result of Act 12.
- ***Replace Employer Contribution Rates with Employer Contribution Dollars:*** Because the closure of CMERS will eventually result in employers having no payroll upon which to apply rates, the actuarial valuation will only show the amount of the actuarially determined employer contributions.

The primary purposes of the valuation report are to determine the actuarially determined employer contribution for the 2024 Plan Year, to describe the current financial condition of ERS, and to analyze changes in such condition. Use of the report for any other purposes, or by anyone other than ERS and its auditors, may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. Although reviewed for reasonableness and consistency with the prior valuation, these elements have not been audited by Cavanaugh Macdonald Consulting, LLC and we cannot certify as to the accuracy and completeness of the data supplied. The valuation results depend on the integrity of this information. If any of the information is inaccurate or incomplete, our results may be different and our calculations may need to be revised. Sometimes assumptions are made to interpret membership data that is imperfect. The valuation is also based on benefit and contribution provisions as disclosed herein.

The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in the Summary of Actuarial Assumptions and Methods section of the actuarial valuation report.



We believe that these assumptions are appropriate and reasonable, and also comply with all applicable Actuarial Standards of Practice. We certify that all costs and liabilities have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the plan and reasonable expectations) and which, in combination, offer the best estimate of anticipated experience affecting the plan. Nevertheless, the emerging costs will vary from those presented in the actuarial valuation report to the extent actual experience differs from that projected by the actuarial assumptions.

Future actuarial results may differ significantly from the current measurements presented in the actuarial valuation report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in plan provisions or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of such future measurements.

Actuarial computations presented in the actuarial valuation report are for purposes of evaluating the funding of the Plan and calculating the actuarially determined employer contribution amount. The calculations in the report have been made on a basis consistent with our understanding of the Plan's funding requirements and goals. Determinations for other purposes may be significantly different from the results contained in the report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements under Governmental Accounting Standard Number 67 and 68 are provided in separate reports.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries and have experience in performing valuations for public retirement plans, that the valuation was prepared in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated later in this section.

Respectfully submitted,

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

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

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

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

# MEMBER DATA

## Active Member Data by Group as of January 1, 2023

### General Employees

<u>Valuation January 1</u>	<u>Active Members</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase in Average Pay</u>
2014	7,993	\$331,738,000	\$41,504	0.18%
2015	8,240	337,248,000	40,928	(1.39%)
2016	8,276	343,867,000	41,550	1.52%
2017	8,417	361,660,000	42,968	3.41%
2018	8,289	359,914,000	43,421	1.05%
2019	8,228	360,750,000	43,844	0.97%
2020	8,442	376,656,000	44,617	1.76%
2021	8,135	371,863,000	45,711	2.45%
2022	7,768	369,306,000	47,542	4.01%
2023	7,509	390,258,000	51,972	9.32%

### Policemen

<u>Valuation January 1</u>	<u>Active Members</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase in Average Pay</u>
2014	1,847	\$131,568,000	\$71,233	1.26%
2015	1,920	136,104,000	70,888	(0.48%)
2016	1,912	135,571,000	70,906	0.03%
2017	1,922	160,106,000	83,302	17.48%
2018	1,855	157,864,000	85,102	2.16%
2019	1,916	159,971,000	83,492	(1.89%)
2020	1,827	158,596,000	86,807	3.97%
2021	1,735	154,607,000	89,111	2.65%
2022	1,631	148,844,000	91,259	2.41%
2023	1,592	146,653,000	92,119	0.94%



**Firemen**

<u>Valuation January 1</u>	<u>Active Members</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase in Average Pay</u>
2014	835	\$58,345,000	\$69,874	(0.56%)
2015	804	56,587,000	70,382	0.73%
2016	794	56,364,000	70,987	0.86%
2017	744	62,184,000	83,581	17.74%
2018	701	59,340,000	84,651	1.28%
2019	707	60,942,000	86,198	1.83%
2020	705	61,134,000	86,715	0.60%
2021	697	59,899,000	85,938	(0.90%)
2022	695	61,201,000	88,059	2.47%
2023	699	62,373,000	89,232	1.33%

**Total**

<u>Valuation January 1</u>	<u>Active Members</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase in Average Pay</u>
2014	10,675	\$521,651,000	\$48,867	(0.03%)
2015	10,964	529,939,000	48,334	(1.09%)
2016	10,982	535,802,000	48,789	0.94%
2017	11,083	583,950,000	52,689	7.99%
2018	10,845	577,118,000	53,215	1.00%
2019	10,851	581,663,000	53,605	0.73%
2020	10,974	596,386,000	54,345	1.38%
2021	10,567	586,369,000	55,491	2.11%
2022	10,094	579,351,000	57,396	3.43%
2023	9,800	599,284,000	61,151	6.54%



**Benefit Recipients by Group as of January 1, 2023**

**General Employees**

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	\$595,641	2,113	1,790	297	26
501 to 1,000	1,287,868	1,761	1,341	299	121
1,001 to 1,500	1,533,256	1,241	901	259	81
1,501 to 2,000	1,614,878	924	683	190	51
2,001 to 2,500	2,152,520	956	814	116	26
2,501 to 3,000	2,337,574	850	752	75	23
3,001 to 3,500	2,193,946	677	618	46	13
3,501 to 4,000	1,558,425	419	392	24	3
4,001 to 4,500	1,263,049	297	281	15	1
4,501 to 5,000	776,380	164	150	11	3
Over 5,000	2,260,479	370	362	7	1

**Policemen**

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	\$15,984	47	31	15	1
501 to 1,000	44,641	59	33	26	-
1,001 to 1,500	96,721	77	15	61	1
1,501 to 2,000	151,349	87	12	71	4
2,001 to 2,500	122,093	54	20	32	2
2,501 to 3,000	190,174	69	31	28	10
3,001 to 3,500	379,535	117	72	39	6
3,501 to 4,000	535,098	142	94	43	5
4,001 to 4,500	615,982	145	114	31	-
4,501 to 5,000	1,606,038	336	290	45	1
Over 5,000	9,318,053	1,537	1,433	67	37

**Firemen**

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	\$6,084	19	11	8	-
501 to 1,000	8,595	12	3	9	-
1,001 to 1,500	35,544	27	4	23	-
1,501 to 2,000	67,628	38	5	33	-
2,001 to 2,500	85,490	38	11	24	3
2,501 to 3,000	125,056	45	18	20	7
3,001 to 3,500	202,016	62	27	31	4
3,501 to 4,000	273,624	73	48	21	4
4,001 to 4,500	675,557	158	139	19	-
4,501 to 5,000	943,418	198	185	11	2
Over 5,000	4,515,066	741	685	26	30

**Total**

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	\$617,709	2,179	1,832	320	27
501 to 1,000	1,341,104	1,832	1,377	334	121
1,001 to 1,500	1,665,521	1,345	920	343	82
1,501 to 2,000	1,833,855	1,049	700	294	55
2,001 to 2,500	2,360,103	1,048	845	172	31
2,501 to 3,000	2,652,804	964	801	123	40
3,001 to 3,500	2,775,497	856	717	116	23
3,501 to 4,000	2,367,147	634	534	88	12
4,001 to 4,500	2,554,588	600	534	65	1
4,501 to 5,000	3,325,836	698	625	67	6
Over 5,000	16,093,598	2,648	2,480	100	68

**Reconciliation of Membership Data From January 1, 2022 to January 1, 2023**

	Active Members	Refund Payable	Deferred Vested	Benefit Recipients			Total
				Disabled Members	Retirees	Beneficiaries	
Participants as of January 1, 2022	10,094	2,149	3,363	493	11,218	2,047	29,364
New Participants	1,165	144	52	0	0	142	1,503
Return to Work	96	(53)	(43)	0	0	0	0
Terminations							
- Refunded	(195)	(343)	(90)	0	0	0	(628)
- Refund Payable	(484)	484	0	0	0	0	0
- Deferred Vested	(496)	0	496	0	0	0	0
Service Retirements							
Annuity	(347)	0	(168)	0	515	0	0
- Lump Sum	(12)	0	(13)	0	0	0	(25)
Disabilities							
Duty-Related	0	0	0	0	0	0	0
Non Duty-Related	(4)	0	(2)	6	0	0	0
Deaths	(17)	(2)	(14)	(15)	(386)	(166)	(600)
Benefit Payments Stopped	0	0	0	0	0	(1)	(1)
Reached Service Retirement							
Conversion Age	0	0	0	(21)	21	0	0
Data Adjustments	0	3	(3)	3	(3)	0	0
Participants as of January 1, 2023	9,800	2,382	3,578	466	11,365	2,022	29,613

Notes: Duty disabled members who have reached their conversion age are included in the Retirees count.  
Refund Payable counts include beneficiaries and estates that are owed a lump sum benefit as of January 1, 2023.

# ACTUARIAL EXHIBITS

## Short-Term Solvency Test

In a system that has been following the discipline of level percent of payroll financing, the liabilities for active participant accumulated contributions (liability 1) and the liabilities for future benefits to retirees, beneficiaries, and inactive participants (liability 2) will be fully covered by assets if all assumptions are met. In addition, the liabilities for service already rendered by active participants (liability 3) are normally partially covered by the remainder of the present assets. Generally, if the system has been using level percent of payroll financing, the funded portion of liability 3 will increase over time. The schedule below illustrates the history of the liabilities of the system and is indicative of the system following the discipline of level percent of compensation funding (dollar amounts in thousands).

Valuation January 1	Active Participants'	Retirees,	Active	Valuation Assets	Percent Covered By		
	Accumulated Contributions	Beneficiaries and Inactive Participants	Participants (Employer Financed)		Valuation Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2014	\$501,712	\$3,347,689	\$982,288	\$4,580,729	100%	100%	74%
2015	510,917	3,434,355	990,210	4,797,437	100%	100%	86%
2016	512,752	3,552,301	1,000,088	4,899,155	100%	100%	83%
2017	508,005	3,625,511	1,125,784	5,055,700	100%	100%	82%
2018	482,151	4,140,458	1,197,153	5,233,486	100%	100%	51%
2019	468,584	4,642,839	1,289,478	5,218,294	100%	100%	8%
2020	462,798	4,842,098	1,292,561	5,285,205	100%	100%	0%
2021	443,188	5,088,288	1,213,823	5,440,867	100%	98%	0%
2022	428,753	5,290,506	1,156,668	5,734,986	100%	100%	1%
2023	420,734	5,812,302	1,397,971	5,847,404	100%	93%	0%

## Analysis of Financial Experience

	(Millions)
<b>Unfunded Actuarial Accrued Liability, January 1, 2022</b>	<b>\$ 1,140.9</b>
- Expected Change in UAAL	(11.3)
- Actual Contributions Versus Actuarial Contributions	76.6
- Investment Experience	(4.8)
- Demographic Experience	29.4
- Assumption Changes	23.5
- Impact of 2023 Wisconsin Act 12	563.9
- Other experience	(34.6)
<b>Unfunded Actuarial Accrued Liability, January 1, 2023</b>	<b>\$ 1,783.6</b>

Note: This table shows the reconciliation of the unfunded actuarial accrued liability for the whole System.



## Funded Ratio

	Actuarial Value of Assets	Market Value of Assets
<b>January 1, 2022 Funded Ratio</b>	<b>83.4%</b>	<b>93.5%</b>
- Expected Change	0.5%	1.1%
- Actual Contributions Versus Actuarial Contributions	(0.5%)	(0.5%)
- Investment Experience	0.0%	(15.3%)
- Demographic Experience	(0.4%)	(0.3%)
- Assumption Changes	(0.3%)	(0.3%)
- Impact of 2023 Wisconsin Act 12	(6.1%)	(5.8%)
- Other Experience	<u>0.0%</u>	<u>0.0%</u>
- Total change	(6.8%)	(21.1%)
<b>January 1, 2023 Funded Ratio</b>	<b>76.6%</b>	<b>72.4%</b>

## Funding Progress

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the System's funded status on an on-going concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the System's funding. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the System's funding.

Actuarial Valuation Date	Actuarial Value of Assets (AVA)* (a)	Actuarial Accrued Liabilities (AAL)* (b)	Unfunded AAL (UAAL)* (b - a)	Funded Ratio (a / b)	Covered Payroll* (c)	UAAL as Percent of Covered Payroll [(b - a) / c]
1/1/2014	\$4,580,729	\$4,831,689	\$250,960	94.8%	521,651	48.1%
1/1/2015	4,797,437	4,935,482	138,045	97.2%	529,939	26.0%
1/1/2016	4,899,155	5,065,141	165,986	96.7%	535,802	31.0%
1/1/2017	5,055,700	5,259,300	203,600	96.1%	583,950	34.9%
1/1/2018	5,233,486	5,819,762	586,276	89.9%	577,118	101.6%
1/1/2019	5,218,294	6,400,901	1,182,607	81.5%	581,663	203.3%
1/1/2020	5,285,205	6,597,457	1,312,252	80.1%	596,386	220.0%
1/1/2021	5,440,867	6,745,299	1,304,432	80.7%	586,369	222.5%
1/1/2022	5,734,986	6,875,927	1,140,941	83.4%	579,351	196.9%
1/1/2023	5,847,404	7,631,007	1,783,603	76.6%	599,284	297.6%

\* Dollar amounts are in thousands.

# SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

## Actuarial Methods

The method of financing the ERS is prescribed in Section 36.08 of the MCC.

## Actuarial Cost Method

The method used to determine Normal Cost and Accrued Actuarial Liability (AAL) is the Individual Entry Age Normal Cost Method. The UAAL, under this method, is the AAL over the Actuarial Value of Assets. The total actuarially determined employer contribution is the sum of the employer portion of the Normal Cost (Total Normal Cost less expected member contributions) plus an amount to amortize the UAAL according to the Amortization Method plus an amount to reimburse the previous year's administrative expense.

## Asset Values

Two asset values are used in various exhibits. A description of each and a brief explanation of where they are used follows:

- **Market Value**

The market value of assets is the value of investments if they were to be sold on the date valued. The market value of assets is used to develop the actuarial value of assets.

- **Actuarial Value**

The actuarial value of the assets in the Employers' Reserve Fund and the Securities Lending Fund is equal to the market value of assets. These Funds are not available to pay the benefits for ERS members, so they are excluded from the allocation of the actuarial value of assets to the various funds and groups and the resulting calculations of actuarially determined employer contributions. The actuarial value of assets for the remaining funds is a smoothed value of assets (see Table 5). The difference between (1) the expected return on the market value of assets at the beginning of the year, based on the investment return assumption and the net non-investment cash flows, and (2) the actual return on the market value of assets is smoothed equally over five years. As a result, there are five components of excess/shortfall returns to be smoothed each year.

## Amortization Method

Amortization policies adopted by the Board at its February 24, 2023 meeting include:

- Future changes to the UAAL arising from actual experience that is different than assumed will be amortized over a closed 20-year period instead of a closed 15-year period. Payments are projected to increase at 2.00% per annum. This has since been superseded by the changes introduced under Act 12, as discussed below.
- If the UAAL is negative, all prior bases will be eliminated, and the participating employers will be required to contribute their share of the annual normal cost and administrative expenses.
- Changes to the UAAL arising from changes to plan provisions will be amortized over various periods, depending on the nature of the change and which participants are affected.

- Changes to the UAAL resulting from closure of CMERS will be amortized over a 10-year period as a level dollar. This has since been superseded by the changes introduced under Act 12, as discussed below.
- Changes to the UAAL arising from contributions which are above or below the actuarially determined employer contribution will be amortized over a closed 5-year period.

As a result of the passage of 2023 Wisconsin Act 12, the projected January 1, 2024 UAAL balance, as calculated in the *second* January 1, 2023 actuarial valuation, will be amortized as a level-dollar amount over a closed 30-year period. Future changes in the System's UAAL are to be amortized in accordance with Actuarial Standards of Practice. At their July 24, 2023 Board meeting, the Board adopted a policy to amortize future increases in the UAAL over a closed 10-year period upon the recommendation of their actuary. Future decreases in the UAAL will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.

### **Contribution Lag**

2023 Wisconsin Act 12 repealed the System's prior funding policy, which was to reset employer contribution rates every five years in connection with the regular experience study. As a result, participating employers are now required to contribute the Actuarially Determined Employer Contribution amount as determined in each annual actuarial valuation report. In order to more easily administer the revised funding policy, the Board, upon the recommendation of their actuary, adopted a one-year contribution lag so that results of the current valuation report will set the required contribution amount for employers during the following plan year. This policy is first effective with the *second* 2023 actuarial valuation report.

### **Actuarial Assumptions**

Demographic assumptions are based on the experience investigation prepared as of December 31, 2021 and adopted by the Board of Trustees on September 28, 2022 for use beginning with the January 1, 2023 actuarial valuation. The set of economic assumptions was adopted by the Board of Trustees on February 27, 2023, for use in the January 1, 2023 actuarial valuation. The next experience study is scheduled to be performed for inclusion with the January 1, 2028 actuarial valuation. However, due to the passage of 2023 Wisconsin Act 12 on June 20, 2023, the investment return assumption cannot be greater than the rate used by the Wisconsin Retirement System, which has currently set their investment return assumption at 6.80% for active employees.

**Investment Return Assumption:** 6.80% per annum (net of investment expenses), compounded annually.

**Inflation:** 2.50% per annum.

**Cost of Living Adjustments (COLA):** For retirees whose COLA is defined as the lesser of 3.00% and CPI-U, the assumed COLA is 2.50% per annum.

**Payroll Growth for UAAL amortization:** None. UAAL amortization payments are developed on a level dollar basis.

**Illustrative Rates of Salary Increase:**

Service	Salary Increases*	
	General Employees	Firemen and Policemen
1	6.25%	18.00%
5	5.75	7.00
10	5.00	3.20
15	4.25	3.20
20	4.25	3.10
25	4.25	3.10
30	4.00	3.10
35	3.00	3.10
40	3.00	3.00

\* Includes general wage increase assumption of 3.00%.

Annual increases of 2.50% per annum is assumed for Policemen, Firemen and General Employees on duty disability. The increases for duty disabled Firemen and Policemen affect both current duty disability benefits and future service retirement or extended life conversion benefits. The increases for General Employees affect only service retirement conversion benefits.

**Mortality Assumptions:**

- a. Active Members: For General employees, 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.

For Policemen and Firemen, 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.

- b. Healthy Retirees: For General employees, 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.

For Policemen and Firemen, 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.

- c. Beneficiaries: For General employees, 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.

For Policemen and Firemen, 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.



- d. Disabled Retirees: For General employees, 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.

For Policemen and Firemen, 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.

**Illustrative Rates of Termination:**

Service	General Employees		Policemen	Firemen
	Male	Female		
1	15.00%	17.00%	4.00%	2.35%
5	9.00	10.50	2.50	1.75
10	4.50	6.75	1.25	1.00
15	4.00	4.00	0.85	0.50
20	3.00	2.75	0.85	0.50
25	1.00	2.50	0.00	0.00
30	0.00	0.00	0.00	0.00

All terminations are assumed to be involuntary.

Members who terminate vested are assumed to take a refund if it is more valuable than their deferred benefit. Regular interest credited on contribution account balances is assumed to be 4.0%.

**Illustrative Rates of Early and Normal Retirement:**

**General Employees**

Age	Early Retirement		Normal Retirement			
	Tier 1	Tier 2	Tier 1		Tier 2	
	All	All	Males	Females	Males	Females
55	2%	2%	40%	32%		
56	2	2	20	25		
57	2	2	25	25		
58	2	2	25	25		
59	4	2	25	25		
60		2	25	20	40%	32%
61		2	25	20	25	20
62		2	25	25	25	25
63		2	25	20	25	20
64		4	25	20	25	20
65			27	27	27	27
66			20	27	20	27
67			27	27	27	27
68			27	30	27	30
69			27	30	27	30
70			100	100	100	100

**Policemen and Firemen**

Age	Firemen	Policemen	Age	Firemen	Policemen
42		40%	53	22%	40%
43		40	54	22	40
44		40	55	30	40
45		40	56	30	40
46		40	57	30	40
47		40	58	30	25
48		40	59	40	25
49	22%	40	60	40	25
50	22	40	61	50	25
51	22	40	62	50	50
52	22	40	63	100	100

**Illustrative Rates of Disability:**

<b>Disability Rates</b>			
<b>Age</b>	<b>General Employees</b>	<b>Firemen</b>	<b>Policemen</b>
20	0.040%	0.250%	0.024%
25	0.040	0.250	0.024
30	0.040	0.250	0.096
35	0.040	0.254	0.148
40	0.041	0.302	0.180
45	0.049	0.486	0.192
50	0.082	0.898	0.196
55	0.167	1.580	0.200
60	0.333	0.000	0.000
65	0.600	0.000	0.000

Elected officials are assumed to become disabled at the same rate as General Employees.

**Duty Disabilities:**

<b>Employee Group</b>	<b>Percentage of Disabilities Incurred in the Performance of Duty</b>	<b>Percentage of Duty Disabilities Assumed Eligible For The 90% Benefit</b>	<b>Under The Heart &amp; Lung Law</b>	<b>Assumption Adopted January 1</b>
General Employees	20.0%	N/A	N/A	2023
Police other than MPA	20.0%	0.0%	N/A	2023
MPA enrolled on or before 4/18/2005	60.0%	0.0%	N/A	2023
MPA enrolled after 4/18/2005	60.0%	0.0%	N/A	2023
Fire other than MPFFA	20.0%	0.0%	0.0%	2023
MPFFA enrolled on or before 10/3/2005	75.0%	0.0%	0.0%	2023
MPFFA enrolled after 10/3/2005	75.0%	0.0%	0.0%	2023

Upon reaching their service conversion date, 100% of Policemen and Firemen who become duty disabled are assumed to convert to a service retirement benefit.

**Marriage Assumption and Duty Disability Child Allotments:**

It is assumed that female spouses are three years younger than males. In absence of evidence to the contrary, it is assumed that 85% of General Employees and 95% of Policemen and Firemen are married, with dependent children, described by the following table:

<b>Member's Age at Death or Disability</b>	<b>Number of Dependent Children</b>	<b>Age of Youngest Child</b>
20	0.0	-
25	1.5	1
30	2.5	2
35	2.5	5
40	2.5	8
45	2.0	11
50	1.5	14
55	1.0	15
60 and Over	0.0	-

The percentage of retiring employees assumed to elect option 3, the subsidized 50% option, is 25% for males and 15% for females. The percentage of General Employees assumed electing the 100% PSO option before retirement is 40% for males and 15% for females. For Firemen and Policemen, 95% are assumed to elect the 100% PSO option before retirement.

**Duty Deaths:**

The following percentages of deaths in active service are assumed to incur in the performance of duty:

- General Employees: 5%
- Police & Fire: 10%. In addition, amongst firemen, 25% of duty deaths are assumed to occur under the Heart and Lung Law.

**Imputed Military Service:**

The following percentages of eligible members are assumed to earn 1 year of imputed military service credit:

- General Employees: 10%
- Police: 13%
- Fire: 13%

These percentages are based on troop strength statistics from the Department of Defense website. (Adopted 1/1/2003)

**Seasonal Service Credit:** The following percentages of eligible members are assumed to receive one year of seasonable service credit:

<b>Member's Union or Bargaining Group</b>	<b>Percentage with Seasonal Service</b>	<b>Assumption Adopted January 1</b>
District Council 48, AFSCME	27.09%	2005
Fire Equipment Dispatchers Local 494, IBEW	0.00%	2006
Electrical Group Local 494, IBEW	31.00%	2006
Machine Shop Local 494, IBEW	12.00%	2005
Bridge Operators Local 195, IBEW	28.57%	2005
Joint 129/48 Local 139, IOUE & DC48	100.00%	2005
Machinists Local 510, IAM	5.00%	2005
Sanitation Local 61, LIUNA	98.06%	2005
TEAM (Techs, Eng, Archs of Milw)	5.00%	2005
MBCTC (Bricklayers, Carpenters, Cement Masons, Painters, Iron Workers)	10.00%	2005
Police Sworn Management, Police Civilian Management, Managers, Elected Officials (except mayor)	3.13%	2005
Non-represented in the Police Department and General City non-represented	5.00%	2005

**Miscellaneous**

**Future Service Accrual:** Active members are assumed to accrue a full year of service in each future year (adopted 1/1/2023).

**Annualized Compensation:** For active members, their prior year reported compensation amount is annualized based on their Future Service Accrual and further increased by a leap year adjustment factor of 1.0034 (26.089285 ÷ 26).

**Deemed Inactives:** Active members who worked less than 100 hours in the prior year, but who have not officially terminated employment are treated as Inactives. These members are not assumed to earn additional service credit in future years.

**Decrement Timing:** All withdrawals, deaths, disabilities, and retirements are assumed to occur mid-year.

**Liability for Inactive Members:** The data provided for inactive members does not contain all the elements to calculate the member's deferred benefit. The deferred benefit amounts for these members are estimated using the member's life-to-date earnings and assumed salary increases. For terminated members who are missing a termination date on their record, it is assumed that they terminated at age 35. The actuary is collecting data so that future members' deferred benefits can be estimated.

**Administrative Expenses:** Based on the most recent fiscal year end.

**Normal Cost:** Normal cost rate reflects the impact of new entrants during the year. Due to 2023 Wisconsin Act 12, there are no new entrants effective January 1, 2024.

**Changes Since Prior Valuation:** Due to the passage of 2023 Wisconsin Act 12, the following changes to the set of actuarial assumptions and methods have been adopted since the *first* January 1, 2023 actuarial valuation report was issued and adopted on June 8, 2023:

- The investment return assumption was lowered from 7.50% to 6.80%.
- The Board adopted a one-year lag to its contribution policy. This means that this January 1, 2023 valuation will be used to calculate the actuarially determined employer contributions for the 2024 Plan Year. (The original January 1, 2023 actuarial valuation dated June 8, 2023 was used to calculate the required contribution amount for the 2023 Plan Year.)
- The projected UAAL as of January 1, 2024 will be amortized using level-dollar contributions over a closed, 30-year period.
- Future increases to the System's UAAL will be amortized using level-dollar contributions over a closed 10-year period.
- Future decreases to the System's UAAL will serve to reduce the outstanding balance of the projected 2024 UAAL, unless there are fewer than 10 years remaining to amortize the projected 2024 UAAL. In which case, future decreases will be amortized over a closed, 10-year period.

# SUMMARY OF BENEFIT PROVISIONS

A summary of the main benefit provisions of the Retirement System and of the sources of revenue from which benefits are paid is presented in the following digest. Items in parentheses in the text are the provisions applicable to law enforcement officers.

## **Eligibility for Membership**

Membership is optional for all Employees that were in service as of January 1, 1938. New Employees are automatically members as a condition of employment. Membership is optional for elected officials. Note that unless specifically stated, elected officials follow the same rules as General Employees.

Additionally, effective January 1, 2014, there are two tiers of benefits. Tier 1 is for General Employees enrolled prior to January 1, 2014, and all Fire and Police Employees. Tier 2 is for General Employees enrolled on or after January 1, 2014.

## **Participation in the Combined Fund**

On January 19, 2001 the Combined Fund was created and was retroactive to January 1, 2000. Individuals who participate in the Combined Fund may be eligible for certain benefit enhancements which are described in this Summary of Plan Provisions. Members who enroll in the ERS after June 28, 2000, and their eligible survivors, are automatically participants in the Combined Fund. Members enrolled in the ERS on or before June 28, 2000, and their eligible survivors, participate in the Combined Fund provided that the members consented in writing to the Global Pension Settlement. Eligible survivors of members or retirees who died on or before June 28, 2000 participate in the Combined Fund provided that the eligible survivors consented in writing to the Global Pension Settlement. Members or survivors whose benefit payments ceased prior to January 1, 2000, are not eligible for benefits from the Combined Fund.

## **Creditable Service**

Creditable service equals prior service plus membership service. Prior service includes service as an employee prior to January 1, 1938, or prior to an amendment which made the employee eligible for membership in the ERS. Membership service means service as an employee since last becoming a member, on account of which contributions are made.

- For most Employees, 2080 hours of service constitute one year of creditable service. For prevailing wage Employees (carpenters and other tradespeople) 2000 hours constitute one year. For members employed by the school board for a 10-month school year, 1600 hours of service constitute a year of creditable service. After July 2006, for members serving as firefighters, 2590 hours of service constitutes one year of creditable service. After September 2016, for members serving as firefighters, 2756 hours of service constitutes one year of creditable service.
- Under certain conditions creditable service may be granted for periods of absence due to military service.
- For purposes of computing the service retirement allowance only, creditable service is granted for periods of eligibility for a duty disability retirement allowance.
- No more than one year of creditable service is granted for service in a single calendar year.

## Imputed Service

Imputed service credit may be granted, under specified conditions, to members who consented to the Global Pension Settlement. Imputed service credit is used to calculate the amount of certain benefits, but is not used to determine eligibility for any kind of benefit. An individual may be eligible for one or more types of imputed service credit.

### Eligibility for Imputed Service Credit

Only individuals participating in the Combined Fund can become eligible for the following types of imputed service credit.

- a) Imputed military service credit: The member must have been active in the armed forces of the United States of America prior to his or her enrollment in the ERS, and must have been honorably discharged. A member must be described as in 36-04-1-c. An individual eligible for imputed military service credit must apply for the credit.
- b) Imputed fire and police service credit: The member must be described as in 36-04-4-a. The member must have been in active ERS service as a fireman or policeman as of January 1, 2000, and must also retire from ERS service as a fireman or policeman, or die while a fireman or policeman eligible for protective survivorship option benefits. To be eligible, the member must retire or die as a policeman or fireman and must have attained the minimum service retirement requirements as outlined in 36-05-1.
- c) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund, (the "Fund"): The member must be described as in 36-04-4-b. The member must have been a policeman who was an active member of the "Fund" as of January 1, 2000. If the policeman was in active ERS service as of January 1, 2000, he must either retire as a policeman on a service retirement allowance at the minimum service retirement age of 57 or after completing 25 years of creditable service as a fireman or policeman; or he must retire on a policeman's duty disability retirement allowance and subsequently convert to a service retirement allowance. If the policeman was retired on a duty disability retirement allowance as of January 1, 2000, then he must subsequently convert to a service retirement allowance.

### Benefits Affected by Imputed Service Credit

- a) Imputed military service credit and/or imputed fire and police service credit: The amount of the service retirement allowance, the conversion service retirement allowance, protective survivorship option benefits, and the extended life duty disability retirement allowance are affected. If the eligible individual is also entitled to a 5% Lump Sum Bonus, and/or an 8.6% Dissolution Bonus that is based on the affected benefit, then the imputed service credit is included in calculating the base for the bonus payment(s).
- b) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund: The amount of the service retirement allowance and the conversion service retirement allowance are affected. If the service retirement allowance is affected, then the imputed service credit is included in calculating the base for the 5% Lump Sum Bonus.

See the benefit descriptions later in this summary for further details on how imputed service credit is used.



### Amount of Imputed Service Credit

- a) Imputed military service credit: A period of eligible military service consists of a period of at least 90 consecutive days of active service in the armed forces of the United States prior to enrollment in the ERS. Total eligible military service equals the sum of all periods of eligible military service. Imputed military service credit equals one-third of the member's total eligible military service, to a maximum of three years of imputed military service credit.
- b) Imputed fire and police service credit: For policemen and firemen with 20 years of creditable service as a fireman or policeman - 1.5 years. For firemen with less than 20 years of creditable service as a fireman or policeman: 1.5 years times the full years of creditable fire and police service, divided by 20.
- c) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund: 2 years.

### Seasonal Service

Seasonal service credit may be granted under specified conditions to certain General City Employees. Seasonal service credit is used to calculate the amount of certain benefits but is not used to determine eligibility for any kind of benefit.

### Eligibility for Seasonal Service Credit

In order to be eligible for seasonal service credit, a member must be a General City employee with five or more years of City service credit, and a member of one of the groups as outlined in 36-04-1-d.

### Benefits Affected by Seasonal Service Credit

Seasonal service credit affects the amount of the service retirement allowance, the conversion service retirement allowance and protective survivorship option benefits. If the eligible individual is also entitled to a 5% Lump Sum Bonus that is based on the affected benefit, then the seasonal service credit is included in calculating the base for the bonus payment.

### Amount of Seasonal Service Credit

Seasonal service is based on the hours worked as a City Labor-Seasonal employee and/or Playground Laborer-Seasonal employee (MPS), but limited to one year of additional service credit.

### Qualifying for an ERS Benefit

Rules regarding qualifying time are encapsulated in the ERS Board Rules & Regulations, XV.G. The rules have been adopted and applied prospectively for enrollments prior to 1995, 1995 to 2001 and post 2001. All members are fully vested after attaining four years of qualifying time.

## **Earnable Compensation**

The 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 as described in 36-02-12. Earnable compensation for the calendar year preceding retirement may also include special pays as negotiated in labor agreements such as longevity in rank pay, (limited) variable shift assignment pay, police liaison officer pay, and/or certification pay for policemen; and emergency medical technician pay for firemen. Earnable compensation for school board Employees represented by Local 950, OEIU, also includes site differential pay.

## **Final Average Salary**

- a) For General Employees, final average salary means the average annual earnable compensation computed on the 3 years of creditable service preceding retirement, death or separation from service during which earnable compensation was the highest.
- b) For policemen and firemen, final average salary means the average annual earnable compensation computed on the year of creditable service preceding retirement, death or separation from service during which earnable compensation was the highest.
- c) For members converting from a duty disability retirement allowance to a service retirement allowance, the service retirement allowance is computed on the basis of the current compensation of the member's position at the service retirement date.

## **Service Retirement**

### **Eligibility for Service Retirement**

For Tier 1 Benefits (applicable to General Employees enrolled prior to January 1, 2014 and all Fire and Police Employees), eligibility for service retirement is as defined under 36-05-01 as follows:

- a) A service retirement allowance is payable to any member who elects to retire after attaining the minimum service retirement age, which is age 60 for General Employees and age 57 for policemen and firemen.
- b) General Employees that have attained age 55 and completed 30 years of qualifying time are eligible for service retirement.
- c) Policemen who participate in the Combined Fund are eligible for service retirement at any age after attaining 25 years of fire or police qualifying time, if they were hired prior to December 20, 2015.
- d) Policemen who participate in the Combined Fund, who have attained age 50 are eligible for service retirement after completing 25 years of police qualifying time, if they were hired on/after December 20, 2015.
- e) Firemen who participate in the Combined Fund, who have attained age 49 and completed 22 years of fire or police qualifying time, are eligible for service retirement, if they were hired prior to July 30, 2016.
- f) Firemen who participate in the Combined Fund, who have attained age 52 and completed 25 years of fire qualifying time, are eligible for service retirement, if they were hired on/after July 30, 2016.

- g) Policeman and firemen who are not participants in the Combined Fund are eligible for service retirement after attaining age 52 and completing 25 years of fire or police qualifying time.

For Tier 2 Benefits (applicable to General Employees enrolled on or after January 1, 2014), eligibility for service retirement is as defined under 36-05-01 as follows:

- a) A service retirement allowance is payable to any member who elects to retire after attaining the minimum service retirement age, which is age 65 for General Employees.
- b) General Employees that have attained age 60 and completed 30 years of qualifying time are eligible for service retirement.

#### Amount of Service Retirement Allowance

The amount of a member's service retirement allowance under 36-05-01 is equal to the following:

- a) For General Employees, enrolled prior to January 1, 2014, 2% of final average salary for each year of creditable service, imputed military service, or seasonal service limited to 70% of final average salary. For General Employees, enrolled on or after January 1, 2014, 1.6% of final average salary for each year of creditable service, imputed military service, or seasonal service limited to 70% of final average salary.
- b) For firemen enrolled prior to March 1, 1989, and policemen enrolled prior to July 1, 1989, and who were in active service on or after January 1, 1995, 2.5% of final average salary for each year of creditable service or imputed service (of any kind).
- c) For firemen enrolled after February 28, 1989, and policemen enrolled after June 30, 1989, 2.5% of final average salary for each year of creditable service or imputed military service, limited to 90% of final average salary, plus 2.5% of final average salary for each year of imputed fire and police service or imputed service under the dissolution of the Firemen and Policemen's Survivorship Fund.
- d) For elected officials enrolled prior to January 1, 2014, 2.6% of final average salary for each year of creditable service as an elected official for years before 1996, limited to 70% of the final average salary; from 1996 forward the rate of accrual for creditable service, imputed military service, or seasonal service is 2.5% except for the mayor, who will have an accrual rate of 2.0%, limited to 70% of the final average salary, except for elected officials who were enrolled prior to 2014 and are first elected to office on or after January 1, 2014, in which case their accrual rate is 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, 1.6% of final average salary for each year of creditable service as an elected official limited to 70% of the final average salary.

#### Funds Charged with Service Retirement Allowance

For individuals participating in the Combined Fund, service retirement allowance payments are charged to the Combined Fund. For all other individuals, the service retirement allowance is charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member enrolled on or after February 1, 1996.

## **Ordinary Disability Retirement Allowance**

### **Eligibility for Ordinary Disability Retirement Allowance**

A member who the medical council certifies is mentally or physically incapacitated for further performance of duty that such incapacity is likely to be permanent and that such member should be retired, is eligible for the ordinary disability retirement allowance. The ordinary disability allowance is not payable if the member qualifies for the duty disability allowance.

### **Amount of Ordinary Disability Retirement Allowance**

Imputed service credit and seasonal service credit are not used in any part of the calculation of the Ordinary Disability Retirement Allowance. The “service retirement allowance” referred to below is calculated based on creditable service only.

- a) For General Employees, 90% of the service retirement allowance based on creditable service to date of disability retirement, but no less than 25% of final average salary, provided such amount does not exceed 90% of the retirement allowance payable had the member continued in service to the minimum service retirement age.
- b) For policemen and firemen hired after January 1, 1971, who have 5 years of service, 25% of final average salary plus 2% thereof for each year of creditable service in excess of 5 years up to a maximum of 50% of final average salary.
- c) For policemen and firemen hired before January 1, 1971, the greater of the benefit described in (a), or the benefit described in (b).
- d) The benefit is payable for life while the member remains disabled, except that for General Employees with less than 10 years of qualifying time, the duration is limited to one-fourth (1/4) of the period of the service accrued to the date of disability.
- e) Members receiving benefits for life may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary.

### **Funds Charged with Ordinary Disability Retirement Allowance**

Ordinary disability retirement allowance payments are charged to the Combined Fund if the eligible individual is a participant in the Combined Fund. Otherwise, the allowance is charged to (i) the Retirement Fund, if the member’s enrollment date is before February 1, 1996, and (ii) the Combined Retirement and Disability Fund, if the member’s enrollment date is on or after February 1, 1996.

## Duty Disability Retirement Allowance

### Eligibility for Duty Disability Retirement Allowance

If a member becomes permanently and totally incapacitated for duty as a result of the performance of his duty, and his mental or physical incapacitation is medically certified, such member is eligible for a duty disability retirement allowance. Unless the member is beyond his/her conversion age, in which case the member would be eligible for an extended lifetime Duty Disability benefit. The medical certification is made by the Medical Council for General Employees, for members of the MPA enrolled after June 28, 2005, and for members of the MPFFA enrolled after December 13, 2005 with disability based on a mental injury. For all other members, the medical certification is made by the Medical Panel, except as indicated below. There are certain diseases that are considered presumptive for purposes of duty disabilities.

All new duty disability applications are reviewed by the Medical Council effective June 19, 2016 for MPA members, effective January 1, 2016 for MPSO members, and effective July 29, 2016 for MPFFA members.

Effective July 14, 2015, a new state law was enacted related to duty disability benefits for mental injuries (section 62.624 Wis. Stat.). The ERS may only provide a duty disability benefit for a mental injury if the following criteria are met:

- a) The mental injury resulted from a situation of greater dimensions than the day-to-day mental stresses and tension and post-traumatic stress that all similarly situated Employees must experience as part of the employment, *and*
- b) The employer certifies that the mental injury is a duty-related injury.

Only if a duty-related mental injury has occurred, can the duty disability application be forwarded to the Medical Panel or Medical Council for the examination and requisite certification.

### Amount of Duty Disability Related Benefits

Imputed service credit and seasonal service credit are not used when calculating a duty disability retirement allowance. Imputed service credit or seasonal service credit is used when calculating the conversion service retirement allowance referred to in paragraphs (a) - (c) below. Eligibility for imputed military service credit depends upon the date of the conversion, not upon the date of the duty disability retirement.

- a) For General Employees, the duty disability retirement allowance equals 75% of the member's final average salary. Members receive the allowance, while disability continues, until the later of age 65, or for a period of 5 years, at which time they convert to a service retirement allowance. General Employees receiving duty disability benefits may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary.
- b) For firemen and policemen, the duty disability retirement allowance is 75% of the current annual salary for the position held by the member at retirement, plus \$40 per month for each child younger than age 18 (up to a maximum of 20% of the member's salary). In certain cases of extreme disability, when approved by a panel of physicians, the disability allowance will be 90% of such salary. Duty disability benefits paid to firemen on account of heart and lung disease are at the 75% level. In the event of the death of a policeman or fireman receiving a 75% or 90% disability allowance, 70% or 75%, respectively, of the amount of the member's allowance shall be paid to the member's spouse during her lifetime.

The 90% duty disability allowances are payable for life. For policemen enrolled on or after January 1, 1990, and firemen enrolled on or after December 17, 1989, the 75% duty disability allowances are payable until the earlier of attainment of age 57, or completion of 25 years of service and attainment of age 52, at which time the member must either convert to a service retirement allowance or irrevocably elect to receive a recalculated duty disability allowance, referred to as an extended life duty disability allowance, as described in (c), below. Different conversion age requirements apply to policemen enrolled prior to January 1, 1990, and firemen enrolled prior to December 17, 1989, as discussed in (d), below. A fireman or policeman who becomes duty disabled on or after his conversion age may choose between a service retirement or extended life duty disability retirement.

- c) The extended life duty disability allowance referred to in (b), above, equals the lesser of the conversion service retirement allowance, or 75% of the current annual salary, provided further that the benefit will not be less than 57% of current annual salary for a fireman, or 60% of current annual salary for a policeman. "Current annual salary" here refers to the salary at the conversion age, for the position held by the member at the time of injury. The extended life duty disability allowance is payable for life and, unlike the duty disability allowance, is a fixed amount that does not change after the conversion age, notwithstanding any cost of living adjustments. Firemen or policemen receiving extended life duty disability benefits may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary. Their spouses are not eligible to receive the 70% benefit payable to surviving spouses of firemen and policemen who die while in receipt of the 75% duty disability benefit.
- d) For policemen enrolled prior to January 1, 1990, and firemen enrolled prior to December 17, 1989, the conversion age determination depends upon the member's enrollment date and whether or not the member signed the DeBraska II release form.

Under Charter Ordinance 980130 Substitute 2 (DeBraska I), duty disabled firemen and policemen who retired on duty disability before October 17, 1992, have a conversion age equal to the greater of the conversion age in effect when they were enrolled, or the conversion age in effect at the time of their disability retirement.

Under Charter Ordinance 000789 (DeBraska II), duty disabled firemen and policemen who signed the DeBraska II release form are subject to the following conversion requirements: (i) members retired on duty disability prior to February 8, 1972, will receive duty disability benefits for life; (ii) members enrolled prior to February 8, 1972, who are either policemen who retired on duty disability on or after August 1, 1985, or firemen who retired on duty disability on or after March 1, 1984, will have a conversion age of 63; (iii) members enrolled on or after February 8, 1972, who retired on duty disability on or after October 17, 1992, will not be required to convert to service retirement prior to the conversion age requirements that were in effect when they enrolled; and (iv) for all other members who signed the DeBraska II release form, there is no difference between the conversion requirements of Charter Ordinance 980130 Substitute 2, and Charter Ordinance 000789. In general, only members who were duty disabled prior to January 1, 2001 were given the opportunity to sign the DeBraska II release form.

Under the Charter Ordinance (which reflects the Rehrauer decision) firemen and policemen who retire (or previously retired) on duty disability and who did not sign the DeBraska II release form will convert at the highest conversion age agreed upon during their employment (Section 36-05-3). Members who enrolled prior to February 8, 1972, who are either policemen who retired on duty disability on or after November 1, 1976, or firemen who retired on duty disability on or after October 1, 1977, will receive duty disability for life if they did not sign the DeBraska II release

form, and will have a conversion age of 63 if they did sign the DeBraska II release form.

#### Funds Charged with Duty Disability Related Benefits

- a) For participants in the Combined Fund, duty disability benefits paid to members, benefits paid to survivors of members who die while duty disabled, child allotment payments, conversion service retirement benefits, and extended life duty disability benefits are paid from the Combined Fund.
- b) For General Employees who do not participate in the Combined Fund, duty disability benefits, and survivor benefits paid to beneficiaries of General Employees who elect an optional form of payment and die while disabled, are paid from (i) the General Employees Duty Disability Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.
- c) For members who do not participate in the Combined Fund, benefits paid after conversion to either a service retirement allowance or an extended life disability benefit are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

#### Ordinary Death Benefit

##### Eligibility and Amount of Ordinary Death Benefit

- a) In the event of death of a member while in service, a death benefit equal to the sum of the member's accumulated contributions, plus if the member has one or more years of active service, one-half his final average salary is payable to the designated beneficiary. Optional forms of payment of such benefit to the beneficiary are provided. If the member had elected a protective survivorship option – and duty death benefits are not payable – such option will become effective and the ordinary death benefit will not be payable. If a duty death benefit is payable the ordinary death benefit will not be paid.
- b) Unless the member elects an optional death benefit, the death benefit subsequent to retirement is the amount remaining, if any, of the member's contributions with interest to retirement less the sum of the allowance payments made prior to the member's death.

##### Funds Charged with Ordinary Death Benefits

Ordinary death benefits paid on behalf of a participant in the Combined Fund are charged to the Combined Fund. Otherwise, ordinary death benefits are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

## **Protective Survivorship Option**

### **Eligibility and Amount of Protective Survivorship Option**

Firemen may elect a Protective Survivorship Option (PSO) during the 6 months that precede the earlier of attainment of age 49 and completion of 22 years of qualifying time as a fireman or policeman, or age 52 and 25 years of qualifying time as a fireman or policeman, or age 57. Policemen may elect a Protective Survivorship Option (PSO) during the 6 months that precede the earlier of attainment of age 57, or completion of 25 years of qualifying time as a policeman or fireman. Firemen and policemen who fail to elect a PSO during the eligible period are deemed to have elected an Option 2 PSO with the spouse as the named beneficiary.

General Employees who enrolled prior to January 1, 2014, may elect a PSO during the 6 months that precede the earlier of attainment of age 60 or completion of 30 years of qualifying time and attainment of age 55. General Employees who enrolled on or after January 1, 2014, may elect a PSO during the 6 months that precede the earlier of attainment of age 65, or completion of 30 years of qualifying time and attainment of age 60.

Firemen and policemen are allowed to reselect a PSO if they marry, or divorce, and to select a different option and/or beneficiary at retirement, if they wish. As of June 5, 2012, General Employees may also reselect a PSO if they marry, or divorce, or select a different option and/or beneficiary at retirement.

The PSO may be canceled if the joint annuitant predeceases the member before retirement; or if the member is divorced from the joint annuitant before retirement.

Under a PSO, if a member eligible to retire on a service retirement allowance dies prior to retirement, benefits begin to the named beneficiary just as if the member retired under such option immediately prior to his or her death, except that imputed service credit arising from the dissolution of the Firemen and Policemen's Survivorship Fund will not be used in the calculation of the PSO benefit. If a fireman eligible for PSO coverage dies prior to age 49, benefits for the named beneficiary will be deferred until the date the fireman would have attained age 49. Imputed military service, imputed fire and police service, and seasonal service credit may be used in the calculation of the deferred PSO benefit.

In all cases where the requirements are met for both a PSO benefit and a duty death benefit, the duty death benefit will be payable in lieu of the PSO.

### **Funds Charged with PSO Benefits**

PSO benefits for participants in the Combined Fund are charged to the Combined Fund. Benefits for individuals who do not participate in the Combined Fund are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.



## **Duty Death Benefits**

### **Eligibility and Amount of Duty Death Benefits**

In the event the member's death occurs in the performance of his duty, a lump sum payment equal to the member's accumulated contributions, plus an annuity of 60% of such deceased member's final average salary will be paid to one of the following (payable in this order):

- The member's surviving spouse
- The member's children until their 21st birthday
- The member's dependent parents
- Death of a fireman that is due to heart or lung disease is considered a duty death.

### **Funds Charged with Duty Death Benefits**

Benefits payable to participants in the Combined Fund are charged to the Combined Fund. Heart & Lung duty death benefits payable to individuals who are not participants in the Combined Fund are charged to the Heart & Lung Fund. Duty death benefits (other than Heart & Lung) payable to individuals who are not participants in the Combined Fund are charged to (i) the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

## **Member Contributions**

Member contribution rates are the following percentages of annual salary:

General Employees	5.5% (tier 1 – enrolled prior to January 1, 2014) 4.0% (tier 2 – enrolled on or after January 1, 2014)
Firemen and Policemen	7.0%
Elected Officials	7.0% (tier 1 – enrolled prior to January 1, 2014 and elected to an office prior to January 1, 2014; if enrolled prior to January 1, 2014, and elected or the first time to an office on or after January 1, 2014, and employee was paying contributions prior to being elected, employee pays contributions at the rate they were paying prior to becoming an elected official; if enrolled prior to January 1, 2014, and elected or the first time to an office on or after January 1, 2014, and employer was picking up contributions on behalf of the employee prior to being elected, employer pays 7.0%)  4.0% (tier 2 – enrolled on or after January 1, 2014)

Under state law, per 2011 Wisconsin Act 10, participating employers are no longer permitted to make contributions on the member's behalf (with the exception of contractually agreed upon arrangements).

Member contributions made for or by participants in the Combined Fund are credited to the Combined Fund. Member contributions made for or by individuals who are not participants in the Combined Fund are credited to (i) the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

## Pension Escalators

Several different pension escalators are paid by the ERS as listed and described under section 36-05-1(h). They are as follows:

- Fire and Police \$50 Escalator

### Eligible Groups and Amounts

- a) Firemen in Local 215 who retired under a service retirement allowance between March 1, 1990, and December 31, 1992; members of the Milwaukee Police Association (MPA) who retired under a service retirement allowance between January 1, 1990, and December 31, 1992; members of the Milwaukee Police Supervisors Organization who retired under a service retirement allowance between January 1, 1991, and December 31, 1992; and firemen in Local 215 or members of the MPA who elect a deferred retirement allowance after separating from service between January 1, 1993, and December 31, 1994, with 25 years of service; are eligible for a pension escalator which increases their allowance by \$50 per month on the 4th, 7th, and 10th anniversary of retirement.
- b) Members who both retired on duty disability and converted from duty disability to service retirement during the eligibility period are eligible for the escalators on the 4th, 7th, and 10th anniversaries of their conversion dates.
- c) The surviving spouses of eligible retirees, or of members who died during the eligibility period, are eligible provided that the member elected an optional benefit at retirement – or elected a protective survivorship option (PSO) prior to retirement – with the spouse as beneficiary. The member's surviving spouse receives increases on the member's 4th, 7th, and 10th anniversary of retirement (or spouse's retirement date in the case of a PSO) with the amount of the escalator adjusted to reflect the option elected by the member.

### Funds Charged with Duty Death Benefits

Fire and Police \$50 escalators paid to participants in the Combined Fund are charged to the Combined Fund.

Fire and Police \$50 escalators paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- January 1996 Catch-up COLA for pre-October, 1987 Retirees

### Eligible Group

- a) General Employees that attained the minimum service retirement age and retired with a service retirement allowance prior to October 1, 1987, or who retired on a duty disability allowance and converted to a service retirement allowance prior to October 1, 1987.
- b) Firemen and policemen who retired prior to October 1, 1987, who became eligible to retire on service retirement at age 57, or after attaining age 52 and completing 25 years of service. Also, firemen and policemen who retired on a duty disability allowance and converted to a service retirement allowance prior to October 1, 1987.

- c) Surviving spouses of eligible retirees, or of members who elected a PSO and died prior to October 1 1987, after naming their spouse as the designated beneficiary under Option 2, Option 3, or Option 4 with a percentage to the beneficiary.

#### Timing and Amount of Increase

The catch-up COLA was a permanent increase in the ERS monthly benefit which was granted effective January 1, 1996. The increase was an amount equal to (i) the total ERS benefit in payment, multiplied by the greater of (ii) the total percentage change in the cost of living for each full calendar month between the 8th anniversary of service retirement and October 1, 1995, and (iii) the total percentage change required to bring the member's allowance to 60% of its full inflation adjusted value considering inflation for the period from retirement to October 1, 1995. The percentage change in the cost of living was measured by the increase in the CPI-U, U.S. Cities, as reported by the U.S. Department of Labor, Bureau of Labor Statistics.

When the catch-up COLA was calculated, the factor was not applied to supplemental, pass-through benefits, which are paid by the ERS but are not a liability of the ERS. These pass-through benefits, which appear on the pension payroll data supplied to the actuary, are part of an old guaranteed minimum program. The ERS is a paying agent for these benefits, but is reimbursed by the City for all such payments.

#### Funds Charged

Catch-up COLA amounts paid to participants in the Combined Fund are charged to the Combined Fund. Catch-up COLA amounts paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- 2% Escalator for pre-1993 Retirees

#### Eligible Group

- a) General Employees that attained the minimum service retirement age and retired with a service retirement allowance prior to January 1, 1993, or who retired on a duty disability allowance and converted to a service retirement allowance prior to January 1, 1993.
- b) Firemen and policemen who retired prior to January 1, 1993, who became eligible to retire on service retirement at age 57, or after attaining age 52 and completing 25 years of service. Also, firemen and policemen who retired on a duty disability allowance and converted to a service retirement allowance prior to January 1, 1993.
- c) Surviving spouses of eligible members who elected Option 3 with the spouse as the beneficiary, or of members who died prior to January 1, 1993 after electing an Option 3 PSO with the spouse as the beneficiary.

### Timing and Amount of Increase

The first increase occurs with the later of the January 1996 installment or the installment next following the 8th anniversary of the member's service retirement date (or the 8th anniversary of the surviving spouse's retirement date in the case of a PSO). Thereafter, increases occur annually on the anniversary of the first increase.

The first increase is 2% of the total ERS benefit in payment. That is, the monthly benefit to which the increase is applied includes \$50 fire and police escalators, and the January, 1996 catch-up COLA amount, if any, but it excludes supplemental pass-through payments, if any. Increases after the first are also 2%, and are compounded -- that is, they are applied to the total ERS benefit in payment, including all prior increases, and again, excluding any supplemental pass-through payments. (The benefit initially payable to an eligible spouse upon the member's death includes 50% of any increases in payment at the member's death.)

### Funds Charged

2% escalators paid to participants in the Combined Fund are charged to the Combined Fund. 2% escalators paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- CPI Escalator for post-1992 Fire and Police Retirees who don't Participate in the Combined Fund and Pre-2000 CPI Escalator for post-1992 Fire and Police Retirees who do Participate in the Combined Fund

### Eligible Group

- a) Firemen and policemen in active service on or after January 1, 1993, who become eligible to retire on service retirement at age 57 or after attaining age 52 and completing 25 years of service.
- b) Firemen and policemen who retire on either a 75% Fire & Police duty disability benefit or a Heart & Lung duty disability benefit (i) between January 1, 1993, and December 31, 1994, and thereafter convert to service retirement; or (ii) on or after January 1, 1995, and who are eligible to elect between service retirement and extended life duty disability benefits at their conversion age.
- c) Police in active service on or after January 1, 1995, who separate with 25 years of service and elect a deferred retirement allowance.
- d) Surviving spouses of eligible members who elect Option 2 or 3, or who elect Option 4 with a percentage to the spouse, or who elect a PSO with a percentage to the spouse.

### Timing and Amount of Increase

For members who retired on service retirement between January 1, 1993, and December 31, 1994; or who retired on duty disability between January 1, 1993, and December 31, 1994, and later convert to service retirement; and for eligible surviving spouses of members who died prior to retirement between January 1, 1993, and December 31, 1994, with PSO coverage in effect; the first increase occurs for March of the year following the first full calendar year of service retirement. For all others, the first increase occurs one full year after the member's service retirement date. Thereafter, increases occur annually on the anniversary of the first increase.

The monthly benefit is increased by an amount equal to (i) the total allowance for the preceding December (including all prior increases), multiplied by the lesser of (ii) 3%, and (iii) the increase in the CPI-U, U.S. Cities Average, for the calendar year preceding the increase. (The benefit initially payable to an eligible spouse upon the member's death includes a proportionate share of any increases in payment at the member's death, based on the option elected.)

### Funds Charged

Benefits payable to participants in the Combined Fund are charged to the Combined Fund. For individuals who are not participants in the Combined Fund: (i) benefits are charged to the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) benefits are charged to the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

- Post-1999 CPI Escalator for post-1992 Fire and Police Retirees who Participate in the Combined Fund

### Eligible Group

The eligible group is restricted to individuals who were firemen and policemen who retired on duty disability between October 17, 1992, and December 31, 1992; or who were in active service on or after January 1, 1993, who either retire as firemen or policemen, or who die in active service as firemen or policemen; and their eligible surviving spouses. The types of benefits that receive the CPI escalator include:

- a) The service retirement allowance and ordinary disability retirement allowance.
- b) Benefits paid to members after the duty disability conversion age: the conversion service retirement allowance or the extended life duty disability retirement allowance.
- c) Benefits paid to members after separation from service: the deferred retirement allowance, early retirement allowance, involuntary separation allowance, or the ERS allowance paid under the County transfer or State reciprocity provisions.
- d) The spouse survivor allowance paid to the surviving spouse of an eligible member who elects Option 2 or 3, or who elects Option 4 with a percentage to the spouse, or who elects a PSO with a percentage to the spouse.
- e) The fire and police or heart & lung duty disability surviving spouse allowance.
- f) The duty death surviving spouse allowance.

### Timing and Amount of Increases that occur after 1999

- a) The first post-1999 increase occurs the later of March 2000 and March of the year following the first full calendar year of retirement for: members who retired on service retirement or ordinary disability between January 1, 1993, and December 31, 1994; or who convert to service retirement after a period of duty disability which commenced between January 1, 1993, and December 31, 1994; or who separated from service between January 1, 1993, and December 31, 1994, and subsequently retire on a deferred, early, involuntary separation, or County transfer/ State reciprocity allowance; eligible spouse survivors of such members, including PSO spouse survivors when the member died between January 1, 1993, and December 31, 1994; duty death surviving spouses of members who died between January 1, 1993, and December 31, 1994; and duty disability surviving spouses where both the member's duty disability retirement date and duty disabled death date were between January 1, 1993, and December 31, 1994.
- b) The first post-1999 increase occurs the later of the year 2000 anniversary or the first anniversary of the member's date of death for: duty disability surviving spouses where the member's duty disability death date is on or after January 1, 1995.
- c) For all others, the first post-1999 increase occurs the later of the year 2000 anniversary or the first anniversary of the member's retirement or pre-retirement death. (Note: this group includes members who retired on duty disability between October 17, 1992, and December 31, 1994, who subsequently elect an extended life duty disability retirement allowance, and members who retired on duty disability between October 17, 1992, and December 31, 1992, who subsequently convert to service retirement.)

Thereafter, increases occur annually on the anniversary of the first post-1999 increase.

The monthly benefit is increased by an amount equal to (i) the total allowance for the preceding December (including all prior increases), multiplied by the lesser of (ii) 3%, and (iii) the increase in the CPI-U, U.S. Cities Average, for the calendar year preceding the increase. If the member retired on duty disability between October 17, 1992, and December 31, 1992, and subsequently converts to service retirement, then the 2nd, 3rd, and 4th increases will not be less than 1.5%, and the 5th and subsequent increases will not be less than 2%. (The benefit initially payable to an eligible spouse upon the member's death includes a proportionate share of any increases in payment at the member's death, based on the option elected.)

### Funds Charged

The CPI escalator is charged to the Combined Fund.

- 2% Guarantee for Fire and Police CPI Escalator for Participants in Combined Fund

The eligible group is restricted to firemen and policemen who retire on service retirement, their spouse survivors, and PSO spouse survivors. In addition, firemen members of Local 215 and policemen members of the MPA must have been in active service on or after January 1, 1998; policemen members of the MPSO must have been in active service on or after January 1, 1999; and non-represented firemen and policemen must have been in active service on or after January 1, 2000. The benefit is a guarantee that the CPI Escalator will not be less than 2% per annum.

- 2% Escalator for post-1992 General Employee Retirees who do Not Participate in Combined Fund

#### Eligible Group

- a) General Employees who retire on a service retirement allowance on or after January 1, 1993 who have either (i) attained age 60, or (ii) completed 30 years of service and attained age 55.
- b) General Employees receiving a duty disability retirement allowance who convert to service retirement on or after January 1, 1993.
- c) Spouses of eligible members who either elect Option 3 at retirement with the spouse as beneficiary, or who die after electing an Option 3 PSO with the spouse as beneficiary.

#### Timing and Amount of Increase

The first increase occurs with the installment next following the 8th anniversary of the member's service retirement or conversion to service retirement date (or the 8th anniversary of the surviving spouse's retirement date in the case of a PSO). Thereafter, increases occur annually on the anniversary of the first increase.

Each increase is 2%, and increases after the first are compounded -- that is, they are applied to the total benefit in payment, including all prior increases. (The benefit initially payable to an eligible spouse upon the member's death includes 50% of any increases in payment at the member's death.)

#### Funds Charged

For members whose enrollment dates are prior to February 1, 1996, the 2% escalator for post-1992 general employee retirees is paid from the Retirement Fund. For members whose enrollment dates are on or after February 1, 1996, the 2% escalator for post-1992 general employee retirees is paid from the Combined Retirement and Disability Fund.

- Post-1999 1.5% / 2% Escalator for General Employee Retirees and for Pre-1993 Fire and Police Retirees who Participate in the Combined Fund

#### Eligible Group

The eligible group includes (i) pre-1993 retirees and surviving spouses who are not eligible for either the 2% Escalator for pre-1993 retirees, or the Post-1999 CPI Escalator for post-1992 fire and police retirees; and (ii) post-1992 general employee retirees and their surviving spouses. The types of benefits that receive the 1.5%/2% escalator include:

- a) The service retirement allowance and ordinary disability retirement allowance for all members, and the duty disability retirement allowance for General Employees.
- b) Benefits paid to members after the duty disability conversion age: the conversion service

retirement allowance for all members or the extended life duty disability retirement allowance for fire and police.

- c) Benefits paid to members after separation from service: the deferred retirement allowance, early retirement allowance, involuntary separation allowance, or the ERS allowance paid under the County transfer or State reciprocity provisions.
- d) The spouse survivor allowance paid to the surviving spouse of an eligible member who elects Option 2 or 3, or who elects Option 4 with a percentage to the spouse, or who elects a PSO with a percentage to the spouse.
- e) The fire and police or heart & lung duty disability surviving spouse allowance.
- f) The duty death surviving spouse allowance.

#### Timing and Amount of Increases that occur after 1999

- a) The first post-1999 increase occurs for January 2000 for eligible Option 2 and 4 spouse survivors of members retired on a service retirement allowance or a conversion service retirement allowance - and for eligible Option 2 and 4 PSO spouse survivors - when the member's date of retirement or pre-retirement death was prior to January 1988.
- b) The first post-1999 increase occurs the later of the year 2000 anniversary or the 2nd anniversary of the member's date of death for: duty disability surviving spouses of firemen and policemen.
- c) For all others, the first post-1999 increase occurs the later of the year 2000 anniversary or the 2nd anniversary of the member's retirement or pre-retirement death.

Thereafter, increases occur annually on the anniversary of the first increase.

All increases for the group described in paragraph (a) are 2% increases. For paragraphs (b) and (c), an increase which takes effect on the 2nd, 3rd, or 4th anniversary is a 1.5% increase. An increase which takes effect on the 5th or subsequent anniversary is a 2% increase. Increases after the first one are compounded -- that is, they are applied to the total benefit in payment, including all prior increases. (The benefit initially payable to an eligible spouse upon the member's death includes the spouse's proportionate share of any increases in payment at the member's death, based on the option elected.)

Tier 2 Employees receive an increase of 2% on the fifth anniversary of their retirement and on each anniversary that follows, but only for service retirement.

#### **Fire and Police Survivorship Benefits Prior to the Global Pension Settlement**

The survivors of firemen or policemen who die in active service or while in receipt of a disability allowance may be entitled to a survivorship benefit. The survivorship benefit is payable to the spouse of the deceased member provided the spouse has one or more eligible children in her care. Eligible children include unmarried children who are either under the age of 18, or are over age 18, but who suffer from a disability which commenced before the age of 18. The amount of the survivorship benefit for a death occurring in 2000 is \$600 monthly for the spouse and one child or for two or more eligible children. If there is no surviving widow and only one child, the benefit is \$300. Upon attainment of age 57, \$300 is payable to the spouse for her lifetime. Benefits payable to a spouse cease on remarriage and benefits payable in respect of children cease on attainment of age 18 (unless disabled prior to age 18) or marriage. For member deaths that occurred prior to 2000 the monthly amount payable depends upon the plan provisions in effect at the member's death.



## **Fire and Police Survivorship Benefits for Survivors Participating in the Combined Fund**

Survivors of firemen or policemen who died prior to 2000 while in active service or while retired on disability (and contributing to the Fire and Police Survivorship Fund) may be entitled to a survivorship benefit. The survivorship benefit is payable to the spouse of the deceased member provided the spouse has one or more eligible children in her care. For participants in the Combined Fund, the amount of the survivorship benefit for a death occurring prior to 2000 is \$600 monthly for the spouse and one child under age 18, or for two or more children under age 18. If there is no surviving widow and only one child, the benefit is \$300. The monthly amount payable to a disabled child over the age of 18 depends upon the plan provisions in effect at the member's death. Upon attainment of age 57, \$300 is payable to the spouse for her lifetime. Benefits payable to a spouse cease on remarriage and benefits payable in respect of children cease on attainment of age 18 (unless disability commenced prior to age 18) or marriage.

Survivorship Benefits for Participants in the Combined Fund are charged to the Combined Fund.

### **Separation Benefits**

#### **Eligibility and Amounts**

Should a member separate from service, and no other benefit is payable, such a member will possibly be entitled to one of the options outlined below. Additional eligibility information about Separation Benefits is provided under 36-05-6.

- a) If the member has less than four years of creditable service, a refund of member contributions (not paid by the member's employer). Interest at 4.0% per annum on the 4%, 5.5%, or 7% member paid contributions is also payable.
- b) If the member has four years of creditable service, a deferred allowance payable at the minimum service retirement age.
- c) A refund of the member contributions and interest, including contributions paid on the member's behalf, is payable to (i) General Employees after 4 years of creditable service, or (ii) firemen or policemen after 10 years of creditable service.
- d) If the member's service is involuntarily terminated, or the member terminates voluntarily after attaining age 55 and completing 15 years of creditable service, such member may elect to receive a deferred allowance at the minimum service retirement age, or an immediate allowance that is the actuarial equivalent of the deferred allowance.
- e) If the member has 25 years of qualifying time as a fireman or policeman, and is not participating in the Combined Fund, a deferred allowance payable at age 52.
- f) If the member is a fireman with 25 years of qualifying time as a fireman or policeman, had not attained age 49 at the date of separation from service, and is participating in the Combined Fund, a deferred allowance payable at age 52.

Imputed service credit and seasonal service credit are not used when calculating separation benefits.

### Funds Charged with Separation Benefits

Benefits paid to participants in the Combined Fund are charged to the Combined Fund. Separation benefits paid to individuals not participating in the Combined Fund are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Fund if the member's enrollment date is on or after February 1, 1996.

### Lump Sum Bonus Payments

Under the Global Pension Settlement, various lump sum bonus payments may be made to eligible individuals participating in the Combined Fund. An individual may be eligible for one or more types of lump sum bonus payments.

### Eligibility for Lump Sum Bonus Payments

Only individuals participating in the Combined Fund can become eligible for the following types of lump sum bonus payments. In addition, the following conditions apply to the individual lump sum bonuses.

- a) 5% lump sum bonus: Members who are inactive as of January 1, 2000, will become eligible at the time that their deferred retirement allowance commences.

Members in active service as of January 1, 2000, will become eligible when they first retire.

If a member in active service as of January 1, 2000, dies prior to retirement and the member's surviving spouse is eligible for either a surviving spouse duty death benefit (including Heart & Lung duty death) or a PSO spouse survivor benefit then the surviving spouse is eligible for this bonus payment.

Only one 5% lump sum bonus will be paid on account of an individual member. Thus, if a member receiving a duty disability retirement allowance receives a 5% lump sum bonus on account of the duty disability benefit, then the member will not be eligible for an additional 5% lump sum bonus at the time of conversion.

- b) 8.6% lump sum bonus: A fireman or policeman in active service as of January 1, 2000, who (i) retires as a fireman or policeman on a service retirement allowance; or (ii) converts to service retirement or elects an extended life duty disability retirement allowance after retiring as a fireman or policeman on duty disability; (iii) attains age 63 while in receipt of an ordinary disability retirement allowance or a lifetime Fire & Police or Heart & Lung duty disability retirement allowance, is eligible for this bonus so long as the member did not receive 2 years of imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund; (iv) or retires as a fireman or policeman on an extended life duty disability.

If a fireman or policeman in active service as of January 1, 2000, dies prior to retirement and the member's surviving spouse is eligible for either a surviving spouse duty death benefit (including Heart & Lung duty death) or a PSO spouse survivor benefit then the surviving spouse is eligible for this bonus payment.

A fireman or policeman retired on disability as of January 1, 2000, who is also an active member of the Firemen and Policemen's Survivorship Fund as of January 1, 2000 - under age 57 at 1/1/2000, and made all required contributions to the Survivorship Fund – is eligible for this bonus if he (i) converts to service retirement or elects an extended life duty disability retirement allowance; or (ii) is ineligible to convert to service retirement and attains age 63 while in receipt of the disability retirement allowance; provided that he (iii) did not receive 2 years of imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund.

#### Amount of Lump Sum Bonus Payments

Age factors are used in the 5% lump sum bonus and the 8.6% lump sum bonus calculations. The age factors for these bonus payments are contained in s. 36-05-11-a.

- a) 5% lump sum bonus: For members who are either inactive or active as of January 1, 2000, who retire in the future, the bonus payment equals 5% times their initial annual retirement allowance times a factor based on attained age on the retirement date. The retirement allowance used in the bonus calculation is to be reduced for early retirement, if applicable, but is not to be reduced for any optional election the member might have made under s. 36-05-7.

If a member in active service as of January 1, 2000 dies prior to retirement and the member's surviving spouse is eligible for this bonus payment, then the bonus will equal 5% times the spouse's initial annual benefit times a factor based on the spouse's attained age when the benefit commences.

- b) 8.6% lump sum bonus: In the explanation that follows, whenever an annual allowance is used in calculating a bonus due to a member, the allowance used is the allowance that would be paid if the member did not elect an option under s. 36-05-7.

For members who retire on service retirement: 8.6% times the annual service retirement allowance times a factor based on attained age at retirement.

For surviving spouses who receive either a PSO benefit or a duty death benefit: 8.6% times the initial annual allowance payable to the spouse times a factor based on the spouse's attained age when the benefit commences.

For a member who is retired on duty disability as of January 1, 2000 - or who retires on duty disability thereafter - and who is eligible to convert to service retirement: 8.6% times the annual conversion service retirement allowance earned as of the conversion age times a factor based on attained age at conversion.

For a member who is retired on disability as of January 1, 2000 – or who retired on disability thereafter – who is ineligible to convert to service retirement, and who is age 63 or younger at the later of 1/1/2000 or the disability retirement date: 8.6% times the “hypothetical” annual conversion service retirement allowance earned at age 63 times the attained age factor for age 63. The “hypothetical” allowance is calculated as if the member were eligible to convert at age 63.

For a member who retires on disability after January 1, 2000, who is older than age 63 at the disability retirement date: 8.6% times the annual disability allowance payable when the allowance commences times a factor based on the member's attained age at retirement.

Funds Charged

The 5% lump sum bonus and the 8.6% lump sum bonus are paid from the Combined Fund.

**Benefits Not Valued**

None.

# STATISTICAL SECTION

## Overview of the Statistical Section

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The Statistical Section presents detailed information that assists users in using the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of ERS. The source of the information in this section is derived from ERS internal records.

### *Financial Trends*

The following schedule shows trend information about the changes and growth in ERS's fiduciary net position over the past 10 years:

- Changes in Fiduciary Net Position

### *Demographic and Economic Information*

These schedules offer demographic and economic indicators to help readers understand the environment within which the System's financial activities take place.

- Schedule of Retired Members by Type of Pension Benefit
- Schedule of Average Benefit Payment Amounts – Age/Service
- Schedule of Average Benefit Payment Amounts – Death
- Schedule of Average Benefit Payment Amounts – Disability
- Principal Participating Employers

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Changes in Fiduciary Net Position**  
**For Last Ten Fiscal Years**  
**(in thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Additions</b>										
Member contributions	\$ 32,688	\$ 32,204	\$ 31,444	\$ 32,191	\$ 32,633	\$ 32,085	\$ 32,494	\$ 35,918	\$ 49,553	\$ 43,663
Employer contributions	171,042	121,571	91,177	87,661	96,389	83,166	83,524	74,095	72,198	72,844
Investment earnings (net of expenses)	545,877	(594,375)	1,110,990	409,136	893,279	(160,190)	787,809	383,747	34,982	238,985
<b>Total additions to fiduciary net position</b>	<b>749,607</b>	<b>(440,600)</b>	<b>1,233,611</b>	<b>528,988</b>	<b>1,022,301</b>	<b>(44,939)</b>	<b>903,827</b>	<b>493,760</b>	<b>156,733</b>	<b>355,492</b>
<b>Deductions</b>										
Benefit payments										
Age/Service	434,207	419,365	407,606	391,317	371,719	354,553	343,430	313,927	301,667	289,877
Death	2,787	2,790	2,663	2,366	1,148	1,970	2,305	2,167	2,287	2,208
Disability	29,610	30,252	30,823	31,712	32,349	32,366	34,266	30,843	29,382	29,194
<b>Total benefit payments</b>	<b>466,604</b>	<b>452,407</b>	<b>441,092</b>	<b>425,395</b>	<b>405,216</b>	<b>388,889</b>	<b>380,001</b>	<b>346,937</b>	<b>333,336</b>	<b>321,279</b>
Refund of contributions										
Final death payout	832	1,680	1,931	1,287	1,150	1,647	1,688	971	949	1,486
Retirement lump sum equivalent	3,404	3,292	1,471	1,504	215	142	223	332	294	359
Withdrawal	209	239	762	764	2,505	2,848	3,420	3,063	2,910	6,045
<b>Total refunds of contributions</b>	<b>4,445</b>	<b>5,211</b>	<b>4,164</b>	<b>3,555</b>	<b>3,870</b>	<b>4,637</b>	<b>5,331</b>	<b>4,366</b>	<b>4,153</b>	<b>7,890</b>
Administrative expenses	8,015	7,181	6,733	7,381	7,018	7,181	8,637	8,096	9,686	10,831
Interfund Transfers	-	-	-	-	-	-	-	-	10,400	13,400
<b>Total deductions from fiduciary net position</b>	<b>479,064</b>	<b>464,799</b>	<b>451,989</b>	<b>436,331</b>	<b>416,104</b>	<b>400,707</b>	<b>393,969</b>	<b>359,399</b>	<b>357,575</b>	<b>353,400</b>
<b>Change in fiduciary net position</b>	<b>\$ 270,543</b>	<b>\$(905,399)</b>	<b>\$ 781,622</b>	<b>\$ 92,657</b>	<b>\$ 606,197</b>	<b>\$(445,646)</b>	<b>\$ 509,858</b>	<b>\$ 134,361</b>	<b>\$(200,842)</b>	<b>\$ 2,092</b>

*For the fiscal years ended 2014 and 2015, the presentation of interfund transfers has been reclassified from refunds of contributions to interfund transfers.*

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Retired Members by Type of Pension Benefit**  
**As of December 31, 2023**

Amount of Annual Pension Benefit	Number of Recipients	Type of Pension Benefit		
		Age/Service	Death	Disability
<b>General City</b>				
\$0 - \$10,000	4,024	3,590	140	294
\$10,001 - \$20,000	2,217	1,983	50	184
\$20,001 - \$30,000	1,636	1,536	4	96
\$30,001 - \$40,000	1,277	1,242	-	35
\$40,001 - \$50,000	724	713	1	10
\$50,001 - \$60,000	371	366	-	5
\$60,001 - \$70,000	185	184	-	1
\$70,001 - \$80,000	97	97	-	-
\$80,001 - \$90,000	46	46	-	-
\$90,001 - \$100,000	21	21	-	-
\$100,001 - \$110,000	13	13	-	-
\$110,001 - \$120,000	4	4	-	-
\$120,001 - \$130,000	1	1	-	-
\$130,001 - \$140,000	1	1	-	-
<b>Totals</b>	<b>10,617</b>	<b>9,797</b>	<b>195</b>	<b>625</b>
<b>Police</b>				
\$0 - \$10,000	190	172	15	3
\$10,001 - \$20,000	199	159	32	8
\$20,001 - \$30,000	130	113	5	12
\$30,001 - \$40,000	193	173	2	18
\$40,001 - \$50,000	226	201	4	21
\$50,001 - \$60,000	389	363	2	24
\$60,001 - \$70,000	807	755	-	52
\$70,001 - \$80,000	452	430	-	22
\$80,001 - \$90,000	169	168	-	1
\$90,001 - \$100,000	84	81	-	3
\$100,001 - \$110,000	41	40	-	1
\$110,001 - \$120,000	19	19	-	-
\$120,001 - \$130,000	7	7	-	-
\$130,001 - \$140,000	2	2	-	-
\$140,001 - \$150,000	2	2	-	-
\$170,001 - \$180,000	2	2	-	-
\$180,001 - \$190,000	1	1	-	-
<b>Totals</b>	<b>2,913</b>	<b>2,688</b>	<b>60</b>	<b>165</b>
<b>Fire</b>				
\$0 - \$10,000	78	59	5	14
\$10,001 - \$20,000	53	44	1	8
\$20,001 - \$30,000	73	61	4	8
\$30,001 - \$40,000	96	77	-	19
\$40,001 - \$50,000	127	102	-	25
\$50,001 - \$60,000	295	246	-	49
\$60,001 - \$70,000	373	306	-	67
\$70,001 - \$80,000	227	194	-	33
\$80,001 - \$90,000	95	91	-	4
\$90,001 - \$100,000	63	62	-	1
\$100,001 - \$110,000	25	24	-	1
\$110,001 - \$120,000	11	10	-	1
\$120,001 - \$130,000	6	6	-	-
\$130,001 - \$140,000	2	2	-	-
\$140,001 - \$150,000	2	2	-	-
\$150,001 - \$160,000	2	2	-	-
\$180,001 - \$190,000	1	1	-	-
<b>Totals</b>	<b>1,529</b>	<b>1,289</b>	<b>10</b>	<b>230</b>



**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Average Benefit Payment Amounts – Age/Service**  
**For Last Ten Fiscal Years**

Retirement Year	Employment Class	Category	Age/Service						
			Service Credit						
			0-5	5-10	11-15	16-20	20-25	26-30	31+
2014	General City	Average Annual Benefits	\$ 1,932	\$ 4,083	\$ 7,888	\$ 12,092	\$ 17,610	\$ 23,781	\$ 30,727
		Average Final Average Salary	\$ 21,809	\$ 24,397	\$ 27,271	\$ 31,455	\$ 36,225	\$ 40,389	\$ 42,471
		Number of Retired Members	551	1,402	1,070	1,143	1,006	1,296	2,280
	Police	Average Annual Benefits	\$ 11,032	\$ 7,979	\$ 14,413	\$ 21,691	\$ 36,392	\$ 42,096	\$ 48,371
		Average Final Average Salary	\$ 51,974	\$ 35,813	\$ 43,783	\$ 45,067	\$ 46,953	\$ 47,130	\$ 47,082
		Number of Retired Members	13	17	13	20	228	924	872
	Fire	Average Annual Benefits	\$ 2,792	\$ 10,382	\$ 16,804	\$ 19,832	\$ 38,748	\$ 43,372	\$ 47,302
		Average Final Average Salary	\$ 17,505	\$ 25,052	\$ 43,226	\$ 43,025	\$ 55,286	\$ 51,958	\$ 48,195
		Number of Retired Members	4	7	3	8	90	341	562
2015	General City	Average Annual Benefits	\$ 1,991	\$ 4,255	\$ 8,309	\$ 12,541	\$ 18,101	\$ 24,946	\$ 31,947
		Average Final Average Salary	\$ 22,370	\$ 25,181	\$ 28,282	\$ 32,174	\$ 37,678	\$ 42,241	\$ 43,590
		Number of Retired Members	572	1,441	1,068	1,148	1,008	1,323	2,286
	Police	Average Annual Benefits	\$ 11,241	\$ 6,993	\$ 15,952	\$ 24,070	\$ 39,029	\$ 42,750	\$ 49,811
		Average Final Average Salary	\$ 51,974	\$ 36,363	\$ 45,816	\$ 45,734	\$ 48,781	\$ 49,122	\$ 47,978
		Number of Retired Members	13	21	14	19	218	950	870
	Fire	Average Annual Benefits	\$ 2,841	\$ 9,707	\$ 13,086	\$ 22,290	\$ 39,423	\$ 44,635	\$ 48,604
		Average Final Average Salary	\$ 17,505	\$ 25,720	\$ 43,802	\$ 43,025	\$ 56,688	\$ 53,316	\$ 49,154
		Number of Retired Members	4	8	4	8	94	347	557
2016	General City	Average Annual Benefits	\$ 2,029	\$ 4,342	\$ 8,455	\$ 12,760	\$ 18,514	\$ 25,975	\$ 32,531
		Average Final Average Salary	\$ 22,634	\$ 25,694	\$ 29,210	\$ 33,330	\$ 38,696	\$ 43,430	\$ 44,644
		Number of Retired Members	591	1,493	1,094	1,176	1,018	1,337	2,313
	Police	Average Annual Benefits	\$ 10,689	\$ 7,428	\$ 16,958	\$ 24,777	\$ 38,908	\$ 43,989	\$ 51,088
		Average Final Average Salary	\$ 50,632	\$ 36,078	\$ 45,816	\$ 47,087	\$ 48,979	\$ 51,967	\$ 48,721
		Number of Retired Members	14	24	14	19	222	985	866
	Fire	Average Annual Benefits	\$ 2,890	\$ 9,782	\$ 16,452	\$ 22,595	\$ 38,227	\$ 45,319	\$ 48,852
		Average Final Average Salary	\$ 17,505	\$ 25,720	\$ 43,802	\$ 43,025	\$ 59,582	\$ 55,504	\$ 51,893
		Number of Retired Members	4	8	4	8	106	363	567
2017	General City	Average Annual Benefits	\$ 2,096	\$ 4,430	\$ 8,763	\$ 13,324	\$ 19,037	\$ 26,583	\$ 33,276
		Average Final Average Salary	\$ 23,289	\$ 26,128	\$ 29,934	\$ 34,209	\$ 39,784	\$ 44,761	\$ 46,059
		Number of Retired Members	602	1,522	1,104	1,185	1,031	1,357	2,363
	Police	Average Annual Benefits	\$ 11,044	\$ 8,016	\$ 15,306	\$ 26,203	\$ 41,359	\$ 45,231	\$ 52,108
		Average Final Average Salary	\$ 50,632	\$ 37,646	\$ 46,698	\$ 47,087	\$ 50,984	\$ 55,902	\$ 50,640
		Number of Retired Members	14	24	17	19	212	1,092	878
	Fire	Average Annual Benefits	\$ 2,829	\$ 11,696	\$ 15,561	\$ 21,233	\$ 40,455	\$ 47,937	\$ 52,389
		Average Final Average Salary	\$ 20,169	\$ 25,720	\$ 43,471	\$ 43,025	\$ 62,265	\$ 57,378	\$ 53,802
		Number of Retired Members	5	8	5	8	117	376	575
2018	General City	Average Annual Benefits	\$ 2,149	\$ 4,552	\$ 9,001	\$ 13,492	\$ 19,642	\$ 27,379	\$ 34,536
		Average Final Average Salary	\$ 23,695	\$ 26,975	\$ 30,734	\$ 34,961	\$ 40,767	\$ 46,009	\$ 47,329
		Number of Retired Members	617	1,560	1,118	1,202	1,054	1,377	2,373
	Police	Average Annual Benefits	\$ 8,578	\$ 8,543	\$ 16,217	\$ 24,061	\$ 42,583	\$ 48,585	\$ 54,637
		Average Final Average Salary	\$ 49,931	\$ 41,594	\$ 45,854	\$ 47,632	\$ 51,925	\$ 58,490	\$ 51,979
		Number of Retired Members	16	29	17	22	210	1,133	866
	Fire	Average Annual Benefits	\$ 3,064	\$ 11,342	\$ 16,304	\$ 24,575	\$ 43,416	\$ 49,715	\$ 54,200
		Average Final Average Salary	\$ 20,169	\$ 28,340	\$ 43,471	\$ 47,079	\$ 63,897	\$ 58,938	\$ 54,760
		Number of Retired Members	5	8	5	7	125	384	578

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Average Benefit Payment Amounts – Age/Service**  
**For Last Ten Fiscal Years**

Age/Service - Continued

Retirement Year	Employment Class	Category	Service Credit						
			0-5	5-10	11-15	16-20	20-25	26-30	31+
2019	General City	Average Annual Benefits	\$ 2,309	\$ 4,766	\$ 9,444	\$ 14,051	\$ 20,978	\$ 29,037	\$ 36,204
		Average Final Average Salary	\$ 26,240	\$ 27,951	\$ 32,337	\$ 37,201	\$ 43,600	\$ 49,907	\$ 52,564
		Number of Retired Members	631	1,569	1,131	1,207	1,064	1,392	2,389
	Police	Average Annual Benefits	\$ 8,073	\$ 9,459	\$ 17,060	\$ 28,387	\$ 45,532	\$ 53,442	\$ 57,435
		Average Final Average Salary	\$ 40,409	\$ 41,313	\$ 48,305	\$ 56,393	\$ 58,400	\$ 66,113	\$ 59,847
		Number of Retired Members	17	32	17	28	198	1,176	865
	Fire	Average Annual Benefits	\$ 3,113	\$ 4,594	\$ 16,662	\$ 25,403	\$ 50,046	\$ 55,691	\$ 58,175
		Average Final Average Salary	\$ 20,169	\$ 28,340	\$ 43,470	\$ 53,147	\$ 69,313	\$ 65,246	\$ 62,582
		Number of Retired Members	5	7	5	8	131	405	576
2020	General City	Average Annual Benefits	\$ 2,358	\$ 4,745	\$ 9,383	\$ 13,913	\$ 20,112	\$ 28,116	\$ 35,985
		Average Final Average Salary	\$ 24,536	\$ 28,345	\$ 32,249	\$ 36,965	\$ 42,323	\$ 48,065	\$ 50,085
		Number of Retired Members	675	1,625	1,192	1,249	1,133	1,489	2,461
	Police	Average Annual Benefits	\$ 6,653	\$ 8,321	\$ 16,475	\$ 27,689	\$ 43,869	\$ 51,077	\$ 57,421
		Average Final Average Salary	\$ 40,253	\$ 41,058	\$ 46,638	\$ 59,151	\$ 53,897	\$ 63,925	\$ 55,786
		Number of Retired Members	23	41	19	33	208	1,345	907
	Fire	Average Annual Benefits	\$ 3,156	\$ 4,871	\$ 24,186	\$ 25,208	\$ 47,578	\$ 53,518	\$ 58,473
		Average Final Average Salary	\$ 20,169	\$ 43,405	\$ 43,471	\$ 57,604	\$ 67,320	\$ 64,965	\$ 58,130
		Number of Retired Members	5	8	6	14	141	492	599
2021	General City	Average Annual Benefits	\$ 2,515	\$ 4,963	\$ 9,817	\$ 14,612	\$ 20,923	\$ 29,336	\$ 37,496
		Average Final Average Salary	\$ 24,983	\$ 29,110	\$ 33,314	\$ 37,942	\$ 43,268	\$ 49,571	\$ 51,150
		Number of Retired Members	635	1,609	1,158	1,216	1,094	1,439	2,381
	Police	Average Annual Benefits	\$ 8,019	\$ 9,694	\$ 17,439	\$ 29,817	\$ 45,261	\$ 54,117	\$ 61,144
		Average Final Average Salary	\$ 40,253	\$ 43,157	\$ 50,073	\$ 62,839	\$ 55,464	\$ 66,511	\$ 57,511
		Number of Retired Members	19	49	23	38	203	1,325	860
	Fire	Average Annual Benefits	\$ 3,912	\$ 7,350	\$ 17,282	\$ 28,949	\$ 47,664	\$ 54,844	\$ 59,541
		Average Final Average Salary	\$ 23,090	\$ 42,336	\$ 43,471	\$ 58,092	\$ 69,512	\$ 67,358	\$ 59,510
		Number of Retired Members	6	10	5	13	138	467	575
2022	General City	Average Annual Benefits	\$ 2,500	\$ 5,125	\$ 9,956	\$ 15,029	\$ 21,766	\$ 30,521	\$ 38,331
		Average Final Average Salary	\$ 26,100	\$ 29,684	\$ 33,946	\$ 38,914	\$ 44,382	\$ 50,726	\$ 52,054
		Number of Retired Members	648	1,607	1,175	1,223	1,087	1,453	2,364
	Police	Average Annual Benefits	\$ 7,833	\$ 9,990	\$ 18,727	\$ 30,194	\$ 45,825	\$ 56,669	\$ 62,574
		Average Final Average Salary	\$ 40,433	\$ 44,222	\$ 50,035	\$ 65,341	\$ 55,923	\$ 69,065	\$ 59,161
		Number of Retired Members	20	57	24	43	203	1,369	858
	Fire	Average Annual Benefits	\$ 4,184	\$ 7,424	\$ 15,286	\$ 28,843	\$ 47,595	\$ 55,891	\$ 62,080
		Average Final Average Salary	\$ 23,090	\$ 42,138	\$ 46,829	\$ 58,092	\$ 72,074	\$ 68,472	\$ 61,379
		Number of Retired Members	6	11	6	12	150	481	563
2023	General City	Average Annual Benefits	\$ 2,502	\$ 5,202	\$ 10,243	\$ 15,335	\$ 22,260	\$ 29,035	\$ 39,113
		Average Final Average Salary	\$ 26,424	\$ 30,362	\$ 34,506	\$ 39,725	\$ 45,756	\$ 51,902	\$ 53,016
		Number of Retired Members	665	1,635	1,171	1,228	1,088	1,666	2,345
	Police	Average Annual Benefits	\$ 7,541	\$ 10,459	\$ 18,456	\$ 31,917	\$ 46,097	\$ 57,127	\$ 66,034
		Average Final Average Salary	\$ 40,922	\$ 44,874	\$ 54,302	\$ 67,166	\$ 58,006	\$ 70,569	\$ 60,096
		Number of Retired Members	23	63	27	48	209	1,483	835
	Fire	Average Annual Benefits	\$ 4,274	\$ 9,053	\$ 19,070	\$ 27,687	\$ 50,403	\$ 59,701	\$ 64,753
		Average Final Average Salary	\$ 23,090	\$ 41,419	\$ 46,829	\$ 63,679	\$ 73,914	\$ 71,273	\$ 63,651
		Number of Retired Members	6	14	6	14	158	538	553

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Average Benefit Payment Amounts – Death**  
**For Last Ten Fiscal Years**

Retirement Year	Employment Class	Category	Death						
			Service Credit						
			0-5	5-10	11-15	16-20	20-25	26-30	31+
2014	General City	Average Annual Benefits	\$ 4,842	\$ 4,614	\$ 8,328	\$ 15,425	\$ 9,285	\$ 12,560	\$ 16,308
		Average Final Average Salary	\$ 30,966	\$ 42,453	\$ 37,102	\$ 48,370	\$ 47,899	\$ 52,597	\$ 47,181
		Number of Retired Members	10	28	14	13	26	20	38
	Police	Average Annual Benefits	\$ 12,326	\$ 7,946	\$ 7,110	\$ 15,975	\$ 3,150	\$ 11,204	\$ 3,600
		Average Final Average Salary	\$ 22,621	\$ 46,388	\$ 41,097	\$ 44,785	N/A	\$ 44,020	N/A
		Number of Retired Members	8	14	6	6	4	3	1
	Fire	Average Annual Benefits	\$ 7,546	\$ 17,891	\$ 12,488	\$ 5,778	\$ 21,200	\$ 3,076	\$ 23,980
		Average Final Average Salary	\$ 19,692	\$ 29,819	\$ 25,729	\$ 16,890	\$ 35,334	\$ 4,252	\$ 39,967
		Number of Retired Members	6	2	3	3	2	2	1
2015	General City	Average Annual Benefits	\$ 4,891	\$ 4,931	\$ 7,908	\$ 12,165	\$ 9,508	\$ 12,560	\$ 15,342
		Average Final Average Salary	\$ 31,048	\$ 42,480	\$ 38,019	\$ 48,744	\$ 47,930	\$ 52,597	\$ 47,181
		Number of Retired Members	10	28	17	17	25	20	38
	Police	Average Annual Benefits	\$ 13,367	\$ 17,139	\$ 14,770	\$ 15,782	\$ 3,600	\$ 11,356	\$ 3,600
		Average Final Average Salary	\$ 24,992	\$ 28,565	\$ 62,160	\$ 45,640	N/A	\$ 44,780	N/A
		Number of Retired Members	7	6	10	6	3	3	1
	Fire	Average Annual Benefits	\$ 8,621	\$ 18,242	\$ 12,657	\$ 5,611	\$ 21,543	\$ 3,600	\$ 24,388
		Average Final Average Salary	\$ 19,948	\$ 30,403	\$ 26,150	\$ 17,053	\$ 35,905	N/A	\$ 40,647
		Number of Retired Members	5	2	3	3	2	1	1
2016	General City	Average Annual Benefits	\$ 4,941	\$ 4,947	\$ 5,086	\$ 10,037	\$ 8,530	\$ 9,749	\$ 16,988
		Average Final Average Salary	\$ 31,132	\$ 42,508	\$ 38,019	\$ 45,675	\$ 51,104	\$ 56,809	\$ 50,694
		Number of Retired Members	10	28	17	21	29	24	30
	Police	Average Annual Benefits	\$ 13,450	\$ 17,415	\$ 14,813	\$ 19,073	\$ 3,600	\$ 11,511	\$ 3,600
		Average Final Average Salary	\$ 25,153	\$ 29,026	\$ 62,303	\$ 46,513	N/A	\$ 45,556	N/A
		Number of Retired Members	7	6	10	5	3	3	1
	Fire	Average Annual Benefits	\$ 7,416	\$ 18,600	\$ 12,828	\$ 6,966	\$ 21,892	\$ 3,600	\$ 24,804
		Average Final Average Salary	\$ 20,127	\$ 31,000	\$ 26,579	\$ 17,219	\$ 36,488	N/A	\$ 41,339
		Number of Retired Members	6	2	3	2	2	1	1
2017	General City	Average Annual Benefits	\$ 3,881	\$ 4,963	\$ 5,857	\$ 7,816	\$ 7,885	\$ 10,255	\$ 17,341
		Average Final Average Salary	\$ 33,585	\$ 42,537	\$ 35,417	\$ 43,227	\$ 50,959	\$ 57,001	\$ 51,088
		Number of Retired Members	14	28	13	25	45	24	31
	Police	Average Annual Benefits	\$ 13,593	\$ 17,698	\$ 14,857	\$ 19,393	\$ 3,600	\$ 10,118	\$ 3,600
		Average Final Average Salary	\$ 25,431	\$ 29,496	\$ 62,449	\$ 47,403	N/A	\$ 38,592	N/A
		Number of Retired Members	7	6	10	5	3	3	1
	Fire	Average Annual Benefits	\$ 7,924	\$ 18,965	\$ 13,003	\$ 7,017	\$ 22,249	\$ 3,600	\$ 25,228
		Average Final Average Salary	\$ 20,413	\$ 31,609	\$ 27,017	\$ 17,388	\$ 37,082	N/A	\$ 42,046
		Number of Retired Members	6	2	3	2	2	1	1
2018	General City	Average Annual Benefits	\$ 5,360	\$ 4,015	\$ 3,240	\$ 8,988	\$ 8,875	\$ 11,469	\$ 9,726
		Average Final Average Salary	\$ 35,969	\$ 42,566	\$ 45,266	\$ 39,896	\$ 48,195	\$ 51,554	\$ 57,259
		Number of Retired Members	13	28	17	25	41	20	23
	Police	Average Annual Benefits	\$ 10,530	\$ 17,985	\$ 14,451	\$ 17,851	\$ 8,117	\$ 3,600	\$ 3,600
		Average Final Average Salary	\$ 19,474	\$ 29,976	\$ 62,598	\$ 59,005	\$ 79,173	N/A	N/A
		Number of Retired Members	7	6	10	5	7	2	1
	Fire	Average Annual Benefits	\$ 7,784	\$ 19,338	\$ 13,182	\$ 7,068	\$ 22,613	\$ 3,600	\$ 25,660
		Average Final Average Salary	\$ 20,780	\$ 32,230	\$ 27,463	\$ 17,561	\$ 37,688	N/A	\$ 42,767
		Number of Retired Members	6	2	3	2	2	1	1

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Average Benefit Payment Amounts – Death**  
**For Last Ten Fiscal Years**

**Death - Continued**

Retirement Year	Employment Class	Category	Service Credit						
			0-5	5-10	11-15	16-20	20-25	26-30	31+
2019	General City	Average Annual Benefits	\$ 11,427	\$ 7,943	\$ 4,924	\$ 9,618	\$ 12,830	\$ 9,992	\$ 17,703
		Average Final Average Salary	\$ 37,487	\$ 47,985	\$ 48,432	\$ 39,576	\$ 38,736	\$ 32,327	\$ 36,499
		Number of Retired Members	5	8	7	8	11	8	4
	Police	Average Annual Benefits	\$ 12,261	\$ 17,162	\$ 12,761	\$ 32,230	\$ 6,151	\$ 3,300	\$ 3,600
		Average Final Average Salary	\$ 19,435	\$ 28,604	\$ 28,926	\$ 55,925	\$ 24,483	N/A	N/A
		Number of Retired Members	6	6	5	5	4	2	1
	Fire	Average Annual Benefits	\$ 9,059	\$ 19,718	\$ 11,612	\$ 7,121	\$ 24,337	\$ 3,600	\$ 26,101
		Average Final Average Salary	\$ 12,698	\$ 32,863	\$ 22,080	\$ 13,212	\$ 40,562	\$ 5,026	\$ 43,502
		Number of Retired Members	5	2	3	2	1	1	1
2020	General City	Average Annual Benefits	\$ 5,636	\$ 5,157	\$ 7,972	\$ 9,791	\$ 9,225	\$ 11,433	\$ 14,290
		Average Final Average Salary	\$ 37,581	\$ 44,012	\$ 60,477	\$ 39,633	\$ 48,498	\$ 51,554	\$ 55,845
		Number of Retired Members	18	16	37	29	64	20	7
	Police	Average Annual Benefits	\$ 12,423	\$ 20,595	\$ 9,498	\$ 23,234	\$ 9,401	\$ 3,600	\$ 3,600
		Average Final Average Salary	\$ 23,725	\$ 34,434	\$ 45,525	\$ 75,128	\$ 79,173	N/A	N/A
		Number of Retired Members	6	5	4	9	7	1	1
	Fire	Average Annual Benefits	\$ 8,866	\$ 20,041	\$ 16,721	\$ 7,152	\$ 24,671	\$ 3,600	\$ 26,467
		Average Final Average Salary	\$ 21,539	\$ 33,509	\$ 44,931	\$ 17,917	\$ 41,249	N/A	\$ 44,252
		Number of Retired Members	5	2	2	2	1	1	1
2021	General City	Average Annual Benefits	\$ 6,798	\$ 5,193	\$ 8,133	\$ 9,370	\$ 9,759	\$ 11,446	\$ 14,388
		Average Final Average Salary	\$ 37,626	\$ 44,069	\$ 60,477	\$ 43,070	\$ 48,511	\$ 51,554	\$ 55,845
		Number of Retired Members	18	16	37	37	64	20	7
	Police	Average Annual Benefits	\$ 12,167	\$ 20,956	\$ 4,783	\$ 37,069	\$ 9,412	\$ 3,593	\$ 3,593
		Average Final Average Salary	\$ 23,184	\$ 34,998	\$ 86,675	\$ 75,366	\$ 79,173	\$ 3,600	\$ 3,600
		Number of Retired Members	6	5	20	9	7	1	1
	Fire	Average Annual Benefits	\$ 10,700	\$ 20,459	\$ 16,974	\$ 1,498	\$ 25,120	\$ 3,593	\$ 26,956
		Average Final Average Salary	\$ 21,825	\$ 34,168	\$ 45,710	\$ 3,003	\$ 41,951	\$ 3,600	\$ 45,018
		Number of Retired Members	4	2	2	2	1	1	1
2022	General City	Average Annual Benefits	\$ 6,352	\$ 2,870	\$ 8,127	\$ 10,770	\$ 8,000	\$ 8,994	\$ 14,482
		Average Final Average Salary	\$ 37,672	\$ 36,656	\$ 60,477	\$ 43,275	\$ 46,968	\$ 51,554	\$ 55,845
		Number of Retired Members	18	36	37	33	68	20	7
	Police	Average Annual Benefits	\$ 12,198	\$ 13,575	\$ 13,369	\$ 30,197	\$ 9,405	\$ 3,600	\$ 3,600
		Average Final Average Salary	\$ 23,984	\$ 57,202	\$ 86,723	\$ 84,023	\$ 79,173	\$ 3,600	\$ 3,600
		Number of Retired Members	5	9	20	13	7	1	1
	Fire	Average Annual Benefits	\$ 11,184	\$ 20,846	\$ 17,199	\$ -	\$ 25,529	\$ 3,600	\$ 25,092
		Average Final Average Salary	\$ 22,921	\$ 34,840	\$ 46,504	\$ -	\$ 42,667	\$ 3,600	\$ 41,937
		Number of Retired Members	4	2	2	-	1	1	1
2023	General City	Average Annual Benefits	\$ 6,308	\$ 4,085	\$ 8,120	\$ 10,980	\$ 9,707	\$ 10,623	\$ 14,582
		Average Final Average Salary	\$ 39,422	\$ 39,795	\$ 60,477	\$ 45,054	\$ 44,867	\$ 52,174	\$ 55,845
		Number of Retired Members	22	40	37	29	44	16	7
	Police	Average Annual Benefits	\$ 12,448	\$ 15,007	\$ 13,248	\$ 30,891	\$ 12,773	\$ 3,600	\$ 3,600
		Average Final Average Salary	\$ 24,528	\$ 57,528	\$ 86,771	\$ 84,188	\$ 95,835	\$ 3,600	\$ 3,600
		Number of Retired Members	5	9	20	13	11	1	1
	Fire	Average Annual Benefits	\$ 12,028	\$ 21,237	\$ 17,426	\$ -	\$ 25,943	\$ 3,600	\$ -
		Average Final Average Salary	\$ 24,826	\$ 35,525	\$ 47,314	\$ -	\$ 43,396	\$ 3,600	\$ -
		Number of Retired Members	4	2	2	-	1	1	-

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Average Benefit Payment Amounts – Disability**  
**For Last Ten Fiscal Years**

Retirement Year	Employment Class	Category	Disability						
			Service Credit						
			0-5	5-10	11-15	16-20	20-25	26-30	31+
2014	General City	Average Annual Benefits	\$ 18,708	\$ 9,611	\$ 9,403	\$ 11,043	\$ 13,646	\$ 18,109	\$ 18,019
		Average Final Average Salary	\$ 27,539	\$ 28,279	\$ 32,087	\$ 31,994	\$ 37,437	\$ 32,818	\$ 26,283
		Number of Retired Members	15	133	180	158	145	84	33
	Police	Average Annual Benefits	\$ 50,123	\$ 41,520	\$ 42,712	\$ 44,306	\$ 40,681	\$ 50,023	\$ 45,903
		Average Final Average Salary	\$ 66,647	\$ 66,192	\$ 62,040	\$ 64,594	\$ 58,626	\$ 69,890	\$ 65,227
		Number of Retired Members	15	33	34	36	28	14	21
	Fire	Average Annual Benefits	\$ 39,685	\$ 44,593	\$ 44,023	\$ 43,369	\$ 39,094	\$ 44,944	\$ 52,578
		Average Final Average Salary	\$ 59,781	\$ 62,726	\$ 65,435	\$ 64,797	\$ 58,235	\$ 68,050	\$ 77,203
		Number of Retired Members	20	33	33	50	41	54	30
2015	General City	Average Annual Benefits	\$ 19,075	\$ 9,537	\$ 9,559	\$ 11,193	\$ 14,170	\$ 19,033	\$ 19,735
		Average Final Average Salary	\$ 25,491	\$ 28,147	\$ 32,507	\$ 32,202	\$ 37,795	\$ 34,539	\$ 27,379
		Number of Retired Members	14	133	182	161	144	81	29
	Police	Average Annual Benefits	\$ 48,855	\$ 39,124	\$ 40,842	\$ 42,403	\$ 42,757	\$ 52,008	\$ 48,977
		Average Final Average Salary	\$ 64,689	\$ 62,994	\$ 59,312	\$ 61,801	\$ 62,513	\$ 71,666	\$ 66,246
		Number of Retired Members	15	33	36	36	28	14	20
	Fire	Average Annual Benefits	\$ 42,449	\$ 45,206	\$ 40,620	\$ 42,980	\$ 40,457	\$ 44,829	\$ 52,367
		Average Final Average Salary	\$ 65,481	\$ 64,009	\$ 64,085	\$ 63,882	\$ 61,057	\$ 68,086	\$ 76,838
		Number of Retired Members	18	32	36	50	39	58	32
2016	General City	Average Annual Benefits	\$ 22,435	\$ 9,875	\$ 9,937	\$ 11,213	\$ 14,344	\$ 19,527	\$ 19,635
		Average Final Average Salary	\$ 29,740	\$ 28,875	\$ 32,647	\$ 32,813	\$ 38,407	\$ 35,348	\$ 27,993
		Number of Retired Members	12	133	176	161	140	78	28
	Police	Average Annual Benefits	\$ 60,448	\$ 47,224	\$ 48,980	\$ 47,777	\$ 51,388	\$ 56,365	\$ 52,484
		Average Final Average Salary	\$ 79,452	\$ 74,098	\$ 71,998	\$ 69,675	\$ 71,002	\$ 75,847	\$ 66,246
		Number of Retired Members	14	33	38	37	28	14	20
	Fire	Average Annual Benefits	\$ 41,396	\$ 44,862	\$ 41,587	\$ 40,471	\$ 40,655	\$ 47,560	\$ 53,366
		Average Final Average Salary	\$ 63,475	\$ 63,765	\$ 64,241	\$ 61,942	\$ 61,880	\$ 70,091	\$ 77,702
		Number of Retired Members	18	32	37	52	41	58	31
2017	General City	Average Annual Benefits	\$ 22,882	\$ 9,417	\$ 9,600	\$ 11,875	\$ 13,920	\$ 20,423	\$ 20,586
		Average Final Average Salary	\$ 30,090	\$ 29,583	\$ 32,948	\$ 33,274	\$ 36,145	\$ 36,187	\$ 27,036
		Number of Retired Members	12	141	186	158	144	77	26
	Police	Average Annual Benefits	\$ 56,361	\$ 42,779	\$ 48,749	\$ 46,454	\$ 47,113	\$ 56,586	\$ 51,247
		Average Final Average Salary	\$ 74,193	\$ 67,398	\$ 71,253	\$ 72,135	\$ 67,831	\$ 78,723	\$ 66,246
		Number of Retired Members	13	34	36	35	29	14	20
	Fire	Average Annual Benefits	\$ 48,429	\$ 55,565	\$ 50,837	\$ 55,184	\$ 48,302	\$ 54,320	\$ 63,596
		Average Final Average Salary	\$ 71,007	\$ 78,164	\$ 76,053	\$ 81,113	\$ 71,530	\$ 76,761	\$ 82,874
		Number of Retired Members	17	33	38	52	43	58	31
2018	General City	Average Annual Benefits	\$ 23,339	\$ 9,790	\$ 9,501	\$ 11,967	\$ 14,533	\$ 18,635	\$ 21,735
		Average Final Average Salary	\$ 30,448	\$ 29,746	\$ 33,471	\$ 34,062	\$ 36,476	\$ 36,728	\$ 27,571
		Number of Retired Members	12	133	193	160	137	85	23
	Police	Average Annual Benefits	\$ 53,898	\$ 44,200	\$ 49,099	\$ 48,487	\$ 47,837	\$ 57,648	\$ 48,808
		Average Final Average Salary	\$ 71,524	\$ 69,497	\$ 71,315	\$ 71,307	\$ 70,565	\$ 78,998	\$ 65,601
		Number of Retired Members	13	33	37	34	28	14	21
	Fire	Average Annual Benefits	\$ 49,931	\$ 47,452	\$ 47,234	\$ 49,220	\$ 48,607	\$ 51,174	\$ 59,296
		Average Final Average Salary	\$ 72,619	\$ 68,957	\$ 72,578	\$ 71,919	\$ 69,912	\$ 72,998	\$ 81,132
		Number of Retired Members	13	34	37	52	44	59	31

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Schedule of Average Benefit Payment Amounts – Disability**  
**For Last Ten Fiscal Years**

**Disability - Continued**

Retirement Year	Employment Class	Category	Service Credit						
			0-5	5-10	11-15	16-20	20-25	26-30	31+
2019	General City	Average Annual Benefits	\$ 23,804	\$ 10,056	\$ 10,441	\$ 13,968	\$ 17,351	\$ 21,468	\$ 22,182
		Average Final Average Salary	\$ 30,743	\$ 29,828	\$ 34,414	\$ 37,022	\$ 41,194	\$ 44,100	\$ 36,060
		Number of Retired Members	12	121	172	137	115	71	21
	Police	Average Annual Benefits	\$ 58,446	\$ 48,053	\$ 50,976	\$ 45,527	\$ 57,926	\$ 63,741	\$ 56,804
		Average Final Average Salary	\$ 77,626	\$ 77,381	\$ 75,704	\$ 79,160	\$ 79,635	\$ 81,557	\$ 71,296
		Number of Retired Members	12	29	37	34	30	15	21
	Fire	Average Annual Benefits	\$ 50,358	\$ 50,626	\$ 46,885	\$ 51,367	\$ 48,879	\$ 55,498	\$ 68,092
		Average Final Average Salary	\$ 73,019	\$ 79,171	\$ 78,986	\$ 81,735	\$ 71,652	\$ 78,708	\$ 82,455
		Number of Retired Members	13	28	38	46	42	58	33
2020	General City	Average Annual Benefits	\$ 24,262	\$ 9,760	\$ 9,976	\$ 12,622	\$ 15,156	\$ 19,207	\$ 22,139
		Average Final Average Salary	\$ 31,156	\$ 30,114	\$ 34,153	\$ 35,447	\$ 37,703	\$ 35,821	\$ 29,132
		Number of Retired Members	11	118	182	157	132	76	20
	Police	Average Annual Benefits	\$ 57,599	\$ 46,814	\$ 51,089	\$ 46,024	\$ 50,060	\$ 59,407	\$ 53,095
		Average Final Average Salary	\$ 77,380	\$ 74,533	\$ 74,106	\$ 72,929	\$ 72,885	\$ 81,146	\$ 67,200
		Number of Retired Members	10	29	37	31	31	17	20
	Fire	Average Annual Benefits	\$ 44,270	\$ 51,043	\$ 44,850	\$ 47,361	\$ 47,255	\$ 54,210	\$ 61,644
		Average Final Average Salary	\$ 66,094	\$ 76,339	\$ 72,091	\$ 72,133	\$ 67,948	\$ 76,378	\$ 83,112
		Number of Retired Members	14	26	38	43	36	69	42
2021	General City	Average Annual Benefits	\$ 24,934	\$ 9,602	\$ 9,894	\$ 12,670	\$ 15,639	\$ 19,428	\$ 22,202
		Average Final Average Salary	\$ 31,567	\$ 29,712	\$ 34,555	\$ 36,073	\$ 38,432	\$ 36,144	\$ 32,010
		Number of Retired Members	10	110	180	154	126	75	15
	Police	Average Annual Benefits	\$ 57,934	\$ 47,575	\$ 54,877	\$ 47,267	\$ 52,169	\$ 66,161	\$ 53,926
		Average Final Average Salary	\$ 77,779	\$ 75,036	\$ 79,846	\$ 75,199	\$ 77,602	\$ 88,547	\$ 68,140
		Number of Retired Members	10	28	37	29	28	16	21
	Fire	Average Annual Benefits	\$ 48,109	\$ 48,457	\$ 44,456	\$ 46,347	\$ 46,052	\$ 55,059	\$ 62,241
		Average Final Average Salary	\$ 74,169	\$ 76,273	\$ 73,456	\$ 71,880	\$ 67,594	\$ 76,363	\$ 83,454
		Number of Retired Members	11	25	32	36	34	61	41
2022	General City	Average Annual Benefits	\$ 20,987	\$ 9,935	\$ 10,196	\$ 13,086	\$ 16,047	\$ 19,083	\$ 23,469
		Average Final Average Salary	\$ 25,989	\$ 30,260	\$ 34,948	\$ 36,538	\$ 39,165	\$ 36,671	\$ 29,414
		Number of Retired Members	10	111	174	147	123	75	13
	Police	Average Annual Benefits	\$ 63,135	\$ 51,744	\$ 56,643	\$ 45,596	\$ 51,140	\$ 64,763	\$ 54,933
		Average Final Average Salary	\$ 84,636	\$ 81,894	\$ 82,622	\$ 75,126	\$ 76,048	\$ 85,160	\$ 68,416
		Number of Retired Members	9	25	34	31	27	18	21
	Fire	Average Annual Benefits	\$ 48,866	\$ 52,197	\$ 44,342	\$ 46,553	\$ 45,875	\$ 57,473	\$ 63,940
		Average Final Average Salary	\$ 75,354	\$ 80,534	\$ 76,310	\$ 72,732	\$ 68,614	\$ 78,975	\$ 84,125
		Number of Retired Members	10	23	33	33	33	57	42
2023	General City	Average Annual Benefits	\$ 23,628	\$ 10,034	\$ 9,868	\$ 13,295	\$ 16,642	\$ 21,263	\$ 18,053
		Average Final Average Salary	\$ 28,947	\$ 30,290	\$ 34,919	\$ 37,098	\$ 39,531	\$ 37,957	\$ 29,024
		Number of Retired Members	9	106	165	141	123	68	13
	Police	Average Annual Benefits	\$ 58,166	\$ 49,406	\$ 55,746	\$ 48,267	\$ 49,172	\$ 65,248	\$ 57,301
		Average Final Average Salary	\$ 79,037	\$ 80,230	\$ 81,392	\$ 76,269	\$ 75,652	\$ 86,201	\$ 71,034
		Number of Retired Members	8	27	33	30	28	18	21
	Fire	Average Annual Benefits	\$ 51,146	\$ 49,787	\$ 45,480	\$ 41,138	\$ 46,813	\$ 57,987	\$ 67,460
		Average Final Average Salary	\$ 74,183	\$ 83,293	\$ 76,701	\$ 69,925	\$ 73,075	\$ 81,695	\$ 87,652
		Number of Retired Members	8	20	30	32	33	62	45

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE**  
**Principal Participating Employers**  
**Current Year and Nine Years Ago**

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	<u>As of December 31, 2023</u>			<u>As of December 31, 2014</u>		
	<u>Active</u>	<u>Percentage</u>	<u>Rank</u>	<u>Active</u>	<u>Percentage</u>	<u>Rank</u>
	<u>Members</u>	<u>of Total Plan</u>		<u>Members</u>	<u>of Total Plan</u>	
<b>Participating Government</b>						
City of Milwaukee	5,486	54.27%	1	6,078	56.98%	1
Milwaukee Public Schools	3,824	37.83%	2	3,968	37.20%	2
Milwaukee Water Works	321	3.18%	3	296	2.77%	3
Milwaukee Metropolitan Sewerage District	238	2.35%	4	218	2.04%	4
Wisconsin Center District	128	1.27%	5	53	0.50%	5
Housing Authority - City of Milwaukee	104	1.03%	6	-	0.00%	8
Veolia Water	7	0.07%	7	53	0.50%	5
Milwaukee Technical College	-	0.00%	N/A	1	0.01%	7
<b>Total</b>	<u>10,108</u>	<u>100%</u>		<u>10,667</u>	<u>100%</u>	

## Conference Requests – September 2024 Board Meeting

Thomas Courtright  
Sponsor: 2024 University of Wisconsin Investment Conference  
University of Wisconsin - Madison  
Location: Madison, WI  
Date: October 4, 2024  
Estimated Cost: \$250.00

David Silber,  
Thomas Courtright,  
Keith Dickerson,  
Aaron Shew  
Sponsor: William Blair  
Location: Chicago, IL  
Date: November 19, 2024  
Estimated Cost: \$100.00 per person

David Silber,  
Keith Dickerson  
Sponsors: Polen Capital and Earnest Partners Due Diligence  
Earnest Partners, Polen Capital  
Locations: Boca Raton, FL and Atlanta, GA  
Date(s): December 9-11, 2024  
Estimated Cost: \$1,500.00 per person

David Silber  
Sponsor: 2025 Visions, Insights & Perspectives (VIP) Americas  
Institutional Real Estate, Inc.  
Location: Dana Point, CA  
Date(s): January 27-30, 2025  
Estimated Cost: \$2,250.00



EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF  
MILWAUKEE

# Fiduciary Liability

## Insurance Proposal

Policy Term November 1, 2024 – November 1, 2025

*Prepared for Meeting on September 24, 2024*



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# Disclaimer

This renewal proposal document is furnished as a matter of information for your convenience. It only summarizes the proposed policies, and does not reflect all of the terms, conditions, and exclusions of said policies. Moreover, the information contained herein reflects proposed coverage as of the effective dates of the proposed policies and does not include subsequent changes. This document does not alter, amend, or extend the coverage afforded by the insurance policies themselves.

As respects coverage placed on claims made contracts, coverage is provided for claims first made against the Insured during the policy period. Any claim made against an Insured must be reported during that policy period. Brown & Brown Insurance Services, Inc. highly recommends ensuring all events which trigger the definition of Claim within the policy, even if they are under the retention/deductible, are reported to the current insurance carrier under the current policy period prior to expiration.

IMPORTANT NOTE
<p>These quotations are conditioned upon there being no material change in risk between the date of this proposal and the inception date of the proposed coverage. In the event of such change, the underwriter(s) may, at their sole discretion, modify or withdraw the quotation. The coverage afforded hereunder may not be accepted after the quotation expiration date set forth above.</p> <p>Brown &amp; Brown Insurance Services, Inc. highly recommends ensuring all events which trigger the definition of Claim within the policy, even if they are under the retention/deductible, be reported to the current insurance carrier under the current policy period to expiration.</p>



# Fiduciary Liability Premium Summary

FIDUCIARY LIABILITY				
INSURER	PROGRAM LIMITS	NOVEMBER 1, 2023 – NOVEMBER 1, 2024 PREMIUM	NOVEMBER 1, 2024 – NOVEMBER 1, 2025 PREMIUM	% CHANGE
Primary (Hudson)	Primary \$10M with \$500,000 Retention	\$107,794*	\$107,794*	0%
1st Excess (RLI)	\$10M x/s Primary \$10M	\$84,205**	\$84,205**	0%
2nd Excess (Chubb)	\$10M x/s Underlying \$20M	\$58,804***	\$58,804***	0%
3rd Excess (Axis)	\$10M x/s Underlying \$30M	\$48,970^	\$48,970^	0%
Non-Indemnifiable (RLI)	\$10M x/s Underlying \$40M	\$42,018^^	\$42,018^^	0%
<b>Total Policy Year Premium All Layers:</b>		<b>\$341,791</b>	<b>\$341,791</b>	0%

Waiver of Recourse Premium included above by policy is; \*\$100 / \*\*\$200 / \*\*\*\$200 / ^\$200 / ^^Included in first layer

## Marketing Results:

Brown & Brown was successful in negotiating:

- No change in insurer(s)
- No changes in limits or deductibles
- No change in coverage terms
- Flat premium renewals with all incumbent insurers on both the primary and excess layers.



# Fiduciary Liability

## Program Description

The current ERS fiduciary liability insurance program provides a \$50,000,000 annual aggregate limit of liability which includes \$10,000,000 of Non-Indemnifiable Coverage, which is specifically carried to protect the Trustees. The primary policy is subject to a \$500,000 retention (\$0 as respects non-indemnifiable claims). The limit of \$50,000,000 is achieved through a layered approach. The current and the proposed insurers by policy remain the same, as follows:

Program Layers	Expiring Program Insurers
Primary \$10MIL	Hudson Insurance Company, a subsidiary of Odyssey Re Holdings Corp. (Euclid Specialty Managers)
1 <sup>st</sup> Excess \$10MIL	RLI Insurance Company
2 <sup>nd</sup> Excess \$10MIL	Federal Insurance Company (Chubb)
3 <sup>rd</sup> Excess \$10MIL	Axis Insurance Company
4 <sup>th</sup> Excess (Non-Indemnifiable Losses Only) \$10MIL	RLI Insurance Company

*The above companies are high quality insurers with excellent AM Best ratings, evidenced on the ratings page.*

## Marketing Effort

- Outside marketing was not completed for the 2024 policy term because of the exceptional renewal results that Brown & Brown was able to negotiate with the incumbent insurers, and the lack of competitive options identified when last marketed in 2021.
- In 2021, we approached 16 markets:
  - 4 markets provided pricing indications that were significantly higher than the incumbents.
  - 12 markets declined because they could not compete on price, the program was too large for their appetite, or the market was not offering coverage to public entities.

## Analysis of Results

- A flat renewal result is better than anticipated given the recent results we have seen elsewhere in the marketplace, especially with plans that have over \$5B in plan assets.
- All program participants continued to offer their expiring \$10MM program limit layers, which is also better than anticipated. The Fiduciary Liability market continues to pull back on capacity due to the litigation activity within this space. Reductions to \$5MM per layer are very common.
- Coverage has been quoted per expiring which is what was expected from the markets this year.

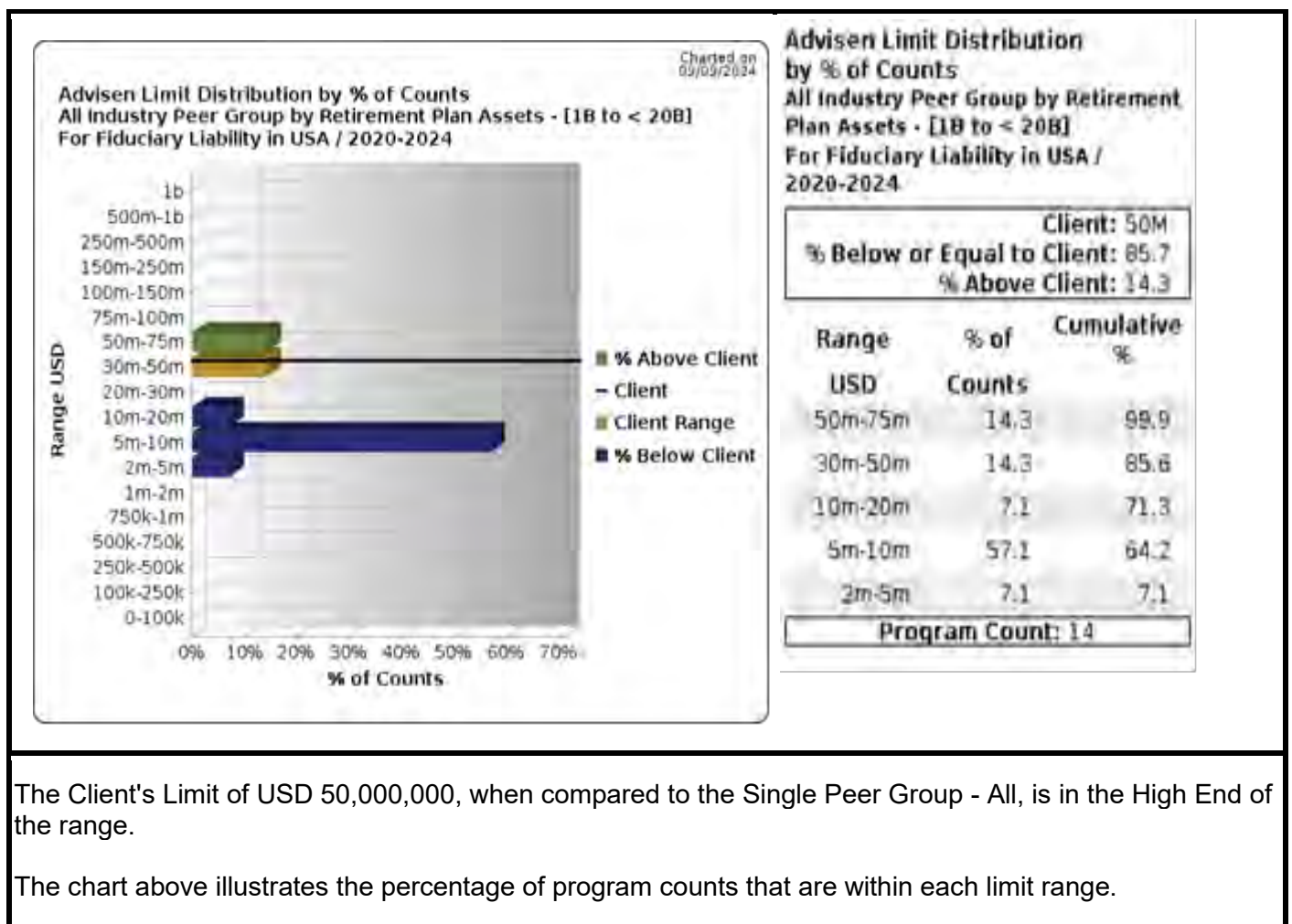
## Coverage Changes

- None



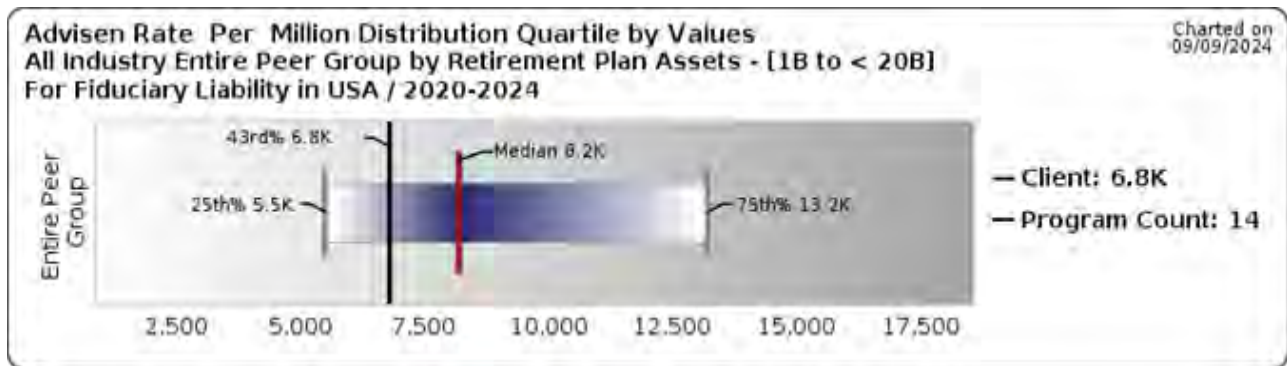
# Fiduciary Benchmarking - Limit

Advisen Peer Group for City of Milwaukee ERS	
Coverage Type:	Fiduciary Liability – Limit Benchmarking
Company Type / Industries:	All
Retirement Plan Asset Size:	\$1 Billion to \$20 Billion (ERS is \$5,796,501,000)
Number of Respondents:	14
Limit	\$50,000,000



# Fiduciary Benchmarking - Rate

Advisen Peer Group for City of Milwaukee ERS	
Coverage Type:	Fiduciary Liability – Rate Benchmarking
Company Type / Industries:	All
Retirement Plan Asset Size:	\$1 Billion to \$20 Billion (ERS is \$5,796,501,000)
Number of Respondents:	14
Limit	\$50,000,000
Premium	\$341,791



The Client's Rate Per Million of USD \$6,835.80 when compared to the Single Peer Group - All, is in the Low Middle range compared to the selected peer group.

# Market Security Analysis

Insurer	Line of Coverage	AM Best Rating	Financial Strength Rating Outlook	Credit Rating Outlook
Hudson Insurance Company (Encore)	Fiduciary (Primary)	A+ / XV	Stable	Stable
RLI Insurance Company	Fiduciary (1 <sup>st</sup> Excess and High Non-Indemnifiable Layer)	A+ / XIV	Stable	Stable
Federal Insurance Company (Chubb)	Fiduciary (2 <sup>nd</sup> Excess)	A++ / XV	Stable	Stable
AXIS Insurance Company	Fiduciary (3 <sup>rd</sup> Excess)	A / XV	Stable	Stable

For more information see the Best Ratings System page provided at the end of this proposal, or go to the web and visit: <http://www.ambest.com/ratings/index.html>





# Notice of Carrier Financial Status

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Hays Companies, Inc., and its parent company, Brown & Brown, Inc. (collectively “Brown & Brown”) do not certify, warrant or guarantee the financial soundness or stability of any insurance carrier or alternative risk transfer entity. We endeavored to place your coverage with an insurance carrier with an AM Best Company financial rating of “A-” or better.\* While Brown & Brown cannot certify, warrant or guarantee the financial soundness or stability of a company or otherwise predict whether the financial condition of a company might improve or deteriorate, we are hereby providing you with notice and disclosure of financial condition so that you can make an informed decision regarding the placement of insurance coverage. Accordingly, this will serve as notice of the following with regard to the placement of the insurance indicated below and with regard to any subsequent renewal of such insurance:

- Brown & Brown may have other options for your insurance placement, including quotations with insurance carriers holding an “A-” or better rating from AM Best Company. Alternative quotes may be available with an A- or better rated carrier upon your request.
- The financial condition of insurance companies may change rapidly and that such changes are beyond the control of Brown & Brown.
- You have had the ability to review the financial information for this carrier as found in one or more of the following sources: a state department of insurance website, AM Best Company website, carrier or a carrier website.
- You have had an opportunity to consider the information provided regarding your insurance quote and insurance placement and review it with your accountants, legal counsel and advisors.

# Market Security Explanation

## Ratings

A++, A+	Superior
A and A-	Excellent
B++, B+	Good
B and B-	Fair
C++, C+	Marginal
C and C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Rating Suspended

## Rating Modifiers

U	Under Review
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The rating may change in the near term typically within 6 months. Generally this is event driven, with positive, negative or developing implications.

## Rating Outlooks

Assigned to an Interactive Financial Strength Rating (A++ to D) to indicate its potential direction over an intermediate term, generally defined as 12 to 36 months.

## Adjusted Policyholder's Surplus (\$000's)

Class I	Up	to	1,000
Class II	1,000	to	2,000
Class III	2,000	to	5,000
Class IV	5,000	to	10,000
Class V	10,000	to	25,000
Class VI	25,000	to	50,000
Class VII	50,000	to	100,000
Class VIII	100,000	to	250,000
Class IX	250,000	to	500,000
Class X	500,000	to	750,000
Class XI	750,000	to	1,000,000
Class XII	1,000,000	to	1,250,000
Class XIII	1,250,000	to	1,500,000
Class XIV	1,500,000	to	2,000,000
Class XV	2,000,000	or	Greater

## Opinion Outlooks (In Addition to Rating)

### Positive:

Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.

### Negative:

Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.

### Stable:

Indicates low likelihood of a rating change



Learn more from  
**AMBest.com**

"Understanding Best's Ratings" can  
be found at

[www.ambest.com/ratings/index.html](http://www.ambest.com/ratings/index.html)

# Consumer Disclosure

## Disclosure of Sources of Compensation

**Compensation.** In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or “pooled”) with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

If an intermediary is utilized in the placement of coverage, the intermediary may or may not be owned in whole or part by Brown & Brown, Inc. or its subsidiaries. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/Managing General Agent may provide additional services including, but not limited to: underwriting; loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services is derived from your premium payment, which may on average be 15% of the premium you pay for coverage and may include additional fees charged by the intermediary.

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# About Us



## Key Differentiators

### DECENTRALIZED SALES AND SERVICE MODEL

Local teams empowered to make decisions that best support their customers, backed by the powerful solutions, capabilities and carrier relationships of a top-five brokerage.

### FINANCIAL PERFORMANCE

Consistent, industry-leading financial metrics and corresponding performance.

### CULTURE

Strong, performance-based culture grounded in grit and integrity

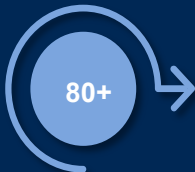
Entrepreneurial Meritocracy: providing long-term opportunities for talented leaders and teammates.

### COMMUNITY SERVICE

Long-standing history of service to the communities in which our teams live and work.

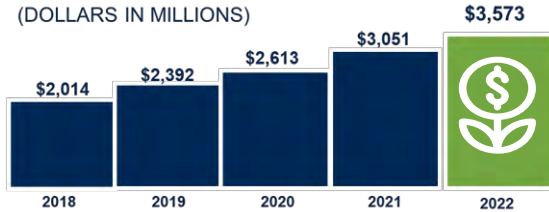


Top 1% of insurance brokerage firms in the U.S. as ranked by Business Insurance



Providing superior service to our customers for more than 80 years, still run by the Brown family.

TOTAL REVENUES  
(DOLLARS IN MILLIONS)



# 15,000+

TEAMMATES

# 500+

LOCATIONS



# BRO

PUBLICLY TRADED

# 5th Largest

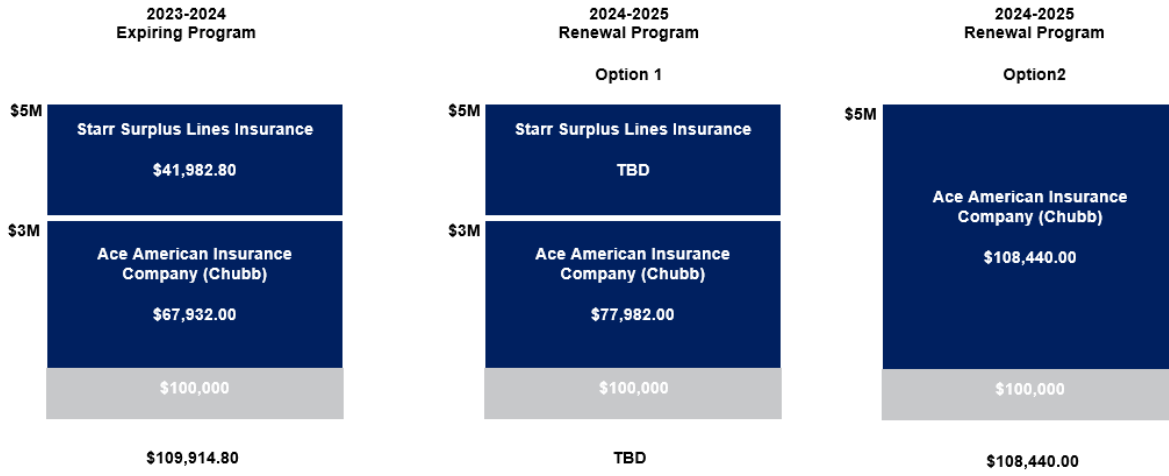
INSURANCE BROKERAGE

*In the nation according to Business Insurance Magazine*





# Preliminary Cyber Insurance Options



*\*Premiums Include Applicable Surplus Lines Taxes and Fees (Refer to Breakout on Surplus Lines Tax Page in the Formal Proposal Document)*

## Expiring Program Overview:

- The expiring 11/1/2023 -2024 cyber program has a \$5M limit with a \$100,000 each claim retention for \$109,914.80.
- Chubb provides the expiring primary \$3,000,000 layer at \$67,932.00
- Starr provides the expiring \$2,000,000 excess of \$3,000,000 layer for \$41.982.80

## Renewal Options Secured Thus Far:

- We've negotiated renewal terms with Chubb for the expiring primary \$3,000,000 layer over \$100,000 each claim for \$77,982.00. The 14.7% or \$10,050 increase is due to an estimated 32% increase in contributions.
- We do not yet have renewal terms from Starr for the \$2,000,000 excess of \$3,000,000 layer
- We secured an option from Chubb that provides \$5,000,000 in limits over a \$100,000 retention for \$108,440.00.
  - If CMERS chooses, the program can be renewed with Chubb by purchasing their \$5,000,000 limit option and not need to renew the excess layer with Starr.
  - Purchasing the \$5,000,000 limit from Chubb will eliminate the need to have more than one insurer on the program.
  - The \$5,000,000 limit option from Chubb represents a 1% decrease over the expiring program premium.



EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF  
MILWAUKEE

# Package and Excess Liability

## Insurance Proposal

Policy Term December 1, 2024 – December 1, 2025

*Prepared for Meeting on September 24, 2024*



# Table of Contents

Market Security Analysis (as of 9/16/24) .....	5
Package .....	6
Excess Liability .....	9
Notice of Carrier Financial Status .....	10
Market Security Explanation .....	11
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# Disclaimer

This renewal proposal document is furnished as a matter of information for your convenience. It only summarizes the proposed policies, and does not reflect all of the terms, conditions, and exclusions of said policies. Moreover, the information contained herein reflects proposed coverage as of the effective dates of the proposed policies and does not include subsequent changes. This document does not alter, amend, or extend the coverage afforded by the insurance policies themselves.

As respects coverage placed on claims made contracts, coverage is provided for claims first made against the Insured during the policy period. Any claim made against an Insured must be reported during that policy period. Brown & Brown Insurance Services, Inc. highly recommends ensuring all events which trigger the definition of Claim within the policy, even if they are under the retention/deductible, are reported to the current insurance carrier under the current policy period prior to expiration.

<b>IMPORTANT NOTE</b>
<p>These quotations are conditioned upon there being no material change in risk between the date of this proposal and the inception date of the proposed coverage. In the event of such change, the underwriter(s) may, at their sole discretion, modify or withdraw the quotation. The coverage afforded hereunder may not be accepted after the quotation expiration date set forth above.</p> <p>Brown &amp; Brown Insurance Services, Inc. highly recommends ensuring all events which trigger the definition of Claim within the policy, even if they are under the retention/deductible, be reported to the current insurance carrier under the current policy period to expiration.</p>



# Package and Excess Liability Premium Summary

COVERAGE	HANOVER EXPIRED 12/01/22-12/01/23	CINCINNATI EXPIRING 12/01/23 - 12/01/24	CINCINNATI RENEWAL 12/01/24 - 12/01/25	CINCINNATI % CHANGE OVER EXPIRING
Hired and Non-Owned Auto Liability	\$9,100 (TIV \$6,791,180)	\$220	<b>\$220</b>	Flat
General Liability		\$916	<b>\$955</b>	4.3%
Property (Includes Terrorism Premium) Total Insured Property Values (TIV)		\$8,153 (TIV \$7,334,474)	<b>\$8,723</b> (TIV \$7,627,851)	7.0% Premium Increase 4% Increase in Values
\$5Mil Excess Liability Premium	\$4,700	\$2,500	<b>\$2,500</b>	Flat
Total Policy Year Premium	15,029	\$11,789	<b>\$12,398</b>	5.2% Increase Overall

## Payment Plan

Cincinnati: Agency Bill – Annual Payment. Brown & Brown will forward invoice(s) to the ERS.



# Marketing Efforts

We are pleased to provide the Employees' Retirement System of the City of Milwaukee with the December 1, 2024 – 2025 Office Package coverage insurance renewal. The Cincinnati Package policy includes coverage for Business Personal Property, General Liability, Hired and Non-Owned Automobile Liability and \$5,000,000 in Excess Liability coverage for the ERS.

Last year, we marketed this coverage to alternate insurers and the ERS made a change from Hanover Insurance Company to Cincinnati Insurance Company primarily due to \$3,240 in annual premium savings.

The December 1, 2024 renewal quote from Cincinnati is competitive for the current marketplace. Continued inflation warrants additional increases in the value of insured business contents. Rate increases of 5-12% are common for small property programs. For this renewal, Cincinnati increased the Business Personal Property values by 4%, increasing the total insured values to \$7,627,851 (from \$7,334,474).

Regarding the General Liability coverage, Cincinnati did add (5) five new exclusions to the renewal coverage. These exclusions are common in the marketplace and would not be items that you would expect to be covered on a standard general liability policy. The exclusions added are:

- Exclusion – Financial Services
- Exclusion – Fiduciary or Representative Liability of Financial Institutions
- Exclusion – Insurance and Related Operations
- Fiduciaries – Fiduciary Interest
- Financial Institutions – Fiduciary Interest Only

The Cincinnati renewal includes Hired and Non-Owned Automobile liability coverage. This coverage responds excess of an ERS employee's personal insurance when driving their own car for business. Also, this coverage would respond on a primary basis for liability only when an employee rents a car for business use. ERS employees need to purchase comprehensive and collision physical damage coverage on any rental vehicles from the rental company.

Last, the Cincinnati package includes \$5,000,000 in Excess Liability coverage. The Excess Liability coverage sits over the underlying General Liability and Hired and Non-Owned Automobile liability limits. The Excess Liability market has settled a bit, after several years of rate increases, and we have negotiated a flat Excess Liability renewal premium of \$2,500. The primary risk for the ERS, in regard to the Excess coverage, is the use of automobiles for ERS business. The severity of automobile claims continues to be unpredictable. The ERS program provides coverage in excess of the members personal automobile policies and protects the ERS if named in a suit.

Overall, the annual Cincinnati Package renewal premium is up 5.2%, or \$609, to \$12,398 (was \$11,789)

Our detailed Cincinnati coverage comparison can be seen in the following pages.

## Subjectivities:

- Cincinnati requires a signed Statement of Business Personal Property Values



# Market Security Analysis (as of 9/16/24)

Insurer	Line of Coverage	AM Best Rating	Financial Strength Rating Outlook	Credit Rating Outlook
The Cincinnati Insurance Company	Package and Excess Liability	A+ / XV	Stable	Stable

For more information see the Best Ratings System page provided at the end of this proposal, or go to the web and visit: <http://www.ambest.com/ratings/index.html>



# Package

Employees' Retirement System of the City of Milwaukee- Office Property, General Liability, and Hired and Non-Owned Automobile

Policy Term December 1, 2024 – December 1, 2025

## Business Personal Property (Including EDP & Media) Coverage

Location	Expiring Cincinnati	Renewal Cincinnati
789 Water Street, Suite 300 (Location 1)	\$5,025,945	\$5,226,982
10850 W. Park Place Suite 450 (Location 2)	\$1,022,573	\$1,063,475
5830 Femrite Drive, Madison, WI (Location 3)	\$1,285,956	\$1,337,394
Total <u>Blanket</u> Business Personal Property	\$7,334,474	\$7,627,851
The Cincinnati automatic inflationary guard increase for 2024 is 4%		
Business Income / Extra Expense	Actual Loss Sustained Basis –up to \$100,000	Actual Loss Sustained Basis – up to \$100,000
Valuation	Replacement Cost	Replacement Cost
Co-insurance	Agreed Value	Agreed Value
Extended Business Income	180 Days	180 Days
Equipment Breakdown Coverage	Included for all (3) three locations	Included for all (3) three locations
Extra Expense	Included in Business Income Limit	Included in Business Income Limit
Fine Arts	\$50,000	\$50,000
Fungi, Wet Rot, Dry Rot and Bacteria – Limited Coverage	\$25,000	\$25,000
Accounts Receivable	Included in \$250,000 Basket Limit of Insurance	Included in \$250,000 Basket Limit of Insurance
Valuable Papers	Included in \$250,000 Basket Limit of Insurance	Included in \$250,000 Basket Limit of Insurance
Debris Removal	Included in \$250,000 Basket Limit of Insurance	Included in \$250,000 Basket Limit of Insurance
Water Backup from Sewer and Drains	\$100,000	\$100,000
Pollutant Clean-Up Removal	\$50,000	\$50,000



	Expiring Cincinnati	Renewal Cincinnati
Electronic Data Processing (EDP) Property in Transit	Included in \$250,000 Basket Limit of Insurance Plus \$10,000	Included in \$250,000 Basket Limit of Insurance Plus \$10,000
Newly Acquired Electronic Data Processing (EDP)– Business Personal Property	Included in \$250,000 Basket Limit of Insurance Plus \$10,000	Included in \$250,000 Basket Limit of Insurance Plus \$10,000
Duplicate and Backup Electronic Data	Included in \$250,000 Basket Limit of Insurance Plus \$2,000	Included in \$250,000 Basket Limit of Insurance Plus \$2,000
Worldwide Laptop Coverage	Included in \$250,000 Basket Limit of Insurance	Included in \$250,000 Basket Limit of Insurance
Tenant Move Back Expenses	Included in \$250,000 Basket Limit of Insurance	Included in \$250,000 Basket Limit of Insurance
Utility Services – Direct Damage	\$75,000	\$75,000
Utility Services – Business Income	\$75,000	\$75,000
Personal Effects	\$25,000 (\$1,000 for loss by theft)	\$25,000 (\$1,000 for loss by theft)
Terrorism	Included	Included
Property Deductible (Including Glass)	\$10,000	\$10,000
Business Income Deductible	24 Hours	24 Hours

### General Liability Coverages

	Expiring Cincinnati	Renewal Cincinnati
General Aggregate	\$2,000,000	2,000,000
Products / Completed Operations Aggregate	Included in General Aggregate	2,000,000
Personal and Advertising Injury	\$1,000,000	\$1,000,000
Each Occurrence Limit	\$1,000,000	\$1,000,000
Damage to Premises Rented to You	\$1,000,000	\$1,000,000
Medical Payments – Any One Person	\$10,000	10,000



## Automobile Liability Coverages

	Expiring Cincinnati	Renewal Cincinnati
Auto Coverage: Hired & Non-Owned Auto Liability Only	\$1,000,000	1,000,000
Uninsured Motorist (UM) / Underinsured Motorist (UIM) Coverage	\$1,000,000	\$1,000,000
Auto Medical Payments	\$10,000	\$10,000

### **IMPORTANT NOTES:**

- The Cincinnati renewal includes Hired and Non-Owned Automobile Liability Coverage.
  - This responds **excess** of an Employees' personal insurance when driving their own car for business.
  - This responds primary for LIABILITY ONLY when an employee rents a car for business. Employees need to purchase Comprehensive & Collision coverage from the rental company.

### **In the past, we have offered the following coverage / options which you have declined:**

- Flood Coverage

# Excess Liability

Employees' Retirement System of the City of Milwaukee Office  
Policy Term December 1, 2024 – December 1, 2025

## ERS Excess Liability Coverage

	Expiring Cincinnati	Renewal Cincinnati
General Aggregate Limit	\$5,000,000	\$5,000,000
Retained Limit	\$0	\$0

## Schedule of Underlying Policies

	Expiring Cincinnati	Renewal Cincinnati
General Liability	Included	Included
Hired and Non-owned Automobile Liability	Included	Included



# Notice of Carrier Financial Status

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Hays Companies, Inc., and its parent company, Brown & Brown, Inc. (collectively “Brown & Brown”) do not certify, warrant or guarantee the financial soundness or stability of any insurance carrier or alternative risk transfer entity. We endeavored to place your coverage with an insurance carrier with an AM Best Company financial rating of “A-” or better.\* While Brown & Brown cannot certify, warrant or guarantee the financial soundness or stability of a company or otherwise predict whether the financial condition of a company might improve or deteriorate, we are hereby providing you with notice and disclosure of financial condition so that you can make an informed decision regarding the placement of insurance coverage. Accordingly, this will serve as notice of the following with regard to the placement of the insurance indicated below and with regard to any subsequent renewal of such insurance:

- Brown & Brown may have other options for your insurance placement, including quotations with insurance carriers holding an “A-” or better rating from AM Best Company. Alternative quotes may be available with an A- or better rated carrier upon your request.
- The financial condition of insurance companies may change rapidly and that such changes are beyond the control of Brown & Brown.
- You have had the ability to review the financial information for this carrier as found in one or more of the following sources: a state department of insurance website, AM Best Company website, carrier or a carrier website.
- You have had an opportunity to consider the information provided regarding your insurance quote and insurance placement and review it with your accountants, legal counsel and advisors.

# Market Security Explanation

## Ratings

A++, A+	Superior
A and A-	Excellent
B++, B+	Good
B and B-	Fair
C++, C+	Marginal
C and C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Rating Suspended

## Rating Modifiers

U	Under Review
---	--------------

The rating may change in the near term typically within 6 months. Generally this is event driven, with positive, negative or developing implications.

## Rating Outlooks

Assigned to an Interactive Financial Strength Rating (A++ to D) to indicate its potential direction over an intermediate term, generally defined as 12 to 36 months.

## Adjusted Policyholder's Surplus (\$000's)

Class I	Up	to	1,000
Class II	1,000	to	2,000
Class III	2,000	to	5,000
Class IV	5,000	to	10,000
Class V	10,000	to	25,000
Class VI	25,000	to	50,000
Class VII	50,000	to	100,000
Class VIII	100,000	to	250,000
Class IX	250,000	to	500,000
Class X	500,000	to	750,000
Class XI	750,000	to	1,000,000
Class XII	1,000,000	to	1,250,000
Class XIII	1,250,000	to	1,500,000
Class XIV	1,500,000	to	2,000,000
Class XV	2,000,000	or	Greater

## Opinion Outlooks

(In Addition to Rating)

### Positive:

Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.

### Negative:

Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.

### Stable:

Indicates low likelihood of a rating change



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**AMBest.com**

"Understanding Best's Ratings" can be found at

[www.ambest.com/ratings/index.html](http://www.ambest.com/ratings/index.html)

# Consumer Disclosure

## Disclosure of Sources of Compensation

**Compensation.** In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or “pooled”) with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

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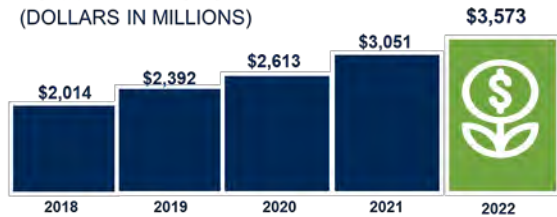
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Long-standing history of service to the communities in which our teams live and work.

**1%** Top 1% of insurance brokerage firms in the U.S. as ranked by Business Insurance

**80+** Providing superior service to our customers for more than 80 years, still run by the Brown family.

TOTAL REVENUES  
(DOLLARS IN MILLIONS)



**15,000+**  
TEAMMATES

**500+**  
LOCATIONS



**BRO**  
PUBLICLY  
TRADED

**5th Largest**  
INSURANCE  
BROKERAGE  
*in the nation according to  
Business Insurance Magazine*





VI.

MEDICAL REPORTS

A. All Duty & Ordinary Disability Applications & Re-examinations (August and September).

MERITS	CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM	Page Number: 1 OF 1
	Medical Panel Denials Report	DATE RAN : 08/27/2024
	Board Meeting: 08/27/2024	TIME RAN : 09:12

DOCTOR DECISION

<u>Case Number</u>	<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>Case Type</u>	<u>Case Sub-Type</u>	<u>City</u>	<u>Union</u>	<u>Third</u>	<u>Disability Date</u>	<u>Comments</u>
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**NO RECORDS TO PROCESS**

*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 MPSSO duty disabilities with an application date prior to January 1, 2016.*

MERITS

## CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM

Page Number: 1 OF 1

## Medical Panel Approvals Report

DATE RAN : 09/17/2024

Approved by Executive Director

Pension Board Meeting Date 09/24/2024

TIME RAN : 09:35

## DOCTOR DECISION

<u>Case Number</u>	<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>Case Type</u>	<u>Case Sub-Type</u>	<u>City</u>	<u>Union</u>	<u>Third</u>	<u>Disability Date</u>	<u>Comments</u>
684	ASHWORTH, MARK	HEAVY EQUIPMENT OPERATOR	MILWAUKEE FIRE DEPT	DD 75%	Re-Examination	Approved	Approved		07/01/2021	
732	SINGER, PAUL	FIRE LIEUTENANT	MILWAUKEE FIRE DEPT	DD 75%	Re-Examination	Approved	Approved		08/01/2021	Exempt from Re-Exam
1332	HOFFMAN, APRIL	POLICE SERGEANT	POLICE	DD 90%	Re-Examination	Approved	Approved		10/09/2016	
1091	KUJAWA, JOEL	POLICE SERGEANT	POLICE	DD 75%	Re-Examination	Approved	Approved		09/01/2019	Exempt from Re-Exam
1410	LACINA, KURT	POLICE OFFICER	POLICE	DD 90%	Re-Examination	Approved	Approved		11/24/2018	
989	SCHMIDT, JUSTINE	DETECTIVE	POLICE	DD 75%	Re-Examination	Approved	Approved		04/14/2012	

Number of Cases: 6

*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.*



<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>CaseType</u>	<u>Case Sub-Type</u>	<u>Disability Date</u>	<u>Medical Council Meeting Date</u>	<u>In Person Exam. Waiver</u>
BRATEL, BRAD	WATER FIELD SUPERVISOR	DPW	Duty Disability 75%	Re-Examination	12/02/2022	08/02/2024	
BROWN, SHARODNICK	EDUCATIONAL ASST - PARA	MPS	Ordinary Disability	Re-Examination	10/10/2018	08/02/2024	
COLE, CAMILLE	SENIOR HUMAN RESOURCES	HACM	Ordinary Disability	Re-Examination	09/23/2019	08/02/2024	

Number of Cases: 3

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

MERITS	CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM	Page Number: 1 OF 1
	Medical Council Approvals Report	DATE RAN : 09/12/2024
	Board Meeting: 09/24/2024	TIME RAN : 13:29

<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>CaseType</u>	<u>Case Sub-Type</u>	<u>Disability Date</u>	<u>Medical Council Meeting Date</u>	<u>In Person Exam Waiver</u>
MURRAY, MATTHEW	POLICE OFFICER	MILWAUKEE POLICE DEPARTME	Duty Disability 75%	Application	12/17/2023	09/12/2024	

Number of Cases: 1

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

## VII.

### UNFINISHED BUSINESS

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

- A. Approval of ERS Hearing Officer Appointments.
- B. Pending Legal Opinions and Service Requests Report.
- C. Pending Legislation Report.
- D. Referral to Legislative Committee of Draft Amendment to Board Rule II, Creating a New Section 8.
- E. Executive Director's Report – Inventory of ERS Projects.



## September 24, 2024 Board Meeting

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

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

- 04/11/24 Pension Eligibility Pursuant to 2023 Wisconsin Act 12**  
Whether an active general city employee resigns from current employment and accepts a non-certified MPS position would still be considered an active member of the ERS and continue to receive service credit for new position, or must the employee be enrolled into the Wisconsin Retirement System in accordance with the language of Act 12.  
**09/24/24 On Pension Board agenda.**

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

None.

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

- 04/23/24 IT Fiber Internet Services**  
ERS has requested the City Attorney's Office to draft and negotiate a contract (or an amendment to current Master Services Agreement) with present vendor, Lumen (f/k/a CenturyLink) for IT fiber services.
- 05/23/24 Remote Office Lease Agreement**  
Request for City Attorney's Office to assist staff with negotiating either a new lease or an amended agreement as it relates to ERS' Remote Office location.  
**09/03/24** City Attorney's Office drafted proposed seven-year lease extension.  
**09/24/24 On Pension Board agenda.**
- 07/02/24 Contract for Outside Legal Services**  
Request for City Attorney's Office to assist ERS staff with negotiating an extension to its professional services agreement with Ice Miller LLP.  
**07/03/24** Received amendment to professional services agreement from the City Attorney's Office.  
**09/24/24 On Pension Board agenda.**
- 07/08/24 Printing Services Contract**  
Request for City Attorney's Office to assist ERS staff with negotiating and drafting a contract for printing services relating to 1099-R Forms issued to pension beneficiaries.  
**09/03/24** City Attorney's Office drafted proposed three-year contract extension with ERS' current printing services vendor, ABT MailCom.  
**09/24/24 On Pension Board agenda.**

**07/08/24**

**Contract for Mailing Services**

Request for City Attorney's Office to assist ERS staff with negotiating and drafting a contract for mailing services.

**08/13/24** City Attorney's Office drafted proposed three-year contract extension with ERS' current mailing services vendor, United Mailing Services.

**09/24/24** On Pension Board agenda.

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

**08/19/24**

**Apogem Private Equity Fund**

Request for City Attorney's Office to assist with the review and negotiations amending the current Limited Partnership Agreement and side letter with Apogem Private Equity Fund XI.

**08/23/24** City Attorney's Office approved referral of this service request to outside legal counsel, Reinhart Boerner Van Deuren SC.



## September 24, 2024 Board Meeting

### **PENDING LEGISLATION REPORT**

#### **PART 1. PENDING CHARTER ORDINANCES FOR COMMON COUNCIL ACTION**

None.

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

None.

#### **PART 3. PENDING LEGISLATIVE COMMITTEE REFERRALS**

##### **Pension Contribution Offset**

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

02/16/17 City Attorney issued a legal opinion advising that since members receiving a duty disability retirement allowance have not paid the member contributions, they are not entitled to the 5.8% pension contribution offset. 02/27/17 Opinion referred to Legislative Committee for consideration on whether the pension contribution offset received by general city and protective service members should be included in the calculation of the Conversion to Service Retirement and Extended Life retirement allowances.

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

##### **Executive Management Positions Succession Planning Procedures and Guidelines**

Draft proposal creating Board Rule II.8 that would establish temporary and permanent succession planning procedures and guidelines as it relates to executive management positions in the ERS.

**05/28/24** Referred to the Legislative Committee by Pension Board.

##### **Limited Duty Protocols - Law Enforcement Standards Bureau Requirements**

Whether to recommend the City to lobby the State to make changes to the Law Enforcement Standards Bureau (LESB) requirements as they relate to the Duty Disability program and the Limited Duty protocols of the Milwaukee Police Department.

**09/24/24** On Pension Board agenda for referral to the Legislative Committee.

#### **PART 4. PENDING STATE LEGISLATION**

None.

## Succession Plan Outline for ERS Executive Director

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





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

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

#### **8. PURPOSE**

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

#### **POLICY**

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

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

#### **PROCEDURES AND GUIDELINES**

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

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

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

- a. Definitions
  - i) A temporary absence is one in which it is expected that the Executive Director and Secretary will return once the events precipitating the absence are resolved. A temporary absence is ninety (90) days or less.
  - ii) An unplanned absence is one that arises unexpectedly, in contrast to a planned leave such as a vacation or a sabbatical.
- b. Temporary Staffing Strategy
  - i) For temporary planned or unplanned absences of five (5) weeks or less, the Temporary Staffing Strategy described above shall be initiated as directed by the Executive Director and Secretary.
- c. Acting Executive Director and Secretary
  - i) For temporary absences between six-to-twelve (6-12) weeks, and considering the accessibility of the Executive Director and Secretary, the Board may appoint an Acting Executive Director and Secretary, or continue to implement the Temporary Staffing Strategy.
- d. Standing Appointees to the Position of Acting Executive Director and Secretary
  - i) The first position in line to be Acting Executive Director and Secretary is a Deputy Director.
  - ii) The second position in line is the Chief Financial Officer.
- e. Cross-Training Plan
  - i) The Executive Director and Secretary shall exercise best efforts to train staff for each of the key functions of the Executive Director and Secretary and ensure that procedures are in place to achieve the objectives of this policy.

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

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

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

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

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

a. Definition

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

b. Procedures

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

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

c. Hiring an Interim Executive Director and Secretary

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

d. Responsibilities of the Interim Executive Director and Secretary

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

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

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

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

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

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

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

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

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

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

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

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

# **Exhibit 1**

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





## MCC 36-15

### 7. OFFICERS AND EMPLOYEES

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

## Board Rules & Regulations II.C.4

### Secretary and Executive Director

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

a. Executive Director

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

The Executive Director shall:

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

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

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

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

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

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

b. Secretary

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

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

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

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

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



## **Exhibit 2**

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







Department of Employee Relations  
Board of City Service Commissioners

**Jeffrey Hansen**  
President

**Francis Bock**  
Vice President

**Julie Pedretti**  
**Filiberto Murguia**  
**Reynolds Honoid**  
Commissioners

June 7, 2007

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

Dear Mr. Morics:

RE: Your Request to Exempt Position

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

ERS-Executive Director

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

Sincerely,

MARIA MONTEAGUDO  
Director



## **Exhibit 3**

### **Job Description**



# JOB DESCRIPTION

## FOR DER USE ONLY

**Vacancy No.**

City Service  
Commission:  
Fire & Police  
Commission:

Finance  
Committee:  
Common  
Council:

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

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

**11. BASIC FUNCTION OF POSITION:**

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

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

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

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

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

% of Time	ESSENTIAL FUNCTION
1%	• Annually monitor the preparation and procedures for the processing of year-end work in order to initiate the distribution of the annual statements to the members of the system.
1%	• Direct the preparation of the records of data to serve as the basis for the actuarial report, and interpret information received from the actuary.
1%	• Supervise and develop the process and procedures used in the calculation of benefits.
1%	• Administer the accounting system including accounting, benefit payment and contributions.
1%	• Reviews the results of the finding of the Medical Panels and Council for consistent application of the Act.
1%	• Approves payment of claims for death and disability benefits
1%	• Oversees the retiree pension payroll to ensure that monthly benefits are processed timely.
10%	• Serves as Secretary to the Annuity and Pension Board. Provides direction and support services to the eight member board. Prepares agendas for meetings. Attends the meetings and maintains a permanent record of the same. Investigates the operation and effect of the retirement system's rules and procedures and reports any findings or recommended changes to the Board.
1%	• Prepares reports as requested by the Board.
1%	• Must keep abreast on the activities and performance of the Fund's investment managers and consultants.
1%	• Recommends and prepares legislative changes which may become necessary due to a change in Board policy, change in legal environment or any other such circumstances. Also represents the Board before various legislative committees as needed, and keeps the Board informed of any legislative matters or current developments the Board may be affected by.

**B. PERIPHERAL DUTIES:**

% of Time	PERIPHERAL DUTY
	• Other duties as assigned by the Annuity and Pension Board.
	•

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

Annuity and Pension Board.

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

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

**E. SUPERVISION EXERCISED:**

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

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

a. Assign duties	e. Sign or approve work	
b. Outline methods	f. Make hiring recommendations	
c. Direct work in progress	g. Prepare performance appraisals	
d. Check or inspect completed work	h. Take disciplinary action or effectively recommend such	
Number Supervised	Job Title	Extent of Supervision Exercised (Select those that apply from list above, a - h)
1	Deputy Director	A - H
1	Chief Investment Officer	A - H
1	ERS Chief Financial Officer	A - H
1	ERS Chief Technology Officer	A - H
1	Disability Deputy Director	A - H
1	ERS Operations Director	A - H
1	Retirement Plan Manager	A - H
1	ERS Business Operations Analyst	A - H
1	Administrative Assistant IV	A - H

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

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

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

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

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

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

**CHECK ALL THAT APPLY:**

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

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

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

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

**CHECK ONE:**

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

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

**CHECK ONE:**

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

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

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

**CHECK ALL THAT APPLY:**

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

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



The worker is required to wear a respirator.

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

**CHECK ALL THAT APPLY:**

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

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

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

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

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



## **Exhibit 4**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Exhibit 5**

### **RFP**

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







**ANNUITY AND  
PENSION BOARD**

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

March 5, 2007

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

Dear Mr. Hudepohl:

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

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

Your proposal should include:

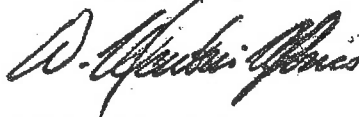
- General information about your firm.
- Your firm's experience in public pension recruitment; identification of the personnel to be assigned to this project, and their experience in recruiting for public pension systems.
- A description of the proposed process for analyzing the competitiveness of the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

Mr. Gary Hudepohl  
March 5, 2007  
Page 2

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

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

Sincerely yours,



W. Martin Morics  
Chairman  
Annuity and Pension Board

## **Exhibit 6**

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



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

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

## **EXECUTIVE DIRECTOR**

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

**With a  
financially stable  
public fund**

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

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

### **Hudepohl & Associates**

EXECUTIVE SEARCH SERVICES

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

*ERS is an Equal Opportunity Employer.*

#### Pensions & Investments

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



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

**Retirement System Background**

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

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

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

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

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

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

## **City of Milwaukee**

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

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

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

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

## **Organizational Structure**

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

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

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

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

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

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

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

Other broad responsibilities include activities, such as:

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



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

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

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

### **Qualifications and Experience**

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

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

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

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

### **Compensation**

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

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

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

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

**Hudepohl & Associates**  
EXECUTIVE SEARCH SERVICES

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

## **Exhibit 7**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and to the ERS at:

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

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

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

## VI. REPORTS

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

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

## VIII. CONDITIONS OF PERFORMANCE AND COMPENSATION.

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

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

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

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

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

XI. INSURANCE

A. General Requirements

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

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

B. Comprehensive Automobile Liability

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

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

C. General Liability



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

The insurance will include:

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

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

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

D. Professional Liability (Errors and Omissions)

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

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

E. Self Insurance.

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

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

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

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

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

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

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

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

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

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

XVII. PERSONNEL

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

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

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

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

XIX. RECORDS.

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

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

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

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

XXIII. CONFLICT OF INTEREST

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

XXIV. DISCRIMINATION PROHIBITED

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

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

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

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

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

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

EMPLOYES' RETIREMENT SYSTEM

HUDEPOHL & ASSOCIATES, INC.

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

By: Gay F. Hudgins

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

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

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

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

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

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

PLEASE NOTE CORPORATIONS MUST COMPLETE THE STATEMENT BELOW

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

CERTIFICATE RE: CORPORATION

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

Dated at COLUMBUS, OHIO this May day of 2007  
LOCATION

[Signature]  
SIGNATURE

BCC: bcc  
5/09/07  
1054-2007-1254/118985

# Employees' Retirement System – Executive Director's Report

September 2024

I. Personnel Update

A. ERS has no vacancies.

II. Member Services

A. New retirees on payroll in July – 80, in August - 30; 37 are currently anticipated for the September payroll.

B. Retiree/Employee deaths entered in June – 23, in July - 18.

C. There was a Retirement Workshop for General City on 8/9/24 and 39 attended.

D. There was a New Employee Orientation session for MFD on 8/5/24 and there were 50 new recruits.

E. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
Annuitants	
Death - Duty	24
Death - Ordinary	100
Disability - Duty	358
Disability - Ordinary	563
Retirement	12,810
Separation	38
Total Annuitants	13,893
Active	10,865
Deferred	3,170
Total Population	27,928

III. Financial Services

A. In August we sent out unclaimed property letters to 348 members who have funds that ERS is holding on their behalf. If the members respond, ERS will make arrangements to pay out the unpaid balances. As of September 4<sup>th</sup> we have received 57 responses.

B. ERS is beginning this month to pay out the retro payments for the 5.8% pension offset to disability members. Local 215 members will be paid 67% of their retro payments with ERS withholding 33% per the settlement agreement pending further litigation.

C. **MPSO has settled their contract with the City. We expect to recalculate MPSO retirees' benefits** in January 2025. The City will collect outstanding pension employee-paid contributions from affected active and retired MPSO members and transmit the money and data to the ERS prior to the calculations being performed.

D. The ERS 2025 budgeting hearing is scheduled for October 8<sup>th</sup> at 1:00pm. ERS is scheduled to be the last department presenting to the Finance and Personnel Committee for the day.

E. ERS is working on closing its bank accounts with Wells Fargo. We have transferred the remaining balance to US Bank and are working with our Wells Fargo relationship managers to close the accounts.



#### IV. Information Services

- A. Struts Upgrade and Modernize MERITS Website in progress.
- B. Upgrade FileNet P8 to IBM CloudPak4BA in progress.
- C. Upgrade EJB from 2.0 to 3.0 in progress.
- D. Upgrade WebSphere Application Server completed.
- E. VMware Environments Upgrade in progress.
- F. IP Address Review and Cleanup 2023 completed.
- G. DNS Review and Cleanup 2023 completed.
- H. AD Review and Cleanup 2023 completed.
- I. Firewall Review and Cleanup 2023 completed.
- J. MS Windows Desktop and Laptop OS Upgrade in progress.
- K. Upgrade Video Conferencing System completed.
- L. System Galaxy Security System Upgrade in progress.
- M. WUG Upgrade in progress.

#### V. Administration

- A. Two candidates, Officer Justin DeCleene and Ms. Molly King, Employee Benefits Director (incumbent) have filed nomination papers for the At Large Active Member Election scheduled for November 1, 2024. United Mailing Services is scheduled to mail ballots to active ERS members (excludes WRS members since January 1, 2024) on October 1, 2024. Ballots returned to the ERS or the post office by the 9:00 am deadline on November 1, 2024 will be accepted, processed and tabulated that morning at the ERS office as provided by the Board Rules.

**ANNUITY AND PENSION BOARD AT LARGE ACTIVE MEMBER ELECTION**

PLEASE CONTACT THE ERS AT 414-286-3557 IF YOU DO NOT RECEIVE A BALLOT OR RETURN ENVELOPE. ONLY OFFICIAL BALLOTS ARE ACCEPTED.

<b>Name</b>	<b>Molly King</b>	<b>Justin DeCleene</b>
<b>Department</b>	Employee Relations (Benefits Division)	Milwaukee Police Department
<b>Job Title</b>	City Of Milwaukee - Employee Benefits Director	Police Officer
<b>Years w/City</b>	14 Years	17
<b>Education and Training</b>	<ul style="list-style-type: none"> <li>• B.S. in Financial Accounting (Hofstra University, Long Island, NY)</li> <li>• Pursuing a Master’s Degree in Managerial Finance and Accounting (Keller Graduate School)</li> <li>• Certified as an Accredited Fiduciary by the National Conference on Public Employee Retirement Systems (NCPERS)</li> </ul>	<p>I am currently finishing up my B.S. in Psychology and will begin my Master’s in Business Administration. (Southern New Hampshire University)</p> <p>I successfully completed the Certified Pension Trustee Program through the Illinois Public Pension Fund Association. (December 5 and 6, 2023)</p> <p>I successfully completed the National Conference on Public Employee Pension System Accredited fiduciary program modules 1 and 2.</p> <p>I am enrolled to finish the National Conference on Public Employee Pension System Accredited Fiduciary program modules 3 and 4 on October 26th and 27th of 2024. (All 4 modules)</p>
<b>Honors and Recognition</b>	<ul style="list-style-type: none"> <li>• Currently serve on the Pension Board as the Vice Chair of the Operations and Administrative Committee</li> <li>• Currently serve as Board Vice Chair of the Deferred Compensation Plan, which has won several national awards during my tenure</li> <li>• Awarded a Leadership Certification by Wisconsin Women in Government (WWIG) and currently serve on WWIG’s statewide board of directors</li> <li>• Completed training at the Government Finance Officers Association (GFOA) Budget Academy</li> </ul>	<p>I received the top academic award for my recruit class in 2008.</p> <p>I received a life saving award with the Milwaukee Police Department on December 1, 2021.</p> <p>I was on the Honor Roll my last two terms at Southern New Hampshire University.</p>
<b>Affiliations</b>	<ul style="list-style-type: none"> <li>• City of Milwaukee Deferred Compensation Plan Board (Vice Chair)</li> <li>• Wisconsin Women in Government Board of Directors</li> <li>• Cathedral Center Board of Directors (Emergency shelter for women and families experiencing homelessness)</li> <li>• Make A Difference Organization (Volunteer to teach financial literacy seminars to MPS students)</li> <li>• Supported MPS Athletics as a WIAA-certified volleyball official (6 years)</li> <li>• Experience working with the interests of various employee groups through prior work in DPW and affiliation with MPS</li> </ul>	Union steward for the Milwaukee Police Association 2014-24
<b>Special Qualifications</b>	<ul style="list-style-type: none"> <li>• As the City’s Benefits Director, I oversee the City’s industry-leading benefits package and the administration of workers’ compensation. This position gives me an opportunity to see the connections between the pension plan and all of the City’s other benefit offerings and find places where our benefit partners can work together to provide the best value for all employees.</li> <li>• I served as Mayor Johnson’s Policy Director while Act 12 was negotiated and lobbied Congressional leaders to support the SECURE 2.0 Act, both of which will allow the pension plan to continue improving the services it provides. My experience leading complex program implementations makes me uniquely qualified to oversee the plan’s “soft close” and transition of new employees to WRS.</li> <li>• In my role as a Budget Analyst for the City’s Budget and Management Division, I spent almost a decade analyzing policies and making recommendations to the Mayor and Budget Director on fiscal issues that affect the City. I have a wealth of experience providing strategic advice relating to the City’s pension plan and can bring an objective approach to the plan’s investments.</li> </ul>	My focus is unwavering: ensuring that the pension system is safeguarded for <i>every</i> city employee. As a fiduciary, I’m committed to making decisions that are not only ethical and legal but that serve the greater good of the entire workforce. This isn’t about prioritizing one group over another—it’s about ensuring the stability and security of our pensions for everyone. Our future depends on strong, fair leadership, and I’m here to guarantee that no one gets left behind.
<b>Recommended Programs and Policies</b>	<ul style="list-style-type: none"> <li>• Ensure the City’s financial obligations to current/future retirees &amp; their beneficiaries are adequately funded.</li> <li>• Bring stability and foresight into the new, post-Act 12 ERS environment</li> <li>• I am committed to representing the interests of ALL members, including General City employees; our partners at MPS, MMSD, Veolia, MATC, WCD, RACM, and HACM; and the retirees who make up the plan.</li> <li>• I am the only woman, and woman of color, elected to the pension plan’s board. If re-elected, I would work diligently to protect taxpayers and the fiscal integrity of the pension fund while advocating for ALL members of the pension system and their benefits.</li> </ul>	It is vital that we ensure the city fulfills its obligations to our pension system, especially now that it is a closed-loop system with no new members entering. This responsibility is about securing our future and honoring the promises made to those who have served. I am committed to safeguarding our pension and holding the city accountable for the financial stability we deserve.

**PLEASE HELP ERS SAVE MONEY – RETURN BALLOT TO THE OFFICE OF THE  
ELECTION COMMISSION, CITY HALL, ROOM 501  
USING INTERDEPARTMENTAL MAIL OR TO THE ERS OFFICE AT 789 N. WATER ST., SUITE 300.**

Enclosed herein is a ballot and return envelope for you to cast your vote for an active employee member of the Annuity and Pension Board of the Employees' Retirement System. (See Board Rules set forth in Bulletin No. 198 dated June 2024.) Mark the ballot, fold it, put in the return envelope and seal and mail through **interdepartmental mail, U. S. Mail, or in person at the Election Commission or ERS office.**

FOR THE SOLE PURPOSE OF CHECKING NAMES OF MEMBERS AGAINST A LIST OF ELIGIBLE VOTERS, **print your name, Pension Number, Person ID Number, or Payroll Number** on the outside of the envelope.

**Envelopes without names, Pension Numbers, Person ID Numbers, or Payroll Numbers that cannot be validated,** are disqualified and excluded.

**BALLOTS MUST BE IN THE OFFICE OF THE ELECTION COMMISSION, ERS OFFICE, OR POST OFFICE BOX BEFORE 9:00 A.M. NOVEMBER 1, 2024.**

PLEASE MAKE EVERY EFFORT TO VOTE.

INSTRUCTIONS MUST BE CAREFULLY FOLLOWED OR YOUR BALLOT WILL NOT BE COUNTED.

Annuity and Pension Board – Bernard J. Allen, Executive Director

# Basic Website Metrics

	2023						2024						
	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Visits	5,735	5,601	5,341	5,626	5,370	5,023	5,918	6,216	5,417	5,847	4,813	4,659	<b>4,929</b>
Users	3,663	3,667	3,490	3,758	3,923	3,525	4,121	4,119	3,860	4,019	3,407	3,289	<b>3,332</b>
Page Views	13,694	13,930	12,747	14,150	13,570	12,238	14,925	15,831	12,712	13,809	11,573	10,455	<b>11,124</b>
Ave. Visit	1:32	2:24	1:31	1:35	1:29	1:30	1:35	1:11	1:23	1:34	1:23	1:12	<b>1:18</b>

# Basic Website Metrics

	2023					2024							
	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug
Visits	5,601	5,341	5,626	5,370	5,023	5,918	6,216	5,417	5,847	4,813	4,659	4,929	<b>4,664</b>
Users	3,667	3,490	3,758	3,923	3,525	4,121	4,119	3,860	4,019	3,407	3,289	3,332	<b>3,366</b>
Page Views	13,930	12,747	14,150	13,570	12,238	14,925	15,831	12,712	13,809	11,573	10,455	11,124	<b>10,956</b>
Ave. Visit	2:24	1:31	1:35	1:29	1:30	1:35	1:11	1:23	1:34	1:23	1:12	1:18	<b>1:21</b>

## VIII.

### INFORMATIONAL

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

- A. Pending Litigation Report.
- B. Conferences.
- C. Class Action Income 2024 YTD.
- D. Minutes of the Investment Committee Meeting Held September 5, 2024.
- E. Report on Bills.
- F. Deployment of Assets.
- G. Securities Lending Revenue and Budget Report.
- H. Preliminary Performance Report and Asset Allocation.



September 24, 2024 Board Meeting

## PENDING LITIGATION REPORT

### Part 1. ERS Litigation through the City Attorney

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

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

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

- **08/09/24** Motion hearing held: Plaintiff's motion to compel discovery is withdrawn; and Court grants Defendant's motions in part, but partially stays lift as stated on the record.
- **08/13/24** Proposed Order from Motion Hearing submitted to Court for review.
- **08/22/24** Order signed and filed. Per the parties' settlement agreement, Defendants Motion to Enforce Summary Judgment is granted. Defendants' Motion to Terminate the Stay on Distribution of Retroactive Benefits is granted as follows: (1) The stay is immediately lifted as it relates to all (100%) retroactive benefits for MPA-covered DDR beneficiaries; (2) the stay is immediately lifted as it relates to two-thirds (66.67%) of the retroactive benefits for Local 215-covered DDR beneficiaries; and (3) the stay order is terminated in its entirety effective October 21, 2024. In the event that Plaintiffs file any additional motion(s) to stay the proceedings prior to October 21, 2024, which would halt termination of the stay order as it relates to the last one-third (33.33%) of retroactive benefits for Local 215-covered DDR beneficiaries, ERS shall not distribute such benefits until the court resolves Plaintiffs' motion(s).

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

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

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

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

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

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

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

- **09/09/24** Stipulation filed to dismiss case in accordance with parties' settlement agreement.
- **09/10/24** Order filed to dismiss case with prejudice without costs to either party. **Case closed.**

### **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\*\*

- **07/22/24** Circuit Court affirms Pension Board's denial of disability benefits.
- **08/22/24** Notice of Appeal filed by Plaintiff.

## **Part 2. ERS Administrative Appeal Hearings through the City Attorney**

### **Jason Rodriguez; Administrative Case No. 1443**

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

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

### **Kurt Lacina v City of Milwaukee and Employes' Retirement System and Annuity and Pension Board**

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

- 06/05/24 ERS served with Notice of Circumstances and Claim.
- 06/13/24 Letter to City Attorney's Office sent. New claim reported to fiduciary carriers.

### **Deana Martinez (a/k/a Dena Martinez) v. City of Milwaukee and Employes' Retirement System and Annuity and Pension Board**

Claimant alleges the City and the ERS are wrongfully offsetting her duty disability retirement allowance by a worker's compensation permanent partial disability award.

- **08/15/24** ERS served with Notice of Circumstances and Claim.
- **09/13/24** Letter with Notice sent to City Attorney's Office sent. New claim reported to fiduciary carriers.

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

None.



**Client Conferences 2024 – 2025****Board Meeting: September 24, 2024**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
February 4 – 5, 2025	Apogem Annual General Meeting 2025 Miami, FL	Apogem Capital
April 27 – 29, 2025	Callan's 2025 National Conference Scottsdale, AZ	Callan Associates

# Trustee Conferences 2024 – 2025

**Board Meeting: September 24, 2024**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
October 8 – 9, 2024	2024 Roundtable for Consultants and Institutional Investors Chicago, IL	Institutional Investor
October 16 – 17, 2024	Pension Bridge Alternatives 2024 New York, NY	with.Intelligence
October 26 – 27, 2024	NCPERS Accredited Fiduciary (NAF) Program & Program for Advanced Trustee Studies (PATS) Palm Springs, CA	NCPERS
October 27 – 30, 2024	Public Safety Conference Palm Springs, CA	NCPERS
November 9 – 10, 2024	Certificate of Achievement in Public Plan Policy (CAPPP): Pensions Part II San Diego, CA	International Foundation of Employee Benefit Plans
November 13 – 14, 2024	2024 Public Funds Conference Sacramento, CA	Pensions & Investments
December 9 – 10, 2024	Pension Bridge Real Assets Austin, TX	with.Intelligence
January 26 – 27, 2025	Pension Communication Summit Washington DC	NCPERS
January 27 – 29, 2025	Legislative Conference Washington DC	NCPERS
January 27 – 29, 2025	2025 Visions, Insights & Perspectives (VIP) Americas Dana Point, CA	Institutional Real Estate, Inc.
March 10 – 12, 2025	CII Spring 2025 Conference & 40 <sup>th</sup> Anniversary Celebration Washington DC	Council of Institutional Investors
April 9 – 10, 2025	11 <sup>th</sup> Annual Midwest Institutional Forum Chicago, IL	Markets Group

# Trustee Conferences 2024 - 2025

Board Meeting: September 24, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
May 4 – 7, 2025	Global Conference Los Angeles, CA	Milken Institute
May 17 – 18, 2025	NCPERS Accredited Fiduciary (NAF) Program & Trustee Educational Seminar (TEDS) Denver, CO	NCPERS
May 18 – 21, 2025	Annual Conference & Exhibition (ACE) Denver, CO	NCPERS
June 5, 2025	9 <sup>th</sup> Annual Real Estate Midwest Forum Chicago, IL	Markets Group
July 14 – 15, 2025	ALTSCHI Chicago, IL	Markets Group
September 8 – 10, 2025	CII Fall 2025 Conference San Francisco, CA	Council of Institutional Investors

# Upcoming Due Diligence Meetings

Date	Manager(s)	Team
October 5-9, 2024	UBS (London) with multiple additional manager meetings	Erich & Tim Heling
December 9-11, 2024	Polen & Earnest	David & Keith
November 19, 2024	William Blair	David, Tom, Keith, Aaron
November or December, 2024	Mesirow	Erich, Tom, Keith, Aaron

## Class Action Income 2024 YTD

Asset Description	Date(s)	Amount
Arthrocare Corp.	1/5/2024 \$	28,400
Teva Pharmaceutical	1/8/2024 \$	1,273
Countrywide Financial	1/30/2024 \$	82
Bank of America	2/7/2024 \$	14,750
Corrections Corp. of America	2/16/2024 \$	362
Petroleo Brasileiro SA	2/27/2024 \$	81,460
Oracle Corp.	5/10/2024 \$	212
Amedisys, Inc.	5/30/2024 \$	166
OSI Systems, Inc.	6/18/2024 \$	668
Wells Fargo & Company	7/12/2024 \$	50,806
Benefitfocus, Inc.	7/15/2024 \$	607
Cognizant Technology	7/18/2024 \$	343
Crocs, Inc.	8/20/2024 \$	22
LIBOR-Based Financial Instruments	9/11/2024 \$	2,881
<b>Total Class Action Income Received in 2024 YTD</b>	<b>\$</b>	<b>182,032</b>

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

Minutes of the Investment Committee Meeting  
held September 5, 2024 via teleconference

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

Committee Members Present: Matthew Bell  
Deborah Ford  
Timothy Heling  
Thomas Klusman, Chair  
Rudy Konrad

Committee Members Not Present: Bill Christianson  
Molly King  
Nik Kovac (arrived 9:01 a.m.)

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

Others present: Michael Bishopp, Marquis Murry, BlackRock; John Jackson, Mike Joecken, Ashley Kahn, Callan; Travis Gresham, City Attorney's Office; Lauren Albanese, Financial Investment News; Terry Siddiqui, DS Consulting, Inc.; two members of the public called into the meeting.

**Callan 2025 Private Equity Commitment Pacing and Reinvestments Presentation.** As a matter of information, Committee members received from Callan the Callan 2025 Private Equity Commitment Pacing and Reinvestments Presentation document. Ms. Kahn gave a presentation of CMERS' four Private Equity managers consisting of Abbott Capital Management, Mesirow Financial Private Equity Advisors, Neuberger Berman, and Apogem Capital. Ms. Kahn presented on the topics of Private Equity Market Trends, Portfolio Review & Performance Analysis, Commitment Pacing, Managers Profiles, and Conclusion & Recommendations. The 2025 Private Equity Commitment Pacing and Reinvestments Recommendations are \$100 million to NB VI; \$40 million to AP 2025; upsize commitment to MPE IX from \$100 million to \$120 million; upsize commitment to APEF XI from \$30 million to \$40 million. The recommendations are subject to legal review.

**Approval of 2025 Private Equity Commitment Recommendation.** It was moved by Mr. Konrad and seconded by Mr. Heling to approve the Approval of 2025 Private Equity Commitment Recommendation.

**BlackRock Presentation.** As a matter of information, Committee members received from BlackRock the BlackRock Quarterly Review Deck document. Mr. Bishopp gave a presentation to the Committee on Systematic Active Equity (SAE) Overview, Investment Process, Global Alpha Tilts, and Research.

**CMERS 2nd Quarter 2024 Performance Update.** As a matter of information, Committee members received from Staff the CMERS 2nd Quarter 2024 Performance Update. Mr. Sauer's agenda items included Fund Overview, Public Equity, Fixed Income, Absolute Return, Private Equity, and Recent Performance Update. He said for the Market Environment for the quarter that stocks were positive, but not as strong as prior quarters. Mr. Sauer stated bonds were flat, Real Assets were down 1.8%, Private Equity was up significantly at 10.6%, and Absolute Return was up 2.1%. He said the CMERS benchmark was 2.2% for the second quarter. Mr. Sauer talked about the relative performance expectations and how CMERS would be expected to fare against the benchmark. He noted the biases went against CMERS fairly heavily this quarter. Mr. Sauer said there was a continuation of the large-growth magnificent seven tech stocks driving the market which meant that value and small underperformed large and growth. He said there was a slight positive from Fixed Income Credit, and Private Equity at 3.4% did not keep up with the public markets, which is how the Fund benchmarks its Private Equity portfolio.. Mr. Sauer said the CMERS Total Fund for Q2 2024 was 0.7%, net of fees, compared with the CMERS benchmark of 2.2%. Mr. Sauer noted for the long-term time periods for the Total Fund Performance, outperformance is being generated against the benchmark. He said for the ERS Fund Attribution, the main driver of underperformance was Private Equity comparing it to the Public Equity benchmark. Mr. Sauer discussed the Public Equity Portfolio and said it is benchmarked against the ACWI IMI, an index of over 9,000 stocks across developed and emerging markets around the world. Mr. Sauer noted DFA International and Brandes have been doing well as their style has come back in favor, and AQR has also had a strong year. He noted AQR uses valuation in their process and value has been working better in emerging markets than developed markets. Mr. Sauer stated for the Fixed Income Performance, it has been a volatile interest rate environment, but CMERS' Fixed Income portfolio has outperformed in the quarter and outperformed year-to-date with a flat return. He said Fixed Income Managers with outperformance were Reams and Loomis Sayles. Mr. Sauer discussed Absolute Return Managers as a Fixed Income replacement and said it underperformed its benchmark for the quarter, but Staff is happy with how the portfolio is performing as Absolute Return is up 5.3% year-to-date and up 9.9% for the one-year time period while generating outperformance of 1.4%. He mentioned the Private Equity Portfolio and noted Mr. Shew added columns for IRR, TVPI, DPI, and RVPI to the chart, so for a given fund, it can be checked against the IRRs a manager provided and it can also be seen what has been paid in and received back. Mr. Sauer concluded with a Performance Update and noted the ERS Total Fund Market Value as of September 4, 2024 is \$5.99 billion. He said the year-to-date return through June 30, 2024 is 3.5% versus 6.2% for the benchmark. Mr. Sauer said for July 2024 the return was 2.2% versus 1.6% for the benchmark and the early estimate for August 2024 is 1.2% versus 1.5% for the benchmark. He said for September 2024, the Fund and the benchmark are both down 0.6%. Mr. Sauer concluded that year-to-date through September 4, 2024, the Fund is up 6.9% versus 8.8% for the benchmark.

**Dimensional Fund Advisors Due Diligence Report.** As a matter of information, Committee members received from Mr. Courtright a memo regarding his and Mr. Sauer's due diligence meeting on February 27, 2024 with Dimensional Fund Advisors. Mr. Courtright noted CMERS

has three mandates in the public equity portfolio for U.S. Small Cap Value, International Small Cap Value, and U.S. Large Cap Value. He said as of June 30, the amount totals \$496 million which is 8.4% of the Fund's assets which is the largest allocation in the public equity asset class. Mr. Courtright stated Staff has been monitoring DFA's succession plan for quite awhile and the message from DFA is that Messrs. Booth and Sinquefeld, who own the voting control of DFA, do not have any plans to sell their ownership interest in the immediate future. He noted Messrs. Butler and O'Reilly serve as co-CEOs in the organizational structure of DFA. Mr. Courtright stated DFA uses a team approach to managing the portfolios and three managers are assigned to each of the ERS strategies. He mentioned that in 2020, DFA introduced Exchange-Traded Funds (ETFs) to their line-up which has been well-received by the market and DFA has become one of the largest providers of active ETFs of assets under management. Mr. Courtright concluded that DFA remains a strong and stable firm with a disciplined investment process.

**Informational.**

**Chief Investment Officer Report.**

**Preliminary Performance Report and Asset Allocation.**

**Adjusted Quarterly Cost Basis of Equity.**

**Class Action Income 2024 YTD.**

**Callan 2<sup>nd</sup> Quarter 2024 Performance Report.**

Mr. Klusman accepted the Informational items and placed them on file.

It was moved by Mr. Bell and seconded by Mr. Heling to adjourn the meeting. There being no further business, Mr. Klusman adjourned the meeting at 11:31 a.m.

Bernard J. Allen  
Secretary and Executive Director

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



Fiscal Year  
2024  
Department  
Employees' Retirement System

City of Milwaukee  
Departmental  
Appropriation Budget Balances

As of: 2024-08-31

	Budget	2024-6	2024-7	2024-8	Year to Date Expended	Life to Date Commitments	Remaining Budget
<i>Regular Departmental Appropriations:</i>							
Employee Salaries & Wages	5,002,345.00	-	-	-	-	-	5,002,345.00
Base Pay-Salary & Wage	-	320,922.99	316,518.73	175,218.26	2,583,670.80	-	(2,583,670.80)
Overtime Premium	-	232.79	85.32	-	448.24	-	(448.24)
Other Worked Compensation	-	-	595.94	-	11,176.99	-	(11,176.99)
Time Paid Not Worked	-	75,577.73	86,409.22	26,754.84	492,315.68	-	(492,315.68)
Employee Salaries & Wages	\$ 5,002,345.00	\$ 396,733.51	\$ 403,609.21	\$ 201,973.10	\$ 3,087,611.71	\$ -	\$ 1,914,733.29
Fringe Benefits Applied	2,251,055.00	-	-	-	-	-	2,251,055.00
Fringe Benefits Applied	-	168,645.05	166,330.60	92,077.20	1,357,719.11	-	(1,357,719.11)
Applied Employee Benefits	\$ 2,251,055.00	\$ 168,645.05	\$ 166,330.60	\$ 92,077.20	\$ 1,357,719.11	\$ -	\$ 893,335.89
Operating Expenditures	16,305,400.00	-	-	-	-	-	16,305,400.00
Office Supplies	-	1,428.52	710.22	-	5,601.73	-	(5,601.73)
Printed Forms	-	-	-	-	625.55	-	(625.55)
Magazines, Subscription	-	1,312.74	37.99	-	6,061.02	-	(6,061.02)
Postal and Mailing Services	-	12,226.57	11,707.11	20,924.84	108,053.71	-	(108,053.71)
Electricity	-	2,444.07	2,111.78	-	17,665.60	-	(17,665.60)
Other Operating Supply	-	-	-	-	2,821.57	-	(2,821.57)
Building Rental	-	77,076.54	78,576.54	-	363,940.16	-	(363,940.16)
Printing & Dupl Machine Rental	-	8,110.07	1,210.75	-	17,809.13	-	(17,809.13)
Consulting	-	38,790.30	131,087.24	38,754.90	409,258.55	-	(409,258.55)
Medical, Surgical & Lab	-	20,331.80	19,860.68	65.55	122,074.13	-	(122,074.13)
Administrative Charges	-	57,351.66	70,650.96	21,057.41	382,125.76	-	(382,125.76)
Other Professional Services	-	75,000.00	712,107.67	1,168,976.02	3,834,931.19	-	(3,834,931.19)
Systems Support	-	73,696.72	53,670.00	26,775.00	351,003.72	-	(351,003.72)
IT Infrastructure	-	6,716.00	-	-	20,248.00	-	(20,248.00)
Infrastructure	-	581.88	1,657.50	-	3,315.00	-	(3,315.00)
Telephone, Communications	-	5,030.72	9,399.06	295.76	51,683.40	-	(51,683.40)
Bldgs-Machinery & Equip Repair	-	792.00	5,952.00	-	9,892.58	-	(9,892.58)
Travel & Subsistence	-	5,225.34	3,456.58	25.76	31,457.80	-	(31,457.80)
Printing Services	-	-	2,170.69	-	5,603.66	-	(5,603.66)
Insurance-Non Health	-	-	-	-	11,569.00	-	(11,569.00)
Other Misc Services	-	22,993.54	487.42	277.62	41,914.48	-	(41,914.48)
Operating Expenditures	\$ 16,305,400.00	\$ 409,108.47	\$ 1,104,854.19	\$ 1,277,152.86	\$ 5,797,655.74	\$ -	\$ 10,507,744.26
All Equipment	713,000.00	-	-	-	-	-	713,000.00
Computer Server & Components	-	-	-	-	47,569.14	-	(47,569.14)
Total Equipment	\$ 713,000.00	\$ -	\$ -	\$ -	\$ 47,569.14	\$ -	\$ 665,430.86
<b>Total Regular Class</b>	<b>\$ 24,271,800.00</b>	<b>974,487.03</b>	<b>1,674,794.00</b>	<b>1,571,203.16</b>	<b>\$ 10,290,555.70</b>	<b>\$ -</b>	<b>\$ 13,981,244.30</b>
<i>Other Departmental Appropriations:</i>							
Pol Pension Lump-Sum Sup Cont	2,000.00	-	-	-	2,000.00	-	-
PABF Payroll	12,000.00	-	-	-	2,500.00	-	9,500.00
Group Life Insurance Premium	4,200,000.00	335,154.97	336,698.27	-	2,380,485.44	-	1,819,514.56
Retiree's Benefit Adjustment	25,000.00	2,092.30	1,157.95	223.60	8,584.30	-	16,415.70
Other Classes	\$ 4,239,000.00	\$ 337,247.27	\$ 337,856.22	\$ 223.60	\$ 2,393,569.74	\$ -	\$ 1,845,430.26
<b>Total Dept Appropriations</b>	<b>\$ 28,510,800.00</b>	<b>1,311,734.30</b>	<b>2,012,650.22</b>	<b>1,571,426.76</b>	<b>\$ 12,684,125.44</b>	<b>\$ -</b>	<b>\$ 15,826,674.56</b>

**Fiscal Year**  
2024  
**Department**  
Employees' Retirement System

**City of Milwaukee**  
**Departmental**  
**Appropriation Budget Balances**

**As of: 2024-09-30**

	Budget	2024-6	2024-7	2024-8	2024-9	Year to Date Expended	Life to Date Commitments	Remaining Budget
<i>Regular Departmental Appropriations:</i>								
Employee Salaries & Wages	5,002,345.00	-	-	-	-	-	-	5,002,345.00
Base Pay-Salary & Wage	-	320,922.99	316,518.73	523,464.37	-	2,931,916.91	-	(2,931,916.91)
Overtime Premium	-	232.79	85.32	-	-	448.24	-	(448.24)
Other Worked Compensation	-	-	595.94	-	-	11,176.99	-	(11,176.99)
Time Paid Not Worked	-	75,577.73	86,409.22	82,454.95	-	548,015.79	-	(548,015.79)
Employee Salaries & Wages	\$ 5,002,345.00	396,733.51	403,609.21	605,919.32	-	\$ 3,491,557.93	\$ -	\$ 1,510,787.07
Fringe Benefits Applied	2,251,055.00	-	-	-	-	-	-	2,251,055.00
Fringe Benefits Applied	-	168,645.05	166,330.60	180,098.65	-	1,445,740.56	-	(1,445,740.56)
Applied Employee Benefits	\$ 2,251,055.00	168,645.05	166,330.60	180,098.65	-	\$ 1,445,740.56	\$ -	\$ 805,314.44
Operating Expenditures	16,305,400.00	-	-	-	-	-	-	16,305,400.00
Office Supplies	-	1,428.52	710.22	1,328.71	-	6,930.44	-	(6,930.44)
Printed Forms	-	-	-	-	-	625.55	-	(625.55)
Magazines,Subscription	-	1,312.74	37.99	570.33	-	6,631.35	-	(6,631.35)
Postal and Mailing Services	-	12,226.57	11,707.11	21,010.40	97.50	108,236.77	-	(108,236.77)
Electricity	-	2,444.07	2,111.78	2,080.96	-	19,746.56	-	(19,746.56)
Other Operating Supply	-	-	-	-	-	2,821.57	-	(2,821.57)
Building Rental	-	77,076.54	78,576.54	60,487.96	-	424,428.12	-	(424,428.12)
Passenger Vehicle Rental	-	9.49	-	-	-	9.49	-	(9.49)
Printing & Dupl Machine Rental	-	8,110.07	1,210.75	2,978.76	-	20,787.89	-	(20,787.89)
Consulting	-	38,790.30	131,087.24	38,804.90	38,754.90	448,063.45	-	(448,063.45)
Medical,Surgical & Lab	-	20,331.80	19,860.68	12,685.42	324.00	135,018.00	-	(135,018.00)
Administrative Charges	-	57,351.66	90,346.89	28,095.07	33,038.52	441,897.87	-	(441,897.87)
Other Professional Services	-	75,000.00	712,107.67	1,342,398.25	79,500.00	4,087,853.42	-	(4,087,853.42)
Systems Support	-	73,696.72	53,670.00	54,146.96	10,710.00	389,085.68	-	(389,085.68)
IT Infrastructure	-	6,716.00	-	-	-	20,248.00	-	(20,248.00)
Infrastructure	-	581.88	1,657.50	-	-	3,315.00	-	(3,315.00)
Telephone, Communications	-	5,030.72	9,399.06	6,937.48	200.00	58,525.12	-	(58,525.12)
Bldgs-Machinery & Equip Repair	-	792.00	5,952.00	-	-	9,892.58	-	(9,892.58)
Travel & Subsistence	-	5,225.34	5,696.58	4,018.59	-	37,690.63	-	(37,690.63)
Printing Services	-	-	2,170.69	2,155.83	-	7,759.49	-	(7,759.49)
Insurance-Non Health	-	-	-	-	-	11,569.00	-	(11,569.00)
Other Misc Services	-	22,993.54	487.42	487.62	224.08	42,348.56	-	(42,348.56)
Operating Expenditures	\$ 16,305,400.00	409,117.96	1,126,790.12	1,578,187.24	162,849.00	\$ 6,283,484.54	\$ -	\$ 10,021,915.46
All Equipment	713,000.00	-	-	-	-	-	-	713,000.00
Computer Server & Components	-	-	-	-	24,200.00	71,769.14	-	(71,769.14)
Total Equipment	\$ 713,000.00	-	-	-	24,200.00	\$ 71,769.14	\$ -	\$ 641,230.86
<b>Total Regular Class</b>	<b>\$ 24,271,800.00</b>	<b>974,496.52</b>	<b>1,696,729.93</b>	<b>2,364,205.21</b>	<b>187,049.00</b>	<b>\$ 11,292,552.17</b>	<b>\$ -</b>	<b>\$ 12,979,247.83</b>
<i>Other Departmental Appropriations:</i>								
Pol Pension Lump-Sum Sup Cont	2,000.00	-	-	-	-	2,000.00	-	-
PABF Payroll	12,000.00	-	-	-	-	2,500.00	-	9,500.00
Group Life Insurance Premium	4,200,000.00	335,154.97	336,698.27	338,198.23	-	2,718,683.67	-	1,481,316.33
Retiree's Benefit Adjustment	25,000.00	2,092.30	1,157.95	1,144.68	-	9,505.38	-	15,494.62
Other Classes	\$ 4,239,000.00	337,247.27	337,856.22	339,342.91	-	\$ 2,732,689.05	\$ -	\$ 1,506,310.95
<b>Total Dept Appropriations</b>	<b>\$ 28,510,800.00</b>	<b>1,311,743.79</b>	<b>2,034,586.15</b>	<b>2,703,548.12</b>	<b>187,049.00</b>	<b>\$ 14,025,241.22</b>	<b>\$ -</b>	<b>\$ 14,485,558.78</b>

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-CASH ACCOUNT 2605491	0.00 0.00%	84,554,870.29 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	84,554,870.29 1.39%
MILWAUKEE-THE NORTHERN TRS 2605496	0.00 0.00%	0.00 0.00%	204,218,119.30 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	204,218,119.30 3.36%
MILWAUKEE-ERS EXPENSE FUND 2605504	0.00 0.00%	639,174.34 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	639,174.34 0.01%
MILWAUKEE-PABF BENEFIT PAYMENT 2610128	0.00 0.00%	2,735.45 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	2,735.45 0.00%
MILWAUKEE-DFA INTERNATIONAL 2619838	0.00 0.00%	0.00 0.00%	171,123,671.60 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	171,123,671.60 2.82%
MILWAUKEE-EARNEST -5L 2630942	0.00 0.00%	4,226,818.95 2.40%	171,631,880.30 97.38%	0.00 0.00%	0.00 0.00%	385,652.27 0.22%	176,244,351.50 2.90%
MILWAUKEE - UBS A&Q 2637239	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	263,830,890.10 100.00%	0.00 0.00%	263,830,890.10 4.34%
MILWAUKEE-DFA 2637848	0.00 0.00%	0.00 0.00%	203,847,925.10 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	203,847,925.10 3.35%
MILWAUKEE-BAIRD 2674604	0.00 0.00%	26,255,611.50 29.93%	0.00 0.00%	61,464,054.47 70.07%	0.00 0.00%	0.00 0.00%	87,719,665.97 1.44%
MILWAUKEE - BLACKROCK R1000V 4472746	0.00 0.00%	0.00 0.00%	208,342,893.90 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	208,342,893.90 3.43%
MILWAUKEE-LOOMIS SAYLE CME01	14,777,272.21 3.13%	0.00 0.00%	9,785,493.03 2.07%	512,322,818.80 108.62%	-54,799,703.09 -11.62%	-10,435,489.92 -2.21%	471,650,391.10 7.76%
MILWAUKEE-BRANDES INT'L EQUITY CME03	2,824,610.49 0.85%	0.00 0.00%	327,160,557.10 98.84%	0.00 0.00%	2,351,366.43 0.71%	-1,347,093.59 -0.41%	330,989,440.40 5.45%
MILWAUKEE-REAMS CME04	78,704,214.66 10.60%	0.00 0.00%	0.00 0.00%	860,511,144.90 115.90%	0.00 0.00%	-196,762,272.80 -26.50%	742,453,086.80 12.22%
MILWAUKEE-BLAIR CME05	5,972,485.13 2.58%	0.00 0.00%	223,900,471.30 96.84%	0.00 0.00%	1,057,080.02 0.46%	271,538.38 0.12%	231,201,574.80 3.81%
MILWAUKEE-MFS CME12	3,368,046.46 1.61%	0.00 0.00%	205,159,514.70 98.16%	0.00 0.00%	476,846.28 0.23%	0.00 0.00%	209,004,407.40 3.44%

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## Manager Mix Report

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MILWAUKEE-POLEN 2644553	0.00 0.00%	3,439,369.28 2.76%	121,018,711.20 97.24%	0.00 0.00%	0.00 0.00%	0.00 0.00%	124,458,080.50 2.05%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	183,152,680.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	183,152,680.00 3.01%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	258,616,607.10 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	258,616,607.10 4.26%
MILWAUKEE - HARRISON STREET 4423196	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	24,940,680.00 100.00%	0.00 0.00%	24,940,680.00 0.41%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	108,997,539.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	108,997,539.00 1.79%
MILWAUKEE-APTITUDE / 4479682 4479682	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	182,749,808.00 93.84%	12,000,000.00 6.16%	194,749,808.00 3.21%
MILWAUKEE-INV TRAN CME08	52.27 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	52.27 0.00%
MILWAUKEE - DFA US LCV CME15	567,610.35 0.37%	0.00 0.00%	151,021,413.80 99.60%	0.00 0.00%	0.00 0.00%	32,293.55 0.02%	151,621,317.70 2.50%
MILWAUKEE-REAL ESTATE MULTIPLE	0.00 0.00%	-233,216.98 -0.05%	0.00 0.00%	0.00 0.00%	445,780,461.87 100.00%	228,792.58 0.05%	445,776,037.47 7.34%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	778,633,637.00 100.00%	0.00 0.00%	778,633,637.00 12.81%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	419,413,462.70 100.00%	0.00 0.00%	0.00 0.00%	419,413,462.70 6.90%

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
<b>Total for consolidation</b>	<b>106,214,291.57</b>	<b>118,885,362.83</b>	<b>2,547,977,477.43</b>	<b>1,853,711,480.87</b>	<b>1,645,021,066.61</b>	<b>-195,626,579.53</b>	<b>6,076,183,099.79</b>
<b>% for consolidation</b>	<b>1.75%</b>	<b>1.96%</b>	<b>41.93%</b>	<b>30.51%</b>	<b>27.07%</b>	<b>-3.22%</b>	<b>100.00%</b>

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

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-CASH ACCOUNT 2605491	0.00 0.00%	100,721,314.60 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	100,721,314.60 1.65%
MILWAUKEE-THE NORTHERN TRS 2605496	0.00 0.00%	0.00 0.00%	203,912,962.50 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	203,912,962.50 3.34%
MILWAUKEE-ERS EXPENSE FUND 2605504	0.00 0.00%	681,631.30 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	681,631.30 0.01%
MILWAUKEE-PABF BENEFIT PAYMENT 2610128	0.00 0.00%	2,424.67 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	2,424.67 0.00%
MILWAUKEE-DFA INTERNATIONAL 2619838	0.00 0.00%	0.00 0.00%	173,087,266.70 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	173,087,266.70 2.83%
MILWAUKEE-EARNEST -SL 2630942	0.00 0.00%	5,507,309.22 3.08%	173,580,293.60 96.92%	0.00 0.00%	0.00 0.00%	0.00 0.00%	179,087,602.80 2.93%
MILWAUKEE - UBS A&Q 2637239	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	265,825,599.00 100.00%	0.00 0.00%	265,825,599.00 4.35%
MILWAUKEE-DFA 2637848	0.00 0.00%	0.00 0.00%	198,944,961.40 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	198,944,961.40 3.26%
MILWAUKEE-BAIRD 2674604	0.00 0.00%	26,901,391.99 30.44%	0.00 0.00%	61,462,568.79 69.56%	0.00 0.00%	0.00 0.00%	88,363,960.78 1.45%
MILWAUKEE - BLACKROCK R1000V 4472746	0.00 0.00%	0.00 0.00%	208,566,480.10 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	208,566,480.10 3.41%
MILWAUKEE-LOOMIS SAYLE CME01	16,021,228.81 3.34%	0.00 0.00%	9,783,778.65 2.04%	625,984,700.50 130.59%	-165,041,210.90 -34.43%	-7,384,684.73 -1.54%	479,363,812.20 7.84%
MILWAUKEE-BRANDES INT'L EQUITY CME03	3,380,908.74 1.02%	0.00 0.00%	325,240,867.50 97.91%	0.00 0.00%	2,433,737.91 0.73%	1,113,674.16 0.34%	332,169,188.30 5.44%
MILWAUKEE-REAMS CME04	83,560,384.46 11.09%	0.00 0.00%	0.00 0.00%	842,369,447.20 111.84%	2,284,411.64 0.30%	-175,040,490.40 -23.24%	753,173,752.90 12.33%
MILWAUKEE-BLAIR CME05	6,146,744.80 2.59%	0.00 0.00%	230,119,055.70 97.06%	0.00 0.00%	1,088,385.07 0.46%	-267,277.17 -0.11%	237,086,908.40 3.88%
MILWAUKEE-MFS CME12	3,512,010.50 1.64%	0.00 0.00%	209,648,103.70 98.13%	0.00 0.00%	491,954.94 0.23%	0.00 0.00%	213,652,069.10 3.50%

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-POLEN 2644553	0.00 0.00%	2,852,658.76 2.33%	119,892,445.50 97.76%	0.00 0.00%	0.00 0.00%	-104,586.76 -0.09%	122,640,517.50 2.01%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	186,864,369.50 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	186,864,369.50 3.06%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	257,231,812.40 97.50%	0.00 0.00%	0.00 0.00%	6,600,000.00 2.50%	263,831,812.40 4.32%
MILWAUKEE - HARRISON STREET 4423196	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	24,940,680.00 100.00%	0.00 0.00%	24,940,680.00 0.41%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	105,219,219.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	105,219,219.00 1.72%
MILWAUKEE-APTITUDE / 4479682 4479682	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	182,901,625.40 100.00%	0.00 0.00%	182,901,625.40 2.99%
MILWAUKEE-INV TRAN CME08	142.64 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	142.64 0.00%
MILWAUKEE - DFA US LCV CME15	430,130.80 0.29%	0.00 0.00%	149,619,575.60 99.70%	0.00 0.00%	0.00 0.00%	22,954.29 0.02%	150,072,660.70 2.46%
MILWAUKEE-REAL ESTATE MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	446,152,610.77 100.00%	-7,463.75 0.00%	446,145,147.02 7.30%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	768,779,342.00 100.00%	0.00 0.00%	768,779,342.00 12.58%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	424,774,497.90 100.00%	0.00 0.00%	0.00 0.00%	424,774,497.90 6.95%

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
<b>Total for consolidation</b>	<b>113,051,550.75</b>	<b>136,666,730.54</b>	<b>2,551,711,191.85</b>	<b>1,954,591,214.39</b>	<b>1,529,857,135.83</b>	<b>-175,067,874.36</b>	<b>6,110,809,948.81</b>
<b>% for consolidation</b>	<b>1.85%</b>	<b>2.24%</b>	<b>41.76%</b>	<b>31.99%</b>	<b>25.04%</b>	<b>-2.86%</b>	<b>100.00%</b>

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

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**Employes' Retirement System  
 Securities Lending Income and Expenses: 2024  
 As of JULY 31, 2024**

<b>Date</b>	<b>Amounts Expended</b>			<b>Balance</b>
	<b>Income From Lending</b>	<b>Fees</b>	<b>Administrative Transfers</b>	
<b>Balance 12-31-23</b>				<b>\$852,821.09</b>
<b>Quarter 1 Totals</b>	\$497,937.30	\$97,968.54	\$853,000.00	399,789.85
<b>Quarter 2 Totals</b>	\$238,225.63	\$46,436.75	\$0.00	591,578.73
07/03/24	\$2,463.18	\$0.00	\$0.00	594,041.91
07/15/24	\$53,022.06	\$10,599.00	\$0.00	636,464.97
<b>Current Totals</b>	<b>\$791,648.17</b>	<b>\$155,004.29</b>	<b>\$853,000.00</b>	<b>\$636,464.97</b>

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

**Employees' Retirement System**  
**Securities Lending Income and Expenses: 2024**  
**As of AUGUST 31, 2024**

<b>Date</b>	<b>Amounts Expended</b>			<b>Balance</b>
	<b>Income From Lending</b>	<b>Fees</b>	<b>Administrative Transfers</b>	
<b>Balance 12-31-23</b>				<b>\$852,821.09</b>
<b>Quarter 1 Totals</b>	\$497,937.30	\$97,968.54	\$853,000.00	399,789.85
<b>Quarter 2 Totals</b>	\$238,225.63	\$46,436.75	\$0.00	591,578.73
07/03/24	\$2,463.18	\$0.00	\$0.00	594,041.91
07/15/24	\$53,022.06	\$10,599.00	\$0.00	636,464.97
08/05/24	\$2,812.34	\$0.00	\$0.00	639,277.31
08/15/24	\$49,313.66	\$9,856.81	\$0.00	678,734.16
<b>Current Totals</b>	<b>\$843,774.17</b>	<b>\$164,861.10</b>	<b>\$853,000.00</b>	<b>\$678,734.16</b>

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

**MERS PERFORMANCE ESTIMATES**  
August 31, 2024

Account	2023 Return	1st Quarter 2024	2nd Quarter 2024	Jul 2024	Aug 2024	YTD Thru 8/31/24
<b>Northern Trust S&amp;P 500 Index</b>	26.30%	10.55%	4.28%	1.22%	2.42%	19.51%
S&P 500	<u>26.29%</u>	<u>10.56%</u>	<u>4.28%</u>	<u>1.22%</u>	<u>2.43%</u>	<u>19.53%</u>
Difference	0.01%	-0.01%	0.00%	0.00%	0.00%	-0.01%
<b>BlackRock Russell 1000 Value Index</b>	11.51%	8.99%	-2.16%	5.12%	2.69%	15.09%
Russell 1000 Value	<u>11.46%</u>	<u>8.99%</u>	<u>-2.17%</u>	<u>5.11%</u>	<u>2.68%</u>	<u>15.08%</u>
Difference	0.05%	0.00%	0.00%	0.00%	0.00%	0.01%
<b>DFA US Large Cap Value</b>	12.49%	11.56%	-3.20%	5.00%	1.52%	15.11%
Russell 1000 Value	<u>11.46%</u>	<u>8.99%</u>	<u>-2.17%</u>	<u>5.11%</u>	<u>2.68%</u>	<u>15.08%</u>
Difference	1.03%	2.58%	-1.04%	-0.11%	-1.16%	0.03%
<b>Polen</b>	38.59%	7.73%	-0.52%	-0.17%	2.14%	9.27%
S&P 500	<u>26.29%</u>	<u>10.56%</u>	<u>4.28%</u>	<u>1.22%</u>	<u>2.43%</u>	<u>19.53%</u>
Difference	12.30%	-2.83%	-4.81%	-1.39%	-0.29%	-10.26%
<b>Earnest</b>	17.75%	8.17%	-5.07%	5.72%	1.61%	10.30%
Russell MidCap	<u>17.23%</u>	<u>8.60%</u>	<u>-3.35%</u>	<u>4.71%</u>	<u>2.03%</u>	<u>12.14%</u>
Difference	0.52%	-0.43%	-1.73%	1.00%	-0.41%	-1.84%
<b>CastleArk</b>	10.67%	8.75%				8.75%
Russell 2000 Growth	<u>18.66%</u>	<u>2.17%</u>				<u>2.17%</u>
Difference	-7.99%	6.58%				6.58%
<b>DFA US Small Cap Value</b>	21.83%	3.61%	-3.34%	10.32%	-2.41%	7.83%
Russell 2000 Value	<u>14.65%</u>	<u>2.90%</u>	<u>-3.64%</u>	<u>12.19%</u>	<u>-1.88%</u>	<u>9.15%</u>
Difference	7.18%	0.71%	0.30%	-1.87%	-0.53%	-1.32%
<b>Brandes</b>	31.52%	5.27%	-0.08%	5.05%	3.95%	14.85%
MSCI EAFE	<u>18.24%</u>	<u>5.78%</u>	<u>-0.42%</u>	<u>2.93%</u>	<u>3.25%</u>	<u>11.96%</u>
Difference	13.29%	-0.52%	0.34%	2.11%	0.69%	2.89%
<b>William Blair</b>	15.90%	6.83%	-1.35%	1.76%	2.55%	9.98%
MSCI ACWI ex US	<u>16.21%</u>	<u>4.81%</u>	<u>1.17%</u>	<u>2.35%</u>	<u>2.87%</u>	<u>11.64%</u>
Difference	-0.31%	2.02%	-2.52%	-0.58%	-0.32%	-1.66%
<b>DFA Int'l Small Cap Value</b>	17.56%	5.32%	0.98%	5.47%	1.15%	13.46%
MSCI EAFE Small Cap	<u>13.16%</u>	<u>2.40%</u>	<u>-1.84%</u>	<u>5.70%</u>	<u>1.98%</u>	<u>8.34%</u>
Difference	4.40%	2.92%	2.83%	-0.23%	-0.83%	5.12%
<b>AQR</b>	17.92%	6.14%	5.15%	-1.44%	0.21%	10.24%
MSCI EM	<u>9.83%</u>	<u>2.37%</u>	<u>5.00%</u>	<u>0.30%</u>	<u>1.61%</u>	<u>9.55%</u>
Difference	8.09%	3.77%	0.16%	-1.74%	-1.40%	0.69%
<b>BlackRock Global Alpha Tilts</b>	23.33%	9.12%	4.26%	1.22%	2.02%	17.48%
MSCI ACWI	<u>22.20%</u>	<u>8.20%</u>	<u>2.87%</u>	<u>1.61%</u>	<u>2.54%</u>	<u>15.97%</u>
Difference	1.13%	0.92%	1.39%	-0.40%	-0.52%	1.51%
<b>MFS</b>	21.34%	6.48%	1.07%	2.09%	2.22%	12.32%
MSCI ACWI	<u>22.20%</u>	<u>8.20%</u>	<u>2.87%</u>	<u>1.61%</u>	<u>2.54%</u>	<u>15.97%</u>
Difference	-0.87%	-1.72%	-1.80%	0.48%	-0.32%	-3.65%
<b>BlackRock Gov't Bond Index</b>	4.26%	-0.90%	0.18%	2.18%	1.28%	2.74%
Bloomberg Gov't Bond	<u>4.09%</u>	<u>-0.93%</u>	<u>0.11%</u>	<u>2.17%</u>	<u>1.27%</u>	<u>2.62%</u>
Difference	0.17%	0.04%	0.07%	0.01%	0.01%	0.12%
<b>Reams</b>	6.76%	-0.63%	0.48%	2.13%	1.44%	3.44%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.78%</u>	<u>0.07%</u>	<u>2.34%</u>	<u>1.44%</u>	<u>3.07%</u>
Difference	1.23%	0.14%	0.41%	-0.21%	0.01%	0.37%
<b>Loomis Sayles</b>	8.53%	0.63%	0.24%	2.41%	1.64%	4.99%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.78%</u>	<u>0.07%</u>	<u>2.34%</u>	<u>1.44%</u>	<u>3.07%</u>
Difference	3.00%	1.41%	0.17%	0.07%	0.20%	1.92%
<b>UBS</b>	6.80%	2.57%	1.93%	0.76%	0.62%	6.00%
SOFR + 4%	<u>9.02%</u>	<u>2.31%</u>	<u>2.28%</u>	<u>0.79%</u>	<u>0.74%</u>	<u>6.25%</u>
Difference	-2.21%	0.27%	-0.35%	-0.03%	-0.12%	-0.25%
<b>Aptitude</b>	5.24%	4.80%	1.43%	0.08%	0.73%	7.16%
SOFR + 4%	<u>9.02%</u>	<u>2.31%</u>	<u>2.28%</u>	<u>0.79%</u>	<u>0.74%</u>	<u>6.25%</u>
Difference	-3.78%	2.50%	-0.85%	-0.71%	-0.01%	0.91%
<b>Principal</b>	3.31%	1.68%	-0.36%	2.95%	2.03%	6.41%
Blended Benchmark	<u>4.31%</u>	<u>0.67%</u>	<u>0.40%</u>	<u>2.68%</u>	<u>3.03%</u>	<u>6.93%</u>
Difference	-1.00%	1.01%	-0.76%	0.27%	-1.01%	-0.52%
<b>Baird</b>	5.46%	0.96%	1.16%	0.92%	0.73%	3.82%
Bloomberg Govt/Credit 1-3 Year	<u>4.61%</u>	<u>0.42%</u>	<u>0.95%</u>	<u>1.19%</u>	<u>0.91%</u>	<u>3.51%</u>
Difference	0.85%	0.54%	0.20%	-0.27%	-0.18%	0.31%
<b>Total MERS</b>	<b>9.98%</b>	<b>2.83%</b>	<b>0.69%</b>	<b>2.17%</b>	<b>1.26%</b>	<b>7.11%</b>

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

The returns shown are gross of fees (except Total MERS, DFA International Small Cap Value, William Blair International Growth, AQR, Principal, UBS, and Aptitude) CastleArk performance runs through February 14, 2024.

## ACTUAL ALLOCATIONS

August 31, 2024

		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 203,912,963	3.38%
	BlackRock (Russell 1000 Value)	3.45%	\$ 208,566,480	3.46%
Sub-Total Passive Large Cap Equity		6.90%	\$ 412,479,443	6.85%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 122,640,518	2.04%
	DFA (Russell 1000 Value)	2.46%	\$ 150,072,661	2.49%
Sub-Total Active Large Cap Equity		4.40%	\$ 272,713,178	4.53%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	\$ 179,087,603	2.97%
	DFA (Russell 2000 Value)	3.05%	\$ 198,944,961	3.30%
Sub-Total Active Mid/Small Cap Equity		6.24%	\$ 378,032,564	6.27%
Total Domestic		17.55%	\$ 1,063,225,185	17.64%
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 332,169,188	5.51%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 237,086,908	3.93%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 173,087,267	2.87%
	AQR (MSCI EM)	1.76%	\$ 105,219,219	1.75%
Total International		13.65%	\$ 847,562,582	14.07%
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 263,851,622	4.38%
	MFS (MSCI ACWI)	3.51%	\$ 213,652,069	3.55%
Total Global		7.80%	\$ 477,503,691	7.92%
<b>Total Public Equity</b>		<b>39.00%</b>	<b>\$ 2,388,291,459</b>	<b>39.63%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 305,175,632	5.06%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 293,500,979	4.87%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 69,436,528	1.15%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 100,666,203	1.67%
<b>Total Private Equity</b>		<b>12.00%</b>	<b>\$ 768,779,342</b>	<b>12.76%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>51.00%</b>	<b>\$ 3,157,070,801</b>	<b>52.39%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash		1.00%	\$ 101,405,513	1.68%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 424,774,498	7.05%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	\$ 753,173,753	12.50%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 479,363,812	7.96%
Sub-Total Active Fixed Income		20.78%	\$ 1,232,537,565	20.45%
<b>Total Fixed Income</b>		<b>29.00%</b>	<b>\$ 1,758,717,576</b>	<b>29.19%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 184,236,536	3.06%
	UBS (SOFR + 4%)	4.00%	\$ 267,473,718	4.44%
<b>Total Absolute Return</b>		<b>7.00%</b>	<b>\$ 451,710,254</b>	<b>7.50%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>36.00%</b>	<b>\$ 2,210,427,830</b>	<b>36.68%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 105,782,398	1.76%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 144,102,687	2.39%
	LaSalle (NFI-ODCE)	2.30%	\$ 104,984,301	1.74%
	Prologis (NFI-ODCE)	1.30%	\$ 81,404,797	1.35%
	Harrison Street (NFI-ODCE)	0.90%	\$ 24,940,680	0.41%
Sub-Total Private Real Estate - Core		9.70%	\$ 461,214,863	7.65%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 10,309,774	0.17%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 186,864,370	3.10%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 658,389,006</b>	<b>10.93%</b>
<b>TOTAL ERS</b>			<b>\$ 6,025,887,637</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>		<b>R. W. Baird</b>	<b>88,363,961</b>	

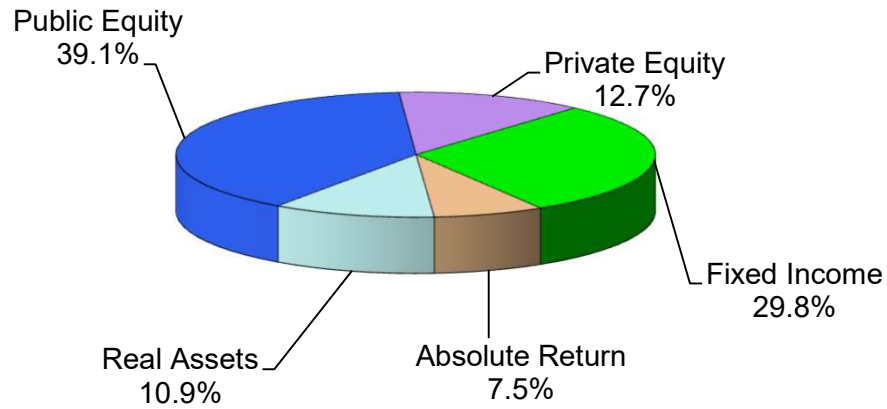
## PROJECTED TARGET ALLOCATIONS

Sep 17, 2024

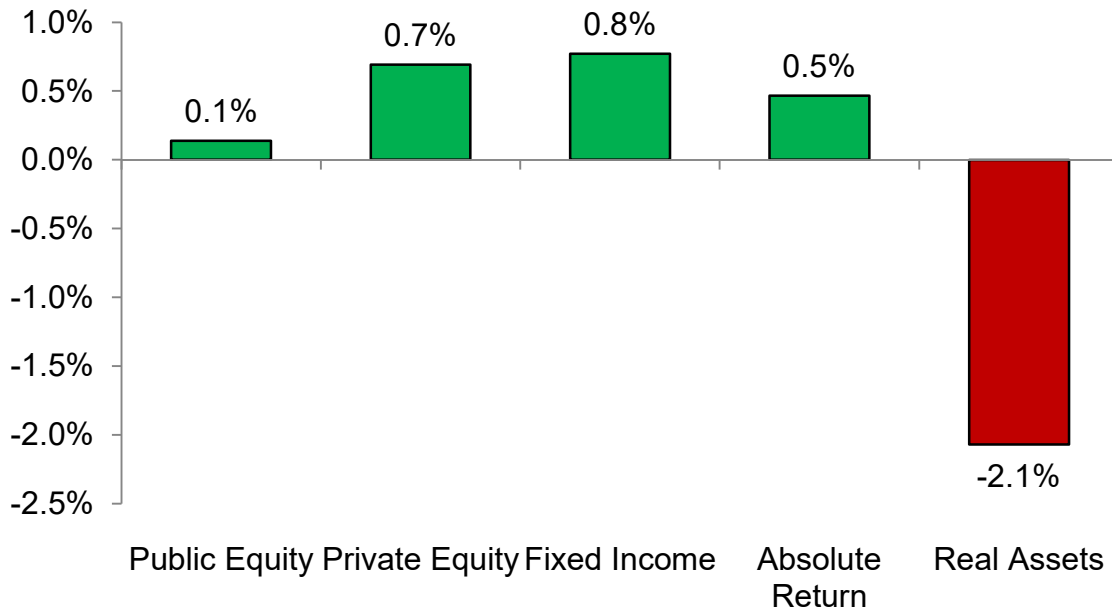
		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 203,585,518	3.37%
	BlackRock (Russell 1000 Value)	3.45%	\$ 207,808,402	3.44%
	Sub-Total Passive Large Cap Equity	6.90%	\$ 411,393,920	6.80%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 123,860,586	2.05%
	DFA (Russell 1000 Value)	2.46%	\$ 148,346,369	2.45%
	Sub-Total Active Large Cap Equity	4.40%	\$ 272,206,955	4.50%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	\$ 178,253,940	2.95%
	DFA (Russell 2000 Value)	3.05%	\$ 196,046,904	3.24%
	Sub-Total Active Mid/Small Cap Equity	6.24%	\$ 374,300,844	6.19%
<b>Total Domestic</b>		<b>17.55%</b>	<b>\$ 1,057,901,718</b>	<b>17.49%</b>
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 330,870,809	5.47%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 233,759,595	3.86%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 171,560,026	2.84%
	AQR (MSCI EM)	1.76%	\$ 104,473,472	1.73%
<b>Total International</b>		<b>13.65%</b>	<b>\$ 840,663,902</b>	<b>13.90%</b>
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 255,334,282	4.22%
	MFS (MSCI ACWI)	3.51%	\$ 213,665,386	3.53%
<b>Total Global</b>		<b>7.80%</b>	<b>\$ 468,999,668</b>	<b>7.75%</b>
<b>Total Public Equity</b>		<b>39.00%</b>	<b>\$ 2,367,565,288</b>	<b>39.14%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 303,438,132	5.02%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 294,177,122	4.86%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 69,436,528	1.15%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 100,666,203	1.66%
<b>Total Private Equity</b>		<b>12.00%</b>	<b>\$ 767,717,985</b>	<b>12.69%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>51.00%</b>	<b>\$ 3,135,283,273</b>	<b>51.83%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash				
		1.00%	\$ 111,345,680	1.84%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 432,820,448	7.16%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	\$ 768,875,631	12.71%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 487,914,870	8.07%
	Sub-Total Active Fixed Income	20.78%	\$ 1,256,790,501	20.78%
<b>Total Fixed Income</b>		<b>29.00%</b>	<b>\$ 1,800,956,629</b>	<b>29.77%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 184,236,536	3.05%
	UBS (SOFR + 4%)	4.00%	\$ 267,473,718	4.42%
<b>Total Absolute Return</b>		<b>7.00%</b>	<b>\$ 451,710,254</b>	<b>7.47%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>36.00%</b>	<b>\$ 2,252,666,883</b>	<b>37.24%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 105,782,398	1.75%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 144,102,687	2.38%
	LaSalle (NFI-ODCE)	2.30%	\$ 104,984,301	1.74%
	Prologis (NFI-ODCE)	1.30%	\$ 81,404,797	1.35%
	Harrison Street (NFI-ODCE)	0.90%	\$ 24,940,680	0.41%
	Sub-Total Private Real Estate - Core	9.70%	\$ 461,214,863	7.62%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 10,325,654	0.17%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 189,680,134	3.14%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 661,220,651</b>	<b>10.93%</b>
<b>TOTAL ERS</b>			<b>\$ 6,049,170,807</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>		<b>R. W. Baird</b>	<b>88,849,348</b>	

# PROJECTED VERSUS POLICY ALLOCATIONS

## Asset Mix Using Projected Balances



## Asset Allocation vs. Current Policy Benchmark





## 2024 ESTIMATED MONTHLY CASH FLOWS

Revised 9/18/2024

(in 000's)

	<u>12/31/2023</u>	<u>1/31/2024</u>	<u>2/29/2024</u>	<u>3/31/2024</u>	<u>4/30/2024</u>	<u>5/31/2024</u>	<u>6/30/2024</u>	<u>7/31/2024</u>	<u>8/31/2024</u>	<u>9/30/2024</u>	<u>10/31/2024</u>	<u>11/30/2024</u>	
<b>Beginning Cash Account Balance</b>													
Townsend Cash Account	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Contribution Account	-	-	-	-	-	-	-	-	-	-	-	-	
Milwaukee Cash Account	46,059	179,092	167,742	134,564	88,675	79,198	68,983	84,150	100,236				
Total Cash Available	46,059	179,092	167,742	134,564	88,675	79,198	68,983	84,150	100,236				
Less: Estimated Cash Needs for non-Investment Outflows	39,500	39,500	39,500	39,500	39,500	39,500	39,500	39,500	39,500	39,500			
Cash Available for Other Outflows	6,559	139,592	128,242	95,064	49,175	39,698	29,483	44,650	60,736				
<b>For Monthly Cash Outflows of:</b>													
	<u>Jan-2024</u>	<u>Feb-2024</u>	<u>Mar-2024</u>	<u>Apr-2024</u>	<u>May-2024</u>	<u>Jun-2024</u>	<u>Jul-2024</u>	<u>Aug-2024</u>	<u>Sep-2024</u>	<u>Oct-2024</u>	<u>Nov-2024</u>	<u>Dec-2024</u>	<u>Total 2024</u>
Retiree Payroll Expense	(40,300)	(39,713)	(39,957)	(39,552)	(39,807)	(40,814)	(40,173)	(41,117)	(41,048)	(41,148)	(41,248)	(41,349)	(486,225)
Normal Retirement Payroll	(39,242)	(38,947)	(39,410)	(39,270)	(39,346)	(39,886)	(39,621)	(39,948)	(40,048)	(40,148)	(40,248)	(40,349)	(476,464)
Retiree Lump Sum Payments	(1,058)	(765)	(546)	(282)	(460)	(928)	(552)	(1,169)	(1,000)	(1,000)	(1,000)	(1,000)	(9,761)
Real Estate Capital Calls	-	-	(23)	(12,500)	-	(46)	(12,500)	-	-	-	-	-	(25,069)
Private Equity Capital Calls	(2,149)	(3,464)	(6,173)	(14,033)	(614)	(3,934)	(2,403)	(9,566)	(4,258)	-	-	-	(46,595)
Expenses Paid through City	(2,023)	(2,156)	(1,198)	-	(986)	(2,923)	(856)	(2,646)	(1,726)	(2,023)	(2,023)	(2,023)	(20,583)
PABF Payroll	(1)	(3)	(1)	(1)	-	-	-	-	-	-	-	-	(4)
<b>Sub-Total Monthly Cash Outflows</b>	<b>(44,472)</b>	<b>(45,336)</b>	<b>(47,351)</b>	<b>(66,085)</b>	<b>(41,406)</b>	<b>(47,718)</b>	<b>(55,932)</b>	<b>(53,329)</b>	<b>(47,032)</b>	<b>(43,171)</b>	<b>(43,271)</b>	<b>(43,372)</b>	<b>(578,475)</b>
<b>For Monthly Cash Inflows:</b>													
Sponsoring Agency and Employee Contribution	2,710	2,721	2,049	3,675	2,708	2,613	2,394	3,622	2,406	2,412	2,418	2,424	32,152
Real Estate Distributions	1,920	-	92	4,428	-	147	3,944	7	-	-	-	-	10,539
Private Equity Distributions	904	3,891	11,310	1,935	2,547	8,037	5,361	18,593	3,461	-	-	-	56,039
Miscellaneous Income	163	950	790	755	573	406	445	406	485	95	95	95	5,258
Security Lending Transfer	853	-	-	-	-	-	-	-	-	-	-	-	853
City and Agency Required Contribution	205,954	987	-	-	-	-	5,456	186	-	-	-	-	212,584
PABF Inflow	-	1	-	3.0	1	-	-	-	-	-	-	-	5
<b>Sub-Total Monthly Cash Inflows</b>	<b>212,505</b>	<b>8,551</b>	<b>14,242</b>	<b>10,796</b>	<b>5,829</b>	<b>11,203</b>	<b>17,600</b>	<b>22,815</b>	<b>6,352</b>	<b>2,507</b>	<b>2,513</b>	<b>2,519</b>	<b>317,430</b>
<b>Net Monthly Cash Inflows/(Outflows) Before Withdrawals</b>	<b>168,033</b>	<b>(36,785)</b>	<b>(33,110)</b>	<b>(55,290)</b>	<b>(35,577)</b>	<b>(36,515)</b>	<b>(38,332)</b>	<b>(30,514)</b>	<b>(40,680)</b>	<b>(40,664)</b>	<b>(40,758)</b>	<b>(40,853)</b>	<b>(261,045)</b>
<b>Net Monthly Cash Surplus (Need)</b>	<b>174,592</b>	<b>102,807</b>	<b>95,132</b>	<b>39,775</b>	<b>13,598</b>	<b>3,183</b>	<b>(8,850)</b>	<b>14,136</b>	<b>20,057</b>	<b>(40,664)</b>	<b>(40,758)</b>	<b>(40,853)</b>	<b>332,154</b>
<b>Monthly Cash Withdrawals (Additions)</b>													
AQR					4,100	4,000	4,000						
BlackRock Global Alpha Tilts			9,400		9,400	9,300		6,600					
BlackRock Russell 1000 Value Index							7,600	5,300	4,000				
BlackRock US Government Bond Index	(54,000)												
Brandes					12,400		12,100	11,900	11,300				
CastleArk													
Dimensional Fund Advisors US Large Cap						5,200		3,800					
Dimensional Fund Advisors International					6,200		4,400		4,300				
Dimensional Fund Advisors US Small Cap													
Earnest													
Loomis Sayles													
MFS					7,500				5,200				
Northern Trust S&P 500 Index			7,400			7,600	7,500	5,200					
Polen			4,500					4,400	4,300				
Principal													
Reams													
Transition Account		25,435	33	0									
UBS A&Q	19,000												
Goldman/Aptitude			(12,000)					12,000					
William Blair							8,600						
<b>Sub-Total Monthly Cash Withdrawals</b>	<b>(35,000)</b>	<b>25,435</b>	<b>9,333</b>	<b>0</b>	<b>39,600</b>	<b>26,100</b>	<b>44,200</b>	<b>49,200</b>	<b>29,100</b>				
<b>Estimated Month-End Cash Balance</b>													
Cash Available	139,592	128,242	104,464	39,775	53,198	29,283	35,350	63,336	49,157				
Estimated Cash Needs for non-Investment Outflows	39,500	39,500	39,500	39,500	39,500	39,500	39,500	39,500	39,500	39,500			
Total Cash Estimated on Hand For Next Month	179,092	167,742	143,964	79,275	92,698	68,783	74,850	102,836	88,657				