REGULAR MEETING OF THE ANNUITY AND PENSION BOARD
EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
789 N. WATER ST. (Employes' Retirement System)
TUESDAY, OCTOBER 22, 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) 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.
  B. Regular Meeting Held September 24, 2024.

II. Chief Investment Officer Report.

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (II.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 Apogem Private Equity Fund XI, L.P. Side Letter.
  B. Approval of Loomis Sayles Guideline Change.
  C. Approval of Loomis Sayles Guideline Recommendation.

III. New Business.
  A. Retirements, Death Claims, and Refunds (September).
  B. Conference Requests – October 22, 2024 Board Meeting.

IV. Medical Reports.

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

V. Unfinished Business.

  A. Approval of Annual Financial Statements For Year Ended December 31, 2023.

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

B. Pending Legal Opinions and Service Requests Report.
C. Pending Legislation Report.
D. Executive Director's Report – Inventory of ERS Projects.

VI. Informational.

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

A. Pending Litigation Report.
B. Conferences.
C. Class Action Income 2024 YTD.
D. Minutes of the Administration & Operations Committee Meeting Held September 19, 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

INVESTMENT COMMITTEE MEETING

THURSDAY, NOVEMBER 7, 2024 – 9:00 A.M.
789 N. WATER ST.

REGULAR MEETING OF THE ANNUITY AND PENSION BOARD

TUESDAY, NOVEMBER 26, 2024 – 9:00 A.M.
789 N. WATER ST.

EMPLOYES' 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' 24th 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 quoted the NCPERS conference materials which 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 referred to the conference materials again which stated the conference is "tailored programming that provides quality education to public safety pension fund trustees, administrators, union officials, and local elected officials." Mr. Klusman further mentioned the conference materials which said "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, as listed in the conference materials, "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).

Police – Re-examinations – Duty	Recommendation
Graham Kunisch	Approval
Deana Martinez	Approval

Police – Re-examinations – Ordinary	Recommendation
David Slawnikowski	Approval

Fire – Re-examinations – Duty	Recommendation
Nicholas Adamski	Approval
Robert Bresette	Approval
John Elliott	Approval
Mark Tesch	Approval

General City – Re-examinations – Duty	Recommendation
Rosa Colin	Approval

General City – Re-examinations – Ordinary	Recommendation
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 Employes' Retirement System, 789 N. Water Street, Suite 300.)

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

Minutes of the Regular Meeting
held September 24, 2024 via teleconference

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

Board Members Present:	Matthew Bell, Chair Deborah Ford Timothy Heling Thomas Klusman Rudolph Konrad
Board Members Not Present:	Bill Christianson (excused) Molly King (excused) Nik Kovac (arrived 10:10 a.m.)
Retirement System Staff Present:	Jerry Allen, Executive Director David Silber, Chief Investment Officer Erich Sauer, Deputy Chief Investment Officer Keith Dickerson, Pension Investment Analyst – Sr. Thomas Courtright, Pension Investment Analyst – 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: Jen Falkenholm, Sara Schmidt, Ryan Young, Brown & Brown; Lauren Albanese, Financial Investment News; Gregory Kruse, Jordan Schettle, City Attorney’s Office; Terry Siddiqui, DS Consulting, Inc., 12 members of the public called in to the meeting.

Regular Meeting.

Approval of Minutes.

Regular Meeting Held July 30, 2024. Mr. Klusman requested the July 30, 2024 minutes be revised at the October meeting to clarify that the quoted material is attributed to the NCPERS website wording and not to Mr. Klusman. Mr. Allen stated it would be updated and approved by Mr. Klusman before the October Board Meeting.

Chief Investment Officer Report.

As a matter of information, Board members received the September 24, 2024 Performance Update. Mr. Sauer said the Fund as of August 31, 2024, had a value of $6.03 billion dollars. He said the Fund return of 1.3% in August, gross of fees, underperformed the blended benchmark by approximately 19 basis points. Mr. Sauer said the main drivers of relative performance were Manager Selection with DFA Mandates detracting 7 basis points and Style Bias with Public Equity, detracting 6 basis, primarily from US Small Value. He noted Large Caps outperformed Small Caps and Value outperformed Growth in Large Caps, while Value underperformed Growth in Small Caps. Mr. Sauer said the majority of detraction came from the Small Value Bias. He said 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 September 23, 2024, the Fund return is up 0.7% month-to-date, bringing the year-to-date return to up 7.9%, net of fees, and the Fund value to $6.07 billion. He noted eight out of 15 active mandates are outperforming year-to-date. Mr. Sauer said the Fixed Income, Absolute Return and Real Assets asset classes are outperforming their respective benchmarks year-to-date. He said year-to-date, the Fund has seen a change in the value of investments of $462.2 million, paid benefits and expenses of $336.0 million, and has received contributions of $236.4 million. Mr. Sauer concluded that they took withdrawals this month from several Public Equity managers – 11.3 million from Brandes, $5.2 million from MFS, 4.3 million each from DFA International Small Value and Polen, and $4.0 million from the BlackRock Russell 1000 Value.

Mr. Silber added that he is pleased with the Fund and how things are materializing this year with the 7.9% year-to-date return, net of fees, through yesterday, and noted the solid long-term performance as well. He noted the Fund is getting nice contributions from stocks, bonds, and hedge funds so far in 2024. Mr. Silber said returns so far in 2024 in Private Equity and Real Estate are below Callan's long-term capital market assumptions, but they are hoping that, barring a recession, that declining interest rates along with the strong returns recently seen in the stock markets can provide a tailwind for those parts of the portfolio going forward. Mr. Silber noted, from an asset allocation standpoint, the underweight to Real Assets is intentional and that has recently benefited the Fund since Real Assets has been the lowest performing asset class over the past year. He said Public Equity continues to do well and redemptions from that asset class have been used to pay monthly benefits for much of this year. Mr. Silber concluded that Callan would be doing another ALM study and Callan is expected to begin that process at the November Investment Committee Meeting.

Investment Committee Report.

Mr. Klusman reported that at its September 5th meeting, Callan presented the 2025 Private Equity Pacing and Reinvestment Presentation. He said Callan discussed the Private Equity market, the performance of CMERS' Private Equity program, which ranks in the 2nd quartile since its inception, and their pacing analysis that shows the commitments that are projected to be necessary to maintain the Fund's Private Equity target allocation in 10+ years. Mr. Klusman noted that after some discussion, the Committee approved the 2025 Private Equity Commitment Recommendation, which is to commit $100 million to Neuberger Berman Fund VI, $40 million to Abbott Capital's AP 2025, to upsize the commitment to Mesirow MPE IX from $100 million to

$120 million, and upsize the commitment to Apogem Capital's APEF XI Fund from $30 million to $40 million. He said next that BlackRock presented an update that focused on the Global Alpha Tilts strategy that their Systematic Active Equity team manages for the Fund. Mr. Klusman stated that the Staff went over the Fund's 2nd quarter performance report, and provided a routine due diligence report on Dimensional Fund Advisors. He concluded that the Investment Committee recommends approval of the following item: Approval of 2025 Private Equity Commitment Recommendation.

Approval of 2025 Private Equity Commitment Recommendation. It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to approve the Approval of 2025 Private Equity Commitment Recommendation.

Administration & Operations Committee Report.

Mr. Heling said the Administration & Operations Committee met Thursday, September 19. He stated the Committee went over four contracts and voted to approve those. Mr. Heling said the first one was for Ice Miller who deal with federal tax law issues, the second was the contract with United Mailing Services who deal with the elections and getting the mail out in a timely manner, the third was the renewal of the lease for Two Park Place which is the remote office and used by one of the doctors and some of the employees, and the fourth was the contract amendment with ABTMailcom who deal with the 1099Rs. He said there was also an IT update from Mr. Shober.

Approval of Ice Miller Professional Services Agreement. It was moved by Mr. Konrad, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Ice Miller Professional Services Agreement.

Approval of Contract Amendment with United Mailing Services. It was moved by Mr. Heling, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Contract Amendment with United Mailing Services.

Approval of Lease Renewal for Two Park Place. It was moved by Ms. Ford, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Lease Renewal for Two Park Place.

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

New Business.

Retirements, Death Claims, and Refunds (July and August). Mr. Allen presented the following activity for the months of July and August 2024.

Administrative Withdrawal	$33,894.16
Full Refund	$205,073.81

Active Death Benefits reported	$0.00
Deferred Death	$5,378.49
Deferred Death-Member Only Refund	$0.00
Ordinary Death Benefits reported	$76,385.82
Retired Death Benefits reported	$47,354.96
Survivor Death – Termination Benefits reported	$20,354.55
Refund of Member Contributions paid	$77,608.95

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

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

Approval of Annual Comprehensive Financial Report (ACFR) for the Year Ended December 31, 2023. Mr. Gopalan thanked Robin Hayes, the Investment team, and Terry Siddiqui for their work on the ACFR. He noted the ERS received two awards – the NCPERS Certificate of Transparency and the Certificate of Achievement in Financial Reporting from the Government Finance Officers Association (GFOA). He said the ERS takes part every year in the NCPERS survey and for their requests for public plan data. Mr. Gopalan said the certificate from the GFOA is prestigious to accountants and is awarded to governments who go above and beyond the minimum of generally-accepted accounting principles. He said the ERS provided more supplemental information, including the actuarial section, the investment section, and the statistics at the end of the ACFR. Mr. Gopalan said they received the award for the 2022 ACFR and the ACFR will also be submitted for the 2023 ACFR. Mr. Allen noted Mr. Gopalan's appointment to a GFOA panel and Mr. Gopalan said he was recently appointed to the GFOA's standing committee on retirement benefits and administration. He noted it was a three-year term and the GFOA committee sets best practices for retirement benefits and administration. Mr. Allen congratulated Mr. Gopalan. Mr. Klusman asked if it is a national or statewide group and Mr. Gopalan said it is a national committee. Mr. Gopalan talked about items of interest and said the ERS has new auditors this year. He said that under Act 12, the Wisconsin Legislative Audit Bureau (LAB) is required to audit the financial statements of the ERS and its internal controls. Mr. Gopalan also said LAB is required to complete an actuarial audit every five years. He said as part of Act 12, the ERS reduced its assumed rate of return for investments from 7.5% to 6.8%. Mr. Gopalan noted that under Act 12, the ERS cannot use a rate higher than the Wisconsin Retirement System (WRS) which was 6.8% for 2024. He said for 2023, the investment return was 10% flat, net of fees. Mr. Gopalan said the ERS underperformed its benchmark, but for the past 10 years, the Fund has had annualized returns of 7.2%, net of fees, which exceeded the benchmark by 49 basis points and the Fund's returns also ranked in the first or second quartiles of its public fund peers over the three-, five, and

10-year time periods. He stated the ERS paid out almost $4 billion in benefit payments over the last 10 years while increasing the fiduciary net position from $4.95 billion to $5.71 billion. Mr. Gopalan said that even with the large benefit payments, the Fund is still able to grow its assets. He said the CMERS' funded status, per GASB (Government Accounting Standards Board) Statement No. 67, is the total pension liability as calculated by the actuaries divided by the ERS' plan net position. Mr. Gopalan said in 2023, the funded status dropped from 78.41% to 73.51% and the two main drivers of that were a reduction in the discount rate from 7.5% to 6.8% and the way the GASB 67 net position was calculated. He said previously the City's employer reserve fund was reported as part of the Plan net assets, but the City's reserve fund is the City's asset and not the ERS'. He added any money in the City's reserve can only be transferred to the ERS, and it is still technically the City's asset and the City needs go give direction to the ERS to transfer it from the reserve. Mr. Allen asked for clarification on GASB 67 reporting versus the actuarial funding accounts. Mr. Gopalan added that under GASB Statement No. 67, it is solely a reporting and disclosure function but the actuarial funded status is a funding mechanism or measure. He showed a slide with CMERS revenues for the last five years and investment income is 76% of revenue from 2019 to 2023. Mr. Gopalan noted that for every dollar of income CMERS has, 76% is attributable to investment income which significantly provides cash flow to pay benefits, while the contributions are in effect the seed money. He showed another slide with benefit payments and the administrative expenses with benefit payments increasing 15% from 2019-2023. He said the actuary said the benefit payments are expected to reach $700 million annually in 2050. Mr. Gopalan said after the draft ACFR exhibit was included as an exhibit in the meeting packet, there was one correction needed on page 76 where an old investment target allocation was used from the experience study instead of the most recent target allocation. He said the highlighted numbers need to be changed. He said the plan will be for the Board to approve the unaudited ACFR. Mr. Gopalan said once it is approved by the Board, the LAB will issue their official audit opinion and the ACFR will be finalized for posting to the website. He concluded the annual report tri-fold, which is sent to the retirees, will also be posted to the website. Discussion ensued.

It was moved by Ms. Ford, seconded by Mr. Konrad, and unanimously carried, to accept and place on file the draft of the Annual Comprehensive Financial Report (ACFR) for December 31, 2023 pending the Legislative Audit Bureau's final auditing report.

Conference Requests – September 2024 Board Meeting.

Thomas Courtright	2024 University of Wisconsin Investment Conference
Sponsor:	University of Wisconsin - Madison
Location:	Madison, WI
Date:	October 4, 2024
Estimated Cost:	$250.00
David Silber, Thomas Courtright, Keith Dickerson, Aaron Shew	William Blair Due Diligence
Sponsor:	William Blair
Location:	Chicago, IL

Date:	November 19, 2024
Estimated Cost:	$100.00 per person
David Silber, Keith Dickerson	Polen Capital and Earnest Partners Due Diligence
Sponsors:	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	2025 Visions, Insights & Perspectives (VIP) Americas
Sponsor:	Institutional Real Estate, Inc.
Location:	Dana Point, CA
Date(s):	January 27-30, 2025
Estimated Cost:	$2,250.00

Mr. Sauer requested an additional conference approval for Keith Dickerson to attend the Brandes Investor Conference in San Diego, CA from November 13-15, 2024 at a cost of $1,000.00.

Mr. Bell gave an update for his previous NCPERS conference request and stated he would be using some tuition reimbursement for his registration to decrease his conference cost by $1,000.00, bringing the cost to $1,500.00.

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

Approval of Fiduciary, Cyber, and Property Insurance Coverage. As a matter of information, Committee members received documents from Brown & Brown, copies of which are on file at the ERS. Mr. Ryan Young and Mses. Jen Falkenholm and Sara Schmidt gave a presentation to the Board and Staff on the renewals and costs for the Fiduciary, Cyber, and Property Insurance Coverage.

It was moved by Mr. Heling, seconded by Ms. Ford, and unanimously carried, to approve the Approval of Fiduciary Insurance Coverage.

It was moved by Mr. Konrad, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Cyber Insurance Coverage.

It was moved by Mr. Heling, seconded by Mr. Bell, and unanimously carried, to approve the Approval of Property Insurance Coverage.

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.

Mr. Allen noted one of the Trustees had made this request and the Trustee had no further discussion on this item as the Trustee said everyone was familiar with the discussion on how this originated. Mr. Allen said this had to do with employment classification issues and a number of things that might require an in-depth discussion.

It was moved by Ms. Ford, seconded by Mr. Klusman, and unanimously carried, for 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.

Medical Reports.

Mr. Allen presented certifications (August and September 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 (August and September).

Police – Applications – Duty	Recommendation
Matthew Murray Effective 12/17/2023	Approval

Police – Re-examinations – Duty	Recommendation
Mark Ashworth	Approval
April Hoffman	Approval
Joel Kujawa	Approval
Kurt Lacina	Approval
Justine Schmidt	Approval
Paul Singer	Approval

General City – Re-examinations – Duty	Recommendation
Brad Bartel	Approval

General City – Re-examinations – Ordinary	Recommendation
Sharodnick Brown	Approval
Camille Cole	Approval

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

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

Unfinished Business.

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

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

The Board convened in closed session at 10:30 a.m.

The Board reconvened in open session at 11:22 a.m.

Approval of ERS Hearing Officer Appointments.

It was moved by Mr. Bell, seconded by Mr. Klusman, and unanimously carried, to approve the Approval of ERS Hearing Officer Appointments discussed in closed session as well as the compensation for those hearing officers..

The Chair called for a break at 11:23 a.m.

The Chair resumed the meeting at 11:33 a.m.

Pending Legal Opinions and Service Requests Report. Mr. Allen noted Mr. McClain is out ill, but the draft of Act 12 is sitting on the desk of the City Attorney for release and it will be available next month. He said as soon as the ERS receives the 25-page legal opinion, which Mr. McClain has done extensive research on for the issues of the rights of the members and beneficiaries, he will present the legal opinion. Mr. Allen said the legal opinion will be e-mailed to the Trustees as soon as it is received by the ERS. He said for the Service Requests, all the contracts listed were presented at today's meeting.

Pending Legislation Report. Mr. Allen noted there is one item coming up for referral to the Legislative Committee of Draft Amendment to Board Rule II, Creating a New Section 8.

Referral to Legislative Committee of Draft Amendment to Board Rule II, Creating a New Section 8.

Mr. Allen said any changes to the Board rules must be vetted by the Legislative Committee.

It was moved by Mr. Bell, seconded by Mr. Heling, and unanimously carried, to refer to Legislative Committee of Draft Amendment to Board Rule II, Creating a New Section 8.

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

The Board did not convene in closed session as noticed as there is no legal counsel present and per Mr. McClain, no action is required by the Board at this time in reference to any litigation..

1) Pending Litigation Report.
2) Conferences.
3) Class Action Income 2024.
4) Minutes of the Investment Committee Meeting Held September 5, 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.

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

Mr. Bell adjourned the meeting at 11:51 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 Employes' Retirement System, 789 N. Water Street, Suite 300.)

II.

CHIEF INVESTMENT OFFICER REPORT

Please be advised that the Annuity and Pension Board may vote to convene in closed session on the following item (II.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 Apogem Private Equity Fund XI, L.P. Side Letter.
B. Approval of Loomis Sayles Guideline Change.
C. Approval of Loomis Sayles Guideline Recommendation.

Milwaukee Employes' Retirement System - October 22, 2024

Fund as of September 30, 2024

***Fund value of $6.06b.**

***Fund return of 1.3% in September, net of fees, underperformed by approximately 49bp.**

***Primary Relative Perf. Drivers:**

Manager Selection
Private Equity -37bp

Public Equity Style Bias -11bp
Primarily Small and Value

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

Oct. Update (as of 10/15/24)
***Fund return -0.5% MTD**
***Fund return 8.0% YTD**
***Fund value $6.03b**

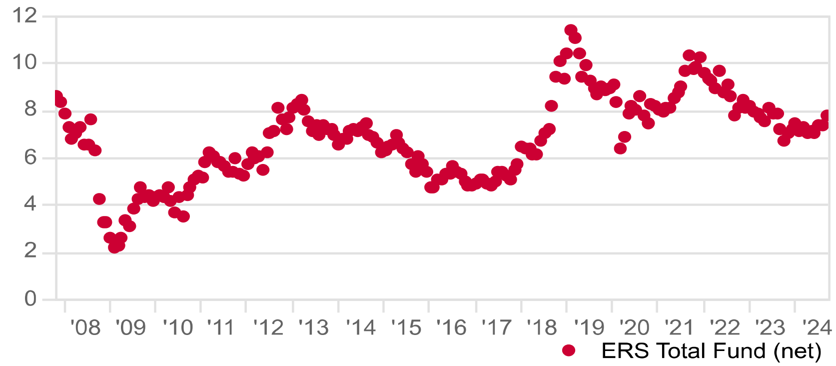
***6 out of 15 active mandates outperforming YTD.**

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

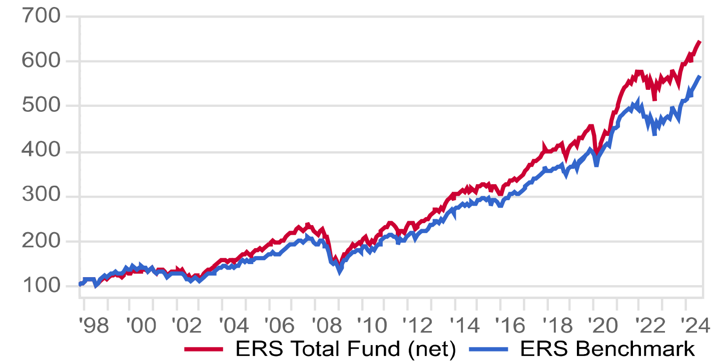
***Investment Change: $467.9m**
***Benefits & Expenses: 382.3m**
***Contributions: 239.0m**

Monthly Withdrawals:
To be determined

Total Fund - 10-Year Rolling Returns
11/28/1997 to 9/30/2024



Growth of $100 - Total Fund & ERS Benchmark
11/28/1997 to 9/30/2024



Return Data

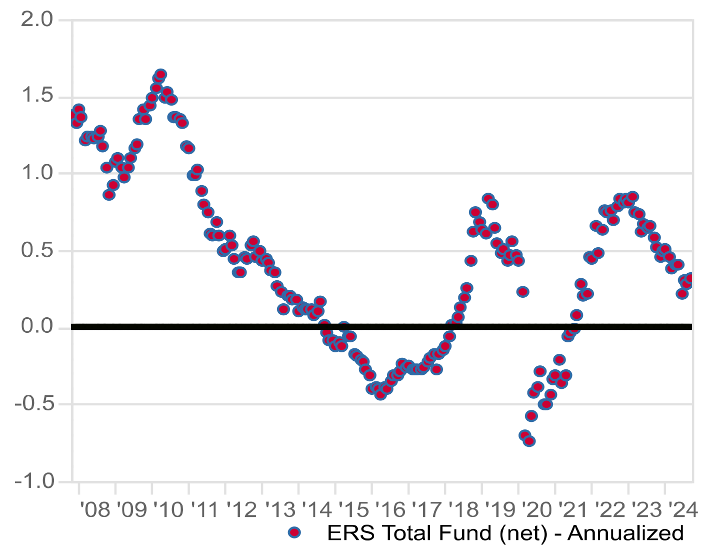
Source Data: Monthly Return

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	1.3	8.5	15.1	8.3	7.7	8.6	7.3
ERS Benchmark	1.8	11.4	18.3	8.3	7.4	8.3	7.2

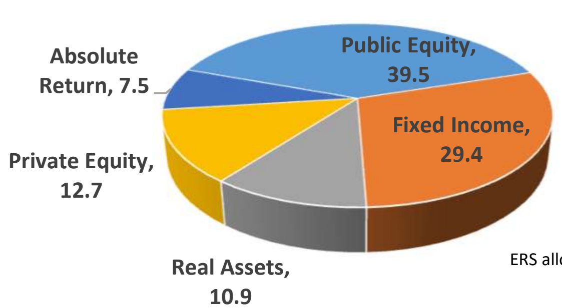
Total Fund - 20-Year Risk & Return Data

	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.3	10.2	2.5	0.1	0.6	-0.4	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 9/30/2024

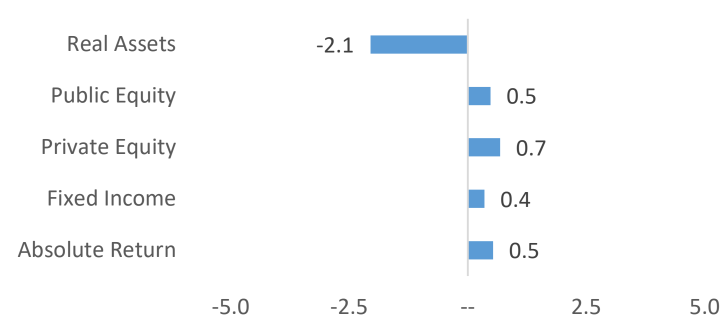


ERS Allocation as of September 30, 2024



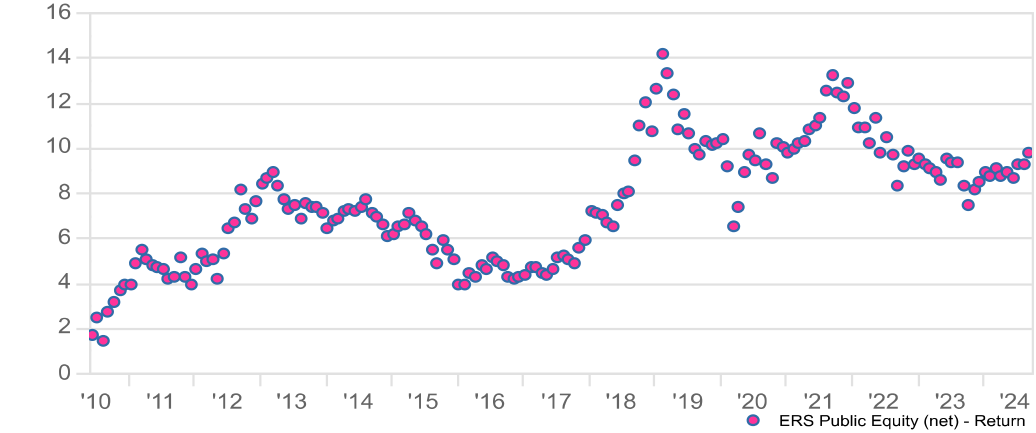
ERS allocation weights may not total 100% due to rounding

Asset Allocation vs Policy as of September 30, 2024

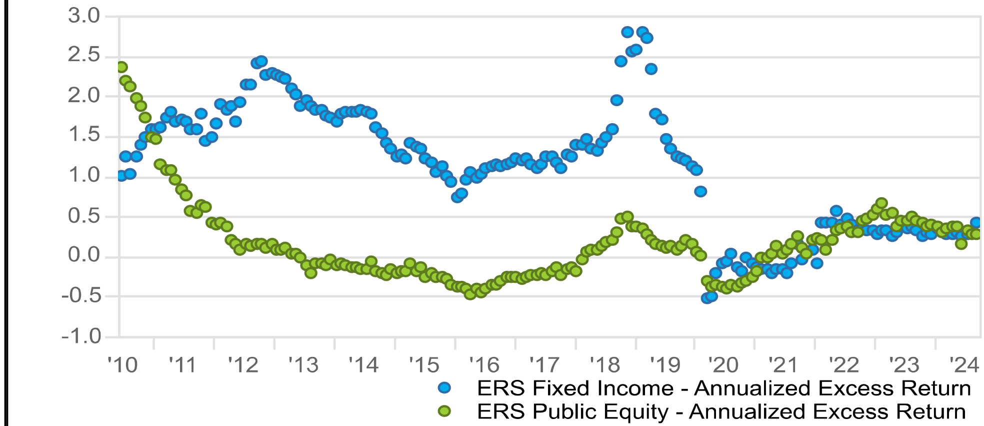


Milwaukee Employes' Retirement System - October 22, 2024

Public Equity - 10-Year Rolling Returns
06/30/2000 to 9/30/2024



Asset Class - 10-Year Rolling Excess Returns
06/30/2000 to 9/30/2024



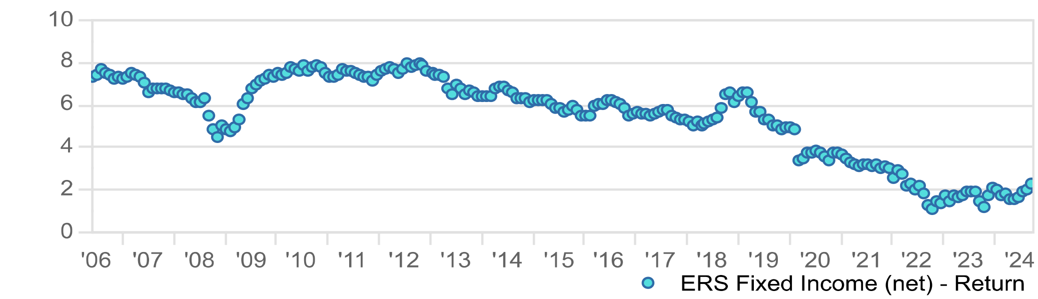
Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	1.7	15.6	28.9	12.5	10.2	10.9	8.8
Public Equity (net)	1.7	15.3	28.4	12.1	9.8	10.5	8.4
Public Equity Benchmark	2.3	17.8	31.0	11.9	9.5	10.3	8.4
MSCI ACWI IMI NR USD	2.3	17.8	31.0	11.9	9.2	9.6	8.4

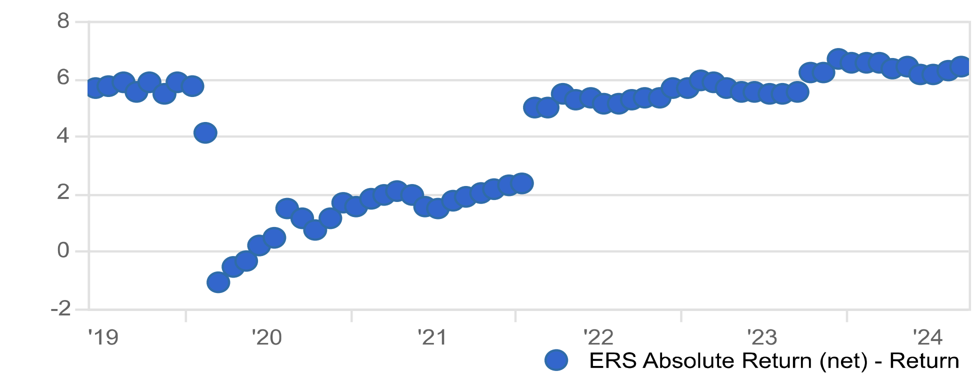
Risk Adjusted Returns (6/30/14* - 9/30/24)

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	9.2	15.3	0.5	-25.3
Fixed Income (net)	2.1	6.5	0.1	-13.6
Absolute Return (net)	6.0	9.1	0.5	-27.1

Fixed Income - 10-Year Rolling Returns
06/28/1996 to 9/30/2024



Absolute Return - 5-Year Rolling Returns
06/30/2014 to 9/30/2024



Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	1.5	5.3	12.6	0.6	2.4	3.6	4.4
Fixed Income (net)	1.5	5.2	12.5	0.5	2.3	3.5	4.3
Bbg US Agg Bond TR USD	1.3	4.4	11.6	0.3	1.8	2.6	3.2

Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	Inception*
Absolute Return (net)	0.8	7.6	10.2	6.4	6.0	6.0
90-Day T-Bill + 3%	0.6	6.3	8.5	5.4	4.7	4.7

*Absolute Return inception date is June 30, 2014

Memorandum

To: Annuity and Pension Board
From: Erich Sauer, CFA, CAIA
Date: October 22, 2024
Re: Loomis Sayles Guideline Requests

This memo addresses agenda items II. B. and C. related to the guidelines for the portfolio Loomis Sayles manages on our behalf. The first is an additional guideline that gives Loomis the ability to participate in security exchanges as part of corporate reorganizations. This issue arose recently as Dish Network, whose securities Loomis owns in our portfolio, became the subject of a merger offer. As part of the merger, Dish bondholders are being offered the option to convert to bonds of the new, merged entity. Because it is likely these bonds will have better collateral, with a stronger parent, Loomis would like to convert and continue to hold the securities.

Loomis requires this conversion language because the Dish bonds, with current ratings ranging from CC to CCC, fall into the 3% "downgraded securities" bucket in our portfolio. Loomis is allowed to continue to hold securities downgraded below B-/B3, but may not purchase them. Their compliance department treats a conversion as a new purchase, so they need the specific conversion language in the guidelines to make the transaction permissible.

Staff discussed this with Callan, and we are both supportive of approving the conversion language in the guidelines. This is a scenario that is not contemplated by the current guidelines, so it makes sense to modify them to address it. Callan also made the point that these types of transactions are becoming more and more common in fixed income markets, and Loomis needs the tools to navigate them. In addition, while we appreciate Loomis being conservative in the way they apply the guidelines, one could also make the argument that converting a security in the downgrade bucket to another similar security, due to a corporate action, is not the same thing as a purchase.

Loomis' second guideline request involves the downgraded securities bucket. This request is also related to the Dish merger offer, in a way. News of the merger caused the value of the Dish bonds in the portfolio to spike, which led to the value of the downgraded securities bucket exceeding the 3% limit. Our investment policy states that when a market movement causes a portfolio to move outside of guidelines, the manager is to notify us, and recommend a course of action. The board then makes a decision on the manager's recommendation within 30 days.

Loomis' recommendation is that the board grant them the ability to allow the portfolio to exceed the 3% limit to the downgrade bucket. This is a good outcome, and is the reason we allow Loomis to continue to hold securities that have been downgraded – so they can have time to recover value that Loomis believes the securities still have.

Staff discussed this matter with Callan, and we feel that the appropriate course of action is to approve Loomis' recommendation to allow the portfolio to exceed the 3% limit for a defined time period. This would allow Loomis to continue to hold the Dish bonds, and extract what they believe the greatest possible value to be, while still keeping them accountable to the Board for the downgraded securities in the portfolio.

In the past, the Board has granted either 90- or 180-day approvals for an item like this, and we've found it works best to make the number of days approximate, and specify a monthly board meeting where the item will need to be revisited. In this case, we would be looking at the January 2025 board meeting for a roughly 90-day time period, or the April 2025 board meeting for a roughly 180-day time period.

Finally, Staff has one additional item to report with respect to Loomis. In our recent due diligence visit and subsequent follow-up conversations with Loomis, we learned some additional information about the way they have been utilizing the up to 5% common stock allocation allowed by the guidelines. Essentially, they've been investing it in a basket of stocks where the returns are more likely expected to be driven by dividend growth/capital appreciation, as opposed to income. While not a guideline violation, Staff discussed this with Callan, and we agreed that it was not in the spirit of the mandate for a fixed income portfolio. We have instructed Loomis to discontinue investing in the basket of dividend growth stocks.

Manager: **Loomis, Sayles & Company**
Role: **Opportunistic Fixed Income**

Objectives and Guidelines

Investment Objectives

Time Horizon	Performance Standard	
	Universe	**Index**
Less than one market cycle (rolling 3-year periods).	Rank in upper 50% of a Peer Group.[1]	
One market cycle (rolling 5-year periods).	Rank in the upper 40% of a Peer Group[1]	Exceed (after fees) the Benchmark Index + 1.0%.[2]

Investment Guidelines

- The effective duration of the aggregate portfolio should be no less than 50% and no more than 250% of the Bloomberg Barclays US Aggregate Index.
- Up to 20% of the market value of the portfolio may be issues rated B- by Standard and Poor's and Fitch or B3 by Moody's. If the ratings assigned to an instrument by Standard & Poor's, Moody's, and/or Fitch are not the same, the highest rating of these ratings agencies will be used.
- If an instrument is not rated by Standard & Poor's, Moody's, and Fitch, the equivalent rating determined by the Loomis Sayles Research Department will be used.
- An additional 5% may be invested in issues not rated by Standard & Poor's, Moody's, and Fitch..
- Loomis must notify ERS of the downgrade of corporate, non-corporate and 144(a) securities below B- or B3 by Standard and Poor's, Moody's Investors Service and Fitch within three (3) business days. Loomis must provide quarterly credit updates so long as it retains the security(ies). Corporate, non-corporate and 144(a) securities rated below B- and B3 by Standard and Poor's, Moody's Investors Service and Fitch may not exceed 3% of the market value of the portfolio.
- Asset-backed securities that are downgraded below BBB- or Baa3 by Standard and Poor's, Moody's Investor Services and Fitch must be sold within 90 days following the downgrade. Loomis must notify ERS of the downgrade in writing within 3 business days and provide a written update to ERS on the downgraded security on a weekly basis.
- The average quality of the portfolio must be BBB-/Baa3 or better. U.S. Treasury and U.S. Federal Government Agency securities are permissible and will be treated as AAA/Aaa rated for purposes of average quality calculations.
- No security, except securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, or index derivatives will comprise more than 5% of the portfolio, at the time of purchase.

- Up to 20% of the market value of the portfolio may be invested in total equities (common and preferred) as determined at the time of purchase. Common stock shall be limited to 5% of the market value of the portfolio, as determined at the time of purchase.

- Notwithstanding the foregoing, the portfolio may receive instruments not specifically permissible in the investment guidelines such as rights, warrants and securities rated below the account's required credit quality through the conversion, exchange, reorganization, corporate action or bankruptcy of an otherwise permissible investment. Loomis Sayles will not however, exceed limits set forth in the guidelines. Loomis Sayles may hold or dispose of these investments at its discretion as an Investment Manager and fiduciary.

- Sector limitations (as a percentage of the portfolio's market value) are limited to the following ranges:

Sector	Min	Max
US Treasuries	0%	100%
US Agencies	0%	50%
Corporates	0%	100%
Mortgage-Backed Securities	0%	50%
Asset-Backed Securities, including a 5% sub-limit in Collateralized Loan Obligations	0%	25%
Investment Grade Yankees and Non-Corporates(3)	0%	25%
Non-Investment Grade Yankees and Non-Corporates(3)	0%	20%
Non–US Dollar / Non-Canadian Dollar	0%	20%
144(a) Securities	0%	65%
Individual Bank Loans*	0%	15%
Canadian Dollar Issues	0%	20%
Eligible derivatives include currency forwards (deliverable and non-deliverable) (4) and US Treasury Futures(5)	N/A	N/A
Long-only (sell protection) Index Credit Default Swaps	0%	30%(6)

- Minimum credit ratings for individual holdings, specific to the sectors, are as follows:

Sector	Minimum Rating
Corporates & Non–Corporates	B-/B3

Asset-Backed Securities	BBB-/Baa3
Collateralized Loan Obligations	BB-/Ba3
144(a) Securities	B-/B3
Cash equivalents, commercial paper and repurchase agreements	A1/P1

1 As measured by the Callan Core Opportunistic Fixed Income Peer Group
2 As measured by the Bloomberg Barclays Capital Aggregate Index
3 Canadian issued bonds do not count towards the Yankee limit.
4 Currency forwards may be used for hedging purposes only.
5 US Treasury Futures may be used for both hedging and non-hedging purposes. Derivatives used to manage duration, interest rate and yield curve strategies may require notional amounts in excess of the portfolio's market value. US Treasury Futures will be limited by the duration restriction of the portfolio.
6 Notional limit of 30%. Index credit default swaps shall not be used to create leverage or for speculative purposes and will be calculated at their notional value for guidelines purposes. Liabilities resulting from CDX must be fully collateralized by cash, cash equivalents and U.S. Treasuries.

* Investment in individual bank loans will generate a transaction cost associated with both the purchase and sale of these loans. The counterparty on these trades determines how they will settle and most choose ClearPar. ClearPar is the primary platform and supported by most banks. Bank loans that do not settle on this platform are prohibitively labor intensive and it is not likely many trades will occur away from the ClearPar platform.

Portfolios participating in a bank loan trade will be charged by ClearPar a pro-rata share of the trade (a "subtrade"). ClearPar will deliver the invoice to the Loomis and, in turn, Loomis will deliver this invoice to your custodian to pay from the assets of the portfolio. While you may elect to pay the invoice directly, directing the custodian to pay the invoices from the portfolio assets will facilitate proper performance calculations for your portfolio. As of the current date, the subtrade fee structure is as follows:

Subtrades per Master Trade	Subtrade Fee per Subtrade
1-5	$19
6-21	$110 divided by number of subtrades
22 or more	$5

There is also a volume discount schedule that is applied once trades on the platform exceed 5,000.

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

By: ___________________________________
Name: _________________________________
Title: _________________________________

LOOMIS, SAYLES & COMPANY, L.P.

By: ___________________________________
Name: _________________________________
Title: _________________________________

III.

NEW BUSINESS

A. Retirements, Death Claims, and Refunds (September).
B. Conference Requests – October 22, 2024 Board Meeting.

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	CASE	TOVE	7/13/2009	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	ONAMA	ROSE	4/6/2013	MAX	CITY OF MILWAUKEE
Regular	Deferred	WILSON	MARY	9/15/2019	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	DAVIS KILLEN	SUZANNE	10/15/2019	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	WILLIAMS	PENELOPE	8/24/2021	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	ANDERSON	JESSE	7/25/2022	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	BLASCHUK	CHERYL	4/20/2023	MAX	HEALTH DEPARTMENT
Regular	Deferred	KOPCZYNSKI	CAROL	4/21/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	JOHNSON	DOROTHY	6/4/2024	MAX	COMMON COUNCIL - CITY CLERK
Regular	Deferred	STOTT	CRYSTAL	6/5/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MCKINNEY	SHERELL	6/15/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	RINALDI	MICHAEL	7/13/2024	MAX	FIRE - FIREFIGHTING
Regular	Involuntary Separation	MC NEIL	DANYEL	7/26/2024	MAX	DOA-COMMUNITY WELLNESS SAFETY
Regular	Service	SCHNELZ	STEVEN	8/1/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	ALEXANDER	THOMAS	8/3/2024	50	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	REAVES	NICOLE	8/3/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	BATES	JAMES	8/9/2024	MAX	PARKING
Regular	Deferred	GILBERT	TERRENCE	8/10/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	WALLOCH	ANDREW	8/10/2024	100	MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Regular	Service	FLAGG	BECKY	8/10/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	MANSKE	STACEY	8/10/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	MONTALVO	ENID	8/11/2024	100	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	LEBEAU	SCOTT	8/13/2024	75	MILWAUKEE FIRE DEPARTMENT
Regular	Deferred	DOLLHOPF	RICHARD	8/14/2024	MAX	PARKING
Regular	Involuntary Separation	MADISON	MAURICE	8/14/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	SIGL	SHARON	8/16/2024	MAX	MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Regular	Service	HOUSTON	VERONICA	8/17/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	LEHRER	STACY	8/17/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	SCHWARTZ	KATHY	8/18/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	ANDERER	KATHRYN	8/18/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	COFFEY	DAVID	8/18/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	FRIZZLE	JEFFRIE	8/22/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	TORRES	MIGUEL	8/22/2024	MAX	DPW-OPS-SANITATION
Regular	Service	BELL	PERRY	8/23/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	BRUMIRSKI	TERENCE	8/28/2024	50	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Deferred	POGGENBURG	LAWRENCE	8/28/2024	100	DPW-INFRASTRUCTURE-ELECTRICAL
Regular	Deferred	LENARCHICH	KATHRYN	8/30/2024	58	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	SEMON	JANEL	8/30/2024	50	MUNICIPAL COURT
Regular	Service	BRACKINRIDGE	VANESSA	8/30/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	DOMURAT	ANNEMARIE	8/31/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	EIGNER	ROBERT	8/31/2024	MAX	LIBRARY - ADMINISTRATION SRVC
Regular	Service	GARBISCH	KENNETH	8/31/2024	MAX	DEPT OF NEIGHBORHOOD SRVCS
Regular	Service	WINTERS	ODELL	8/31/2024	50	MILWAUKEE POLICE DEPARTMENT
Regular	Conversion (Duty Disability to Regular)	LEHNER	CHRISTOPHER	9/1/2024	100	MPD - OPERATIONS
Regular	Service	FLINK	RENEE	9/1/2024	MAX	DPW - SEWER - ENVIRONMENTAL
Regular	Service	JUSTUS	DENNIS	9/1/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	KADLEC	DANIEL	9/1/2024	MAX	MILWAUKEE PUBLIC SCHOOLS

Board Report - September 2024 **Deaths**

Type	Last Name	First Name	Death Date	Payment Date		Amount
Ordinary Death	ALEXANDER	VELINA	4/6/2024	9/30/2024	$	28,759.25
Ordinary Death	TURNER	ULYESSES	7/7/2024	9/30/2024	$	27,933.97
Retiree Death-Termination	BAUER	CAROL	4/15/2023	9/30/2024	$	213.78
Retiree Death-Termination	CHUKHMAN	RYEMA	7/8/2024	9/30/2024	$	268.62
Retiree Death-Termination	CROCKETT	JULENE	8/26/2024	9/30/2024	$	7,434.34
Retiree Death-Termination	FOX	PENNY	5/18/2024	9/30/2024	$	298.29
Retiree Death-Termination	FREDE	ROBERT	5/30/2024	9/30/2024	$	1,700.79
Retiree Death-Termination	GILBERT	CECILIA	8/19/2024	9/30/2024	$	2,719.67
Retiree Death-Termination	GORSKI	HARRY	9/29/2021	9/30/2024	$	166.75
Retiree Death-Termination	HUDSON	PATRICIA	8/28/2024	9/30/2024	$	1,645.90
Retiree Death-Termination	KACZKOWSKI	DOLORES	8/3/2024	9/30/2024	$	10.59
Retiree Death-Termination	KACZKOWSKI	THOMAS	11/23/2017	9/30/2024	$	138.21
Retiree Death-Termination	MARKI	ARNOLD	8/2/2024	9/30/2024	$	144.14
Retiree Death-Termination	MARTINEZ	EVA	7/13/2022	9/30/2024	$	392.31
Retiree Death-Termination	NOLAN	IRENE	4/18/2024	9/30/2024	$	283.97
Retiree Death-Termination	ROBERTS	MARCELINE	7/25/2024	9/30/2024	$	2,944.07
Retiree Death-Termination	SMITH	WILLIAM	10/21/2023	9/30/2024	$	1,832.56
Retiree Death-Termination	TESKE	LORRAINE	9/29/2022	9/30/2024	$	389.43
Retiree Death-Termination	TRAUT	EUGENE	8/5/2024	9/30/2024	$	417.22
Retiree Death-Termination	UNDERLY	ROBERT	8/13/2024	9/30/2024	$	1,411.40
Retiree Death-Termination	WOJTAL	BARBARA	4/5/2024	9/30/2024	$	102.99
Surv Death-Termination	BENZ	BETTY	8/23/2024	9/30/2024	$	357.50
Surv Death-Termination	CEBAR	ANTHONY	2/18/2024	9/30/2024	$	204.63
Surv Death-Termination	DIAZ	DIANA	3/10/2023	9/30/2024	$	760.44
Surv Death-Termination	HOGE	BONNIE	8/27/2024	9/30/2024	$	2,930.10
Surv Death-Termination	KACZKOWSKI	DOLORES	8/3/2024	9/30/2024	$	138.21
Surv Death-Termination	MEILS	FRANCEY	7/27/2024	9/30/2024	$	1,881.04
Surv Death-Termination	SUTTER	KATHERINE	3/16/2024	9/30/2024	$	1,149.31
Surv Death-Termination	WALLS	RUTH	1/21/2023	9/30/2024	$	571.09
				TOTAL	**$**	**87,200.57**
Retiree Death-Cont Opt	ANDERSON	KIM	8/3/2024	9/1/2024		

Type	Last Name	First Name	Death Date	Payment Date	Amount
Retiree Death-Cont Opt	BARANOWSKI	DOUGLAS	8/28/2024	9/1/2024	
Retiree Death-Cont Opt	BOND	LARRY	8/30/2024	9/1/2024	
Retiree Death-Cont Opt	EICHHORST	DAVID	8/27/2024	9/1/2024	
Retiree Death-Cont Opt	LEWIS	DAVID	8/13/2024	9/1/2024	
Retiree Death-Cont Opt	LIDWIN	LYNN	8/31/2024	9/1/2024	
Retiree Death-Cont Opt	SUTTON	SANDRA	9/14/2024	9/1/2024	
Retiree Death-Cont Opt	ZUEHLKE	NEIL	9/6/2024	9/1/2024	

Board Report - September 2024 **Withdrawals**

Type	Last Name	First Name	Payment Date		Amount
Administrative Withdrawal	ANDERSON	GEORGE	9/30/2024	$	1,740.34
Administrative Withdrawal	BRUCE	NATASHA	9/30/2024	$	188.35
Administrative Withdrawal	CUNNING	ASHLEY	9/30/2024	$	3,455.54
Administrative Withdrawal	FISHER	TIERRA	9/30/2024	$	2,411.63
Administrative Withdrawal	GERVAIS	KAREN	9/30/2024	$	2,390.35
Administrative Withdrawal	GUPTA	SHEFALI	9/30/2024	$	659.49
Administrative Withdrawal	JENSEN	ALYSSA	9/30/2024	$	729.28
Administrative Withdrawal	LAWRENCE	CURTISHA	9/30/2024	$	3,104.94
Administrative Withdrawal	MCLEESE	QUINN	9/30/2024	$	227.49
Administrative Withdrawal	SANTIAGO	JUSTIN	9/30/2024	$	395.31
Administrative Withdrawal	VIRUET	ALEXANDER	9/30/2024	$	1,167.95
Administrative Withdrawal	WALTERSDORF	NICOLAS	9/30/2024	$	80.56
Administrative Withdrawal	WEATHERALL	ISAIAH	9/30/2024	$	955.95
Administrative Withdrawal	WILKS	VICKIE	9/30/2024	$	209.51
Full Refund	BURNS	LINDA	9/30/2024	$	18,410.27
Full Refund	GLADNEY	MICHAEL	9/30/2024	$	2,353.13
Full Refund	GRAHAM	KASH	9/30/2024	$	3,045.04
Full Refund	KEITH	ERIK	9/30/2024	$	11,135.10
Full Refund	MARTIN	DOMINIQUE	9/30/2024	$	3,546.41
Full Refund	SOLATYCKI	SAMUEL	9/30/2024	$	625.48
Full Refund	VALES	CANDICE	9/30/2024	$	8,131.18
Full Refund	VELAZQUEZ	ERICA	9/30/2024	$	529.58
Full Refund	YANG	DANIEL	9/30/2024	$	48,516.03
Member Only Refund	ABDUR-RAHIM	SHAAKIRAH	9/30/2024	$	2,338.55
Member Only Refund	ALLEN	ERIC	9/30/2024	$	2,918.82
Member Only Refund	ANDERSON	DEONTE	9/30/2024	$	381.42
Member Only Refund	BOYER	DUSTIN	9/30/2024	$	513.62
Member Only Refund	BRANCH	KISHIONDA	9/30/2024	$	2,340.18
Member Only Refund	CIALDINI	MARIELLA	9/30/2024	$	2,333.26
Member Only Refund	KLIEGMAN	ALISON	9/30/2024	$	3,700.03
Member Only Refund	MAEL	NELSON	9/30/2024	$	1,160.88
Member Only Refund	MONTAGUE	JOANNE	9/30/2024	$	3,268.04

Type	Last Name	First Name	Payment Date		Amount
Member Only Refund	NASH	DANTE	9/30/2024	$	630.15
Member Only Refund	OHIKU	ODALO	9/30/2024	$	14,980.29
Member Only Refund	POLONY	BENJAMIN	9/30/2024	$	4,794.31
Member Only Refund	SPREWER	CONSTANCE	9/30/2024	$	1,228.69
Member Only Refund	VARGAS	EDUARDO	9/30/2024	$	7,894.35
Member Only Refund	WEBSTER	ARTRELL	9/30/2024	$	3,046.28
			TOTAL	**$**	**165,537.78**

IV.

MEDICAL REPORTS

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

MERITS	CITY OF MILWAUKEE EMPLOYES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Panel Approvals Report	DATE RAN :	10/10/2024
Approved by Executive Director	Pension Board Meeting Date 10/22/2024	TIME RAN :	11:37

						DOCTOR DECISION				
Case Number	Name	Title	Employer	Case Type	Case Sub-Type	City	Union	Third	Disability Date	Comments
901	PRICE, WALTER	FIRE FIGHTER	FIRE	DD 75%	Re-Examination	Approved	Approved		02/29/2012	
1285	GAUTHIER, CHRISTOPHER	FIRE LIEUTENANT	MFD	DD 75%	Re-Examination	Approved	Approved		07/26/2016	
711	ARCE, ALEJANDRO	POLICE OFFICER	MILWAUKEE POLICE DEPT	DD 75%	Re-Examination	Approved	Approved		02/26/2009	
1205	PENDERGAST, MICHAEL	POLICE OFFICER	MPD	DD 75%	Re-Examination	Approved	Approved		09/11/2014	

Number of Cases: 4

This report includes Fire duty disabilities with an application date prior to July 29, 2016; Police MPA duty disabilities with an application date prior to June 19, 2016; and Police MPSO duty disabilities with an application date prior to January 1, 2016.

MERITS	CITY OF MILWAUKEE EMPLOYES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Council Approvals Report	DATE RAN :	10/07/2024
	Board Meeting: 10/22/2024	TIME RAN :	09:10

Name	Title	Employer	CaseType	Case Sub-Type	Disability Date	Medical Council Meeting Date	In Person Exam Waiver
CHAPMAN, VALERIE	PARA ED ASST	MPS	Ordinary Disability	Re-Examination	11/09/2015	10/04/2024	
ESQUEDA, RUBY	POLICE OFFICER	MPD	Ordinary Disability	Re-Examination	01/31/2019	10/04/2024	
JOHNSON, MARK	POLICE SERGEANT	MPD	Ordinary Disability	Re-Examination	12/26/2002	10/04/2024	
KORDUCKI, ANDREW	FIRE FIGHTER	MFD	Duty Disability 75%	Re-Examination	05/25/2018	10/04/2024	
RENDON, TODD	POLICE OFFICER	MPD	Ordinary Disability	Re-Examination	01/30/2018	10/04/2024	
SWANSON, TINA	FOOD SERVICE ASST	MPS	Duty Disability 75%	Re-Examination	05/03/2018	10/04/2024	
THOMAS, YOLANDA	COMMERCIAL CODE ENFORCEME	DPW	Ordinary Disability	Application	05/25/2024	10/04/2024	

Number of Cases: 7

This report includes all GC disabilities; all ordinary disabilities; Fire duty disabilities with an application date on/after July 29, 2016; Police MPA duty disabilities with an application date on/after June 19, 2016; and Police MPSO duty disabilities with an application date on/after January 1, 2016.

MERITS	CITY OF MILWAUKEE EMPLOYES' RETIREMENT SYSTEM	Page Number:	1 OF 1
	Medical Council Denials Report	DATE RAN :	10/07/2024
	Board Meeting: 10/22/2024	TIME RAN :	09:10

Case Number	Name	Title	Employer	CaseType	Case Sub-Type	Disability Date	Medical Council Meeting Date	In Person Exam Waiver
1580	THOMAS, YOLANDA	COMMERCIAL CODE ENFORCEME	DPW	DD 75%	Application	05/25/2024	10/04/2024	

Number of Cases: 1

This report includes all GC disabilities; all ordinary disabilities; Fire duty disabilities with an application date on/after July 29, 2016; Police MPA duty disabilities with an application date on/after June 19, 2016; and Police MPSO duty disabilities with an application date on/after January 1, 2016.

V.

UNFINISHED BUSINESS

A. Approval of Annual Financial Statements For Year Ended December 31, 2023.

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

B. Pending Legal Opinions and Service Requests Report.

C. Pending Legislation Report.

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

EMPLOYES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2023

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

EMPLOYES' 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
Employes' 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

October 22, 2024

On behalf of the Annuity and Pension Board (the Board) of the Employes' 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 Employes' 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:

- <u>One-year contribution lag</u> – 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.
- <u>Amortization policy for future UAAL</u> – 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.
- <u>Allocation of actuarially determined employer contribution across agencies</u> – 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,

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 Employes' Retirement System
Wisconsin

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

Certificate of TRANSPARENCY

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.

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

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

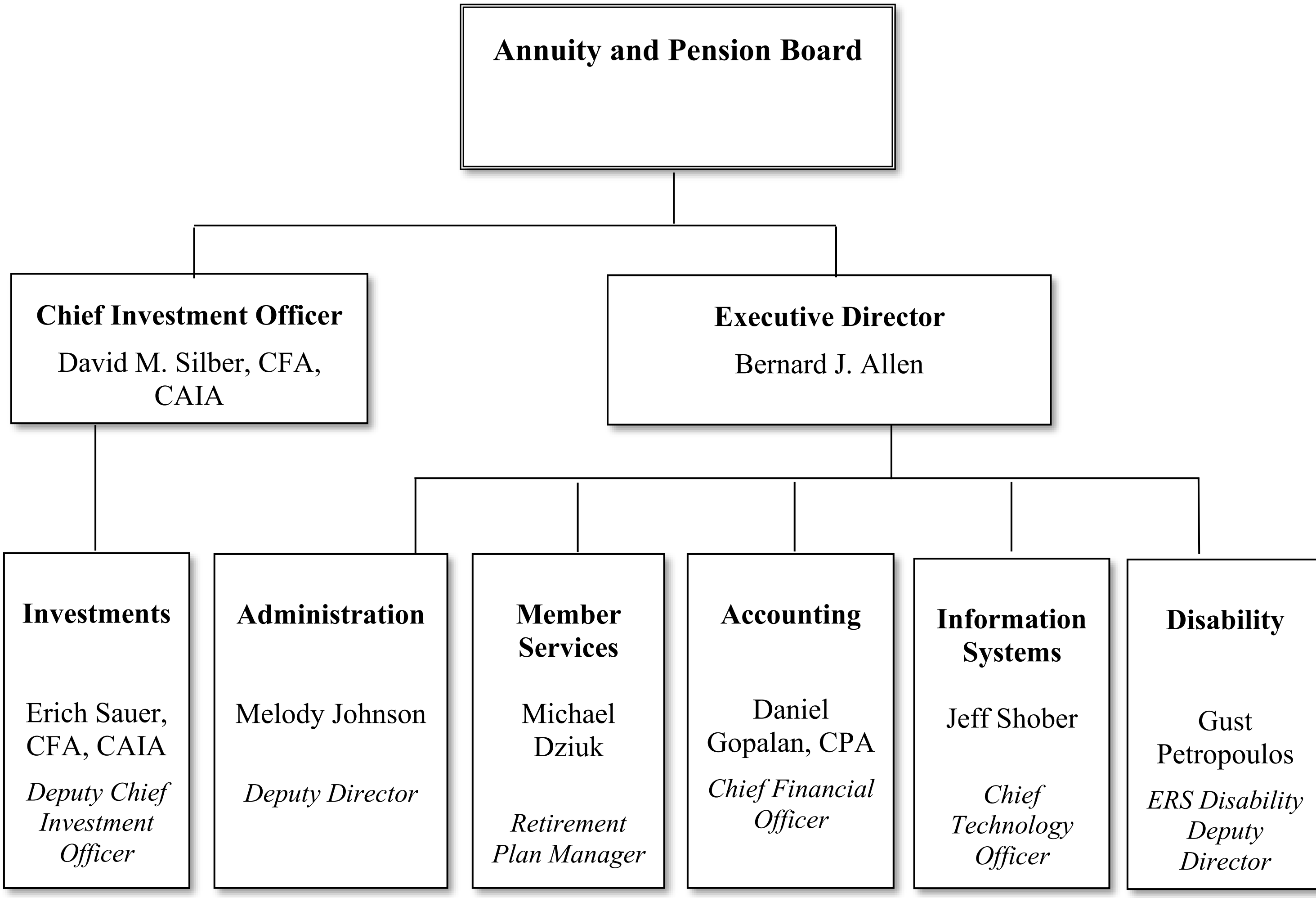
Actuaries:

Cavanaugh Macdonald Consulting, LLC

Medical Advisors:

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

Employes' 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

We are pleased to provide this analytical overview of the financial activities of the Employes' 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.

Overview of the Financial Statements

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.

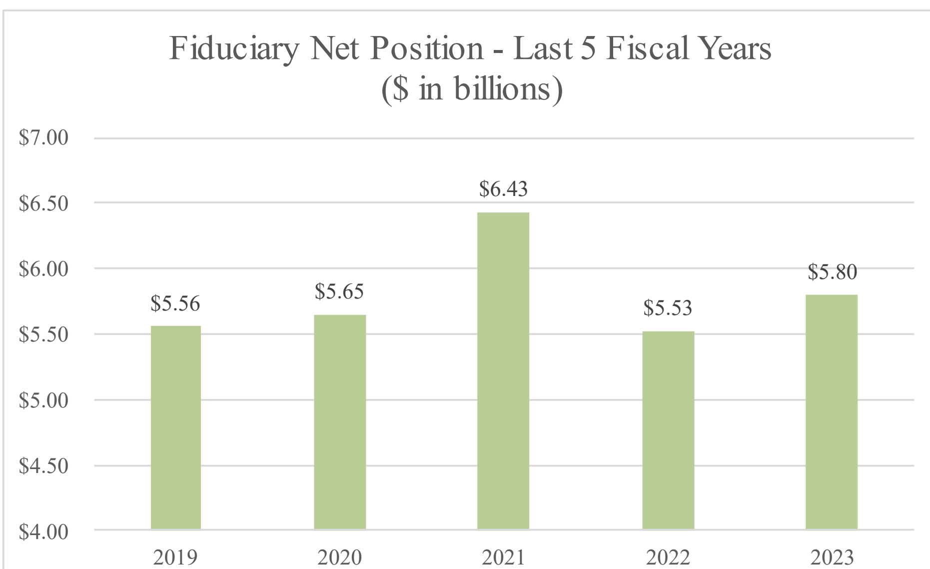
The remaining supplemental schedules provide additional detailed information concerning administrative expenses, investment expenses, and payments to consultants. All of this information is considered useful in understanding and evaluation the financial activities of the Plan.

Financial Analysis

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.

	For the year ended December 31,		
Fiduciary Net Position ($ in thousands)	**2023**	**2022**	**Change**
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)

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.

Changes in Fiduciary Net Position
($ in thousands)

	2023	2022	Change
Additions			
Employer contributions	$ 171,042	$ 121,571	$ 49,471
Member contributions	32,688	32,204	484
Investing Activity:			
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
Securities Lending Activity:			
Securities lending income	18,886	6,822	12,064
Less: Securities lending expenses	(16,784)	(4,616)	(12,168)
Total Additions:	$ 749,608	$ (440,600)	$ 1,190,208
Deductions			
Administrative expenses	$ (8,015)	$ (7,181)	$ (834)
Benefits paid	(466,604)	(452,407)	(14,197)
Refund of contributions	(4,444)	(5,211)	767
Total Deductions	$ (479,063)	$ (464,799)	$ (14,264)
Net Increase (Decrease)	$ 270,545	$ (905,399)	$ 1,175,944
Net Position Restricted			
Beginning of year	5,525,957	6,431,356	
End of year	$ 5,796,502	$ 5,525,957	

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.

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

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

BASIC FINANCIAL STATEMENTS

EMPLOYES' 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
ASSETS				
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
Total Assets	6,376,613	15,815	85,109	6,477,537
LIABILITIES				
CURRENT LIABILITIES				
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
LONG-TERM LIABILITIES				
Long-term lease liability (Note 10)	1,536	-	-	1,536
Total Liabilities	680,253	782	-	681,035
NET POSITION				
Restricted for:				
Pensions	5,696,360	15,033	-	5,711,393
Other Governments	-	-	85,109	85,109
TOTAL NET POSITION	$ 5,696,360	$ 15,033	$ 85,109	$ 5,796,502

See Independent Auditors' Report.

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

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

	Pension Trust Funds		Custodial Fund	
	Global Combined Fund	Non-consenter Retirement Funds	Employers' Reserve Fund	Total
ADDITIONS				
Contributions				
Employer (Note 2)	$ 170,822	$ 220	$ -	$ 171,042
Member	32,687	1	-	32,688
Total Contributions	203,509	221	-	203,730
Investment Income				
From Investing Activity:				
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
Total Investing Activity Income	602,313	1,503	4,572	608,388
Less: Direct investment expense (Note 7)	(64,410)	-	(202)	(64,612)
Net Investing Activity Income	537,903	1,503	4,370	543,776
From Securities Lending Activity:				
Securities lending income	18,886	-	-	18,886
Less: Securities lending borrower rebates and fees (Note 7)	(16,784)	-	-	(16,784)
Net Securities Lending Activity Income	2,102	-	-	2,102
Total Net Investment Income	540,005	1,503	4,370	545,878
Total Additions	743,514	1,724	4,370	749,608
DEDUCTIONS				
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)	-	-
Total Deductions	(478,189)	(874)	-	(479,063)
NET INCREASE IN NET POSITION	265,325	850	4,370	270,545
NET POSITION RESTRICTED				
Beginning of Year	5,431,035	14,183	80,739	5,525,957
End of Year	$ 5,696,360	$ 15,033	$ 85,109	$ 5,796,502

See Independent Auditors' Report.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Pension Trust Funds

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

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

Custodial Fund

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

Reporting Entity

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

Majority Equity Interests

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Basis of Accounting

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

Contributions

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

Cash and Cash Equivalents

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

Methods Used to Value Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Real estate consists 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.

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.

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.

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

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

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.

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	2,833
Total	29,613

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.

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.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Benefits Provided

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

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

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

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

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

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

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

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

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

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

3. 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.

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	(5,711,392)
Net pension liability	$ 2,057,961

Plan fiduciary net position as a percentage of total pension liability	73.51%

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

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:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return*
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%
	100.0%	

** 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.

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):

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
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.

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):

		Fair Value Measurements Using		
Investment Type	**Fair Value**	**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	$ 5,928,699			

** 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.

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).

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
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	$ 1,778,529	$ 487,992		

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%.

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):

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	-	-	-
Totals	$ 1,818,141	$ 159,711	$ 635,229	$ 359,471	$ 663,730

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
Totals	$ 509,492	$ 9,974	$ -	$ 193	$ 111	$ 519,770

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):

Rating	Fair Value	% of Total
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%
	1,818,141.00	100.0%

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

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):

	Notational/ Contractual Amounts	Fair Value	Gain/(Loss)
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

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):

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

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.

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.

Investment Type	Securities on Loan Fair Value	
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.

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.

Description	Lease Inception	Final Maturity	Interest Rate	Balance
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				$ 1,775,749

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

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

Year	Principal	Interest	Total
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	397,321	18,040	415,361
Total	$ 1,775,749	$ 298,569	$ 2,074,318

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.

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)

EMPLOYES' 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.

EMPLOYES' 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.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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)	$ -	$ -	$ -	$ 5,000	$ -	$ -	$ -	$ -	$ -	$ -
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.

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 Employes' 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 an 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.

SUPPLEMENTARY INFORMATION

(See Independent Auditors' Report)

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

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
	$ 8,014,627

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
	$ 81,395,955

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
	$ 681,658

(See Independent Auditors' Report)

EMPLOYES' 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 Employes' Duty Disability Fund	Total
ASSETS				
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
Total Assets	9,048	6,709	58	15,815
LIABILITIES				
Investments purchased	450	329	3	782
Total Liabilities	450	329	3	782
NET POSITION RESTRICTED FOR PENSIONS	$ 8,598	$ 6,380	$ 55	$ 15,033

See Independent Auditors' Report.

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

See Independent Auditors' Report.

INVESTMENT SECTION

City of Milwaukee
Employes' 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 Employes' 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.[1]

David Silber

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

[1] 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.

Callan

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Chicago, IL 60602

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www.callan.com

June 6, 2024

Annuity and Pension Board
Employes' 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 Employes' 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

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.

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.

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

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

	2023	3 Years	5 Years
Total Fund	10.0%	6.9%	9.1%
Policy Benchmark[1]	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[2]	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[3]	2.9%	18.0%	18.5%
Cambridge Private Equity Index	9.3%	13.5%	17.2%

[1] *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.*

[2] *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.*

[3] *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.

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

Top Ten Equity Holdings	Fair Value
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

Top Ten Fixed Income Holdings	Fair Value
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.

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

	Assets Under Management	Management Fee	Performance Fee	Fund of Fund Fee	Total Fees
Public Equity					
Domestic					
Passive Large Cap Equity	$ 387,442,742	$ 45,459	$ -	$ -	$ 45,459
Active Large Cap Equity	259,070,784	659,375	-	-	659,375
Active Mid/Small Cap Equity	366,172,083	1,275,335	1,020,845	-	2,296,180
International					
Active International Equity	814,282,492	3,836,695	-	-	3,836,695
Global					
Active Global Equity	447,185,223	993,603	575,557	-	1,569,160
Total Public Equity	$ 2,274,153,324	$ 6,810,467	$ 1,596,402	$ -	$ 8,406,869
Private Equity Fund of Funds[1]	$ 766,407,764	$ 7,320,049	$ 9,853,592	$ 7,446,897	$ 24,620,538
Fixed Income					
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
Total Fixed Income	$ 1,590,889,516	$ 1,399,853	$ -	$ -	$ 1,399,853
Absolute Return[1]	$ 443,098,146	$ 8,420,723	$ 10,279,653	$ 3,467,956	$ 22,168,332
Real Estate					
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
Total Real Estate	$ 462,562,607	$ 4,327,062	$ 608,297	$ -	$ 4,935,359
Real Assets					
Public Real Assets	$ 175,601,312	$ 1,055,261	$ -	$ -	$ 1,055,261
Employers' Reserve Fund					
Fixed Income					
Active Fixed Income	$ 85,109,460	$ 201,704	$ -	$ -	$ 201,704
Total Fixed Income	$ 85,109,460	$ 201,704	$ -	$ -	$ 201,704
Total External Management Fees		$ 29,535,119	$ 22,337,944	$ 10,914,853	$ 62,787,916

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.

[1] 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.

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

Broker Name	Number of Shares	Commissions	Cost Per Share
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
Grand Total	47,473,302,847	$ 575,682	$ 0.000012

The schedule above excludes commingled funds.

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

Asset Class	Fair Value	Percent of Total	Target Allocation
Cash and cash equivalents	$ 95,580	2%	0%
Fixed income	1,732,474	29%	29%
Public equity	2,266,336	38%	39%
Absolute return	443,099	7%	7%
Real assets	638,165	11%	13%
Private equity	766,408	13%	12%
	$ 5,942,062	100%	100%

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
Employes' 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 Employes' 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 Employes' 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,

Patrice Beckham

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

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

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
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: Disabled Members	Benefit Recipients: Retirees	Benefit Recipients: Beneficiaries	Total
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' Accumulated Contributions (1)	Retirees, Beneficiaries and Inactive Participants (2)	Active Participants (Employer Financed) (3)	Valuation Assets	Percent Covered By Valuation Assets (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)
Unfunded Actuarial Accrued Liability, January 1, 2022	$	1,140.9
- 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)
Unfunded Actuarial Accrued Liability, January 1, 2023	$	1,783.6

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
January 1, 2022 Funded Ratio	**83.4%**	**93.5%**
- 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	0.0%	0.0%
- Total change	(6.8%)	(21.1%)
January 1, 2023 Funded Ratio	**76.6%**	**72.4%**

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:

	Salary Increases*	
Service	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:

	General Employees		Policemen	Firemen
Service	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

	Early Retirement		Normal Retirement			
	Tier 1	Tier 2	Tier 1		Tier 2	
Age	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:

	Disability Rates		
Age	General Employees	Firemen	Policemen
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:

		Percentage of Duty Disabilities Assumed		
Employee Group	Percentage of Disabilities Incurred in the Performance of Duty	Eligible For The 90% Benefit	Under The Heart & Lung Law	Assumption Adopted January 1
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:

Member's Age at Death or Disability	Number of Dependent Children	Age of Youngest Child
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:

Member's Union or Bargaining Group	Percentage with Seasonal Service	Assumption Adopted January 1
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.

<u>Ordinary Disability Retirement Allowance</u>

<u>Eligibility for Ordinary Disability Retirement Allowance</u>

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.

<u>Amount of Ordinary Disability Retirement Allowance</u>

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.

<u>Funds Charged with Ordinary Disability Retirement Allowance</u>

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

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

EMPLOYES' 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
Additions										
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
Total additions to fiduciary net position	749,607	(440,600)	1,233,611	528,988	1,022,301	(44,939)	903,827	493,760	156,733	355,492
Deductions										
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
Total benefit payments	466,604	452,407	441,092	425,395	405,216	388,889	380,001	346,937	333,336	321,279
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
Total refunds of contributions	4,445	5,211	4,164	3,555	3,870	4,637	5,331	4,366	4,153	7,890
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
Total deductions from fiduciary net position	479,064	464,799	451,989	436,331	416,104	400,707	393,969	359,399	357,575	353,400
Change in fiduciary net position	$ 270,543	$(905,399)	$ 781,622	$ 92,657	$ 606,197	$(445,646)	$ 509,858	$ 134,361	$(200,842)	$ 2,092

For the fiscal years ended 2014 and 2015, the presentation of interfund transfers has been reclassified from refunds of contributions to interfund transfers.

EMPLOYES' 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
General City				
$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	-	-
Totals	10,617	9,797	195	625
Police				
$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	-	-
Totals	2,913	2,688	60	165
Fire				
$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	-	-
Totals	1,529	1,289	10	230

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Age/Service
For Last Ten Fiscal Years

Age/Service

Retirement Year	Employment Class	Category	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

EMPLOYES' 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

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Death
For Last Ten Fiscal Years

Death

Retirement Year	Employment Class	Category	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

EMPLOYES' 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	

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Disability
For Last Ten Fiscal Years

Disability

Retirement Year	Employment Class	Category	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

EMPLOYES' 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

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Principal Participating Employers
Current Year and Nine Years Ago

	As of December 31, 2023			As of December 31, 2014		
	Active Members	Percentage of Total Plan	Rank	Active Members	Percentage of Total Plan	Rank
Participating Government						
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
Total	10,108	100%		10,667	100%	

October 22, 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 Received legal opinion from City Attorney's Office.
10/22/24 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.

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.

09/23/24 **Abbott Capital Private Equity**
Request for City Attorney's Office to assist with the review and negotiations amending the current Limited Partnership Agreement and side letter with Abbott Capital Private Equity Investors 2025.
09/26/24 City Attorney's Office approved referral of this service request to outside legal counsel, Reinhart Boerner Van Deuren SC.

789 North Water Street ♦ Suite 300 ♦ Milwaukee WI 53202 ♦ Phone 414-286-3557 or 1-800-815-8418 ♦ Fax 414-286-8428

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Office of the City Attorney

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September 24, 2024

Bernard Allen
Executive Director
City of Milwaukee Employes' Retirement System
789 N. Water Street, Suite 300
Milwaukee, WI 53202

Re: Pension Eligibility Pursuant to 2023 Wisconsin Act 12

Dear Mr. Allen:

In a letter dated April 11, 2024, you asked this office for an opinion regarding the pension status of general city employees hired prior to January 1, 2024 who accept classified positions with Milwaukee Public Schools ("MPS") after that date. Your letter specifically references Section 241 of 2023 Wisconsin Act 12, which prohibits certain city employees "hired by the city or a city agency" after December 31, 2023 from accruing further service credit under the City of Milwaukee Employes' Retirement System ("ERS"). You ask how Section 241 should be interpreted as it applies to the aforementioned scenario, and whether employees who entered city service prior to January 1, 2024 have any contractual right to remain active ERS members under Milwaukee City Charter ("MCC") § 36-13. In subsequent communications, you advised that ERS has received multiple additional inquiries regarding the pension status of city employees who separated from city service prior to January 1, 2024 and are now considering a return to city service. You asked that we expand our opinion to also address this scenario.

For the reasons set forth below, it is our opinion that Section 241 prohibits separated ERS members from resuming active ERS membership during any new period of service that commences after December 31, 2023. This prohibition does not apply if a separated ERS member is returning to a position that they occupied as an active employee on December 31, 2023. We further conclude that, although there is insufficient guidance to determine if ERS members possess a contractual right to resume active ERS membership during a future period of employment, Section 241 is a lawful exercise of legislative authority under the

MILWAUKEE

Wisconsin Constitution based on Act 12's furtherance of a significant and legitimate public interest.

BACKGROUND

Session Laws of 1937 and 1947

The ERS was created by chapter 396, Laws of 1937,[1] which established a retirement system in the City of Milwaukee "for the payment of benefits to the employees of such city . . . ." § 1, Ch. 396, Laws of 1937. The system was to be administered by a board of trustees called the Annuity and Pension Board ("Board"). § 1(2), Ch. 396, Laws of 1937.

Under chapter 396, all "employees" of the city or a city agency would automatically be enrolled in the ERS membership.[2] § 3(2), ch. 396, Laws of 1937. The term "employees" was defined as "any person . . . [w]hose name appears on a regular payroll of [the] city or city agency." § 1(4)(b), ch. 396, Laws of 1937. The definition expressly excluded certain groups, including elected officials (unless the elected official requested to become a member in writing) and any person covered by the Teachers Retirement Act. § 1(4)(e), *et seq.*, ch. 396, Laws of 1937. The law granted the Board the authority to make final determinations regarding ERS membership eligibility. Specifically, "[i]n the event of a question arising as to the right of any person in the service of the city to be classified as an employe under this act, the decision of the board shall be final." §1(4)(e)(3), ch. 396, Laws of 1937.

The law required ERS benefits to be guaranteed by contract. § 14(2), ch. 396, Laws of 1937. Each member was granted a vested right to the "annuities and all other benefits in the amounts and on the terms and conditions and in all other respects as provided in the law under which the retirement system was established as such law shall have been amended and be in effect at the date of commencement of his membership." § 14(2)(c), ch. 396, Laws of 1937.

In 1947, the City of Milwaukee was granted home rule authority over the ERS. Specifically, chapter 441, Laws of 1947 empowered the city "to amend or alter the provisions of [Ch. 396, Laws of 1937] . . . provided that no such amendment or alteration shall modify the annuities, benefits or other rights of any persons who are members of the system prior to the effective date of such amendment or alteration." § 15(1), ch. 396, Laws of 1937. Chapter 441 also

[1] Chapter 396, Laws of 1937 was later significantly revised by chapter 441, Laws of 1947. For purposes of clarity and consistency, unless otherwise noted, this opinion will refer only to the post-1947 version of chapter 396.

[2] The term "city agency" was defined as "any board, commission, division, department, office or agency of the city government, including its sewerage commission, school board, auditorium board, fire and police departments, annuity and pension board, board of vocational and adult education, and public school teachers' annuity and retirement fund, by which an employe of the city or city agency is paid." § 1(3)(b), ch. 396, Laws of 1937.

created a new benefit guarantee provision, which declared that ERS benefits "shall be obligations of [a] benefit contract on the part of the city and of the board administering the system and each member and beneficiary having such a benefit contract shall have a vested right to such annuities and other benefits and they shall not be diminished or impaired by subsequent legislation or by any other means without his consent." § 14(2)(a), ch. 396, Laws of 1937.

Chapter 36

The city codified the 1937 and 1947 laws in MCC Chapter 36 ("Chapter 36"). Although Chapter 36 still retains many provisions from the original laws, the ordinance has expanded significantly over the intervening decades. Because your inquiry revolves around ERS plan changes necessitated by 2023 Wisconsin Act 12, we will briefly recount the version of Chapter 36 that existed before Act 12's passage.

Prior to Act 12, most city "employees" were automatically enrolled in the ERS on their date of hire. MCC § 36-03-1, *et seq*. The term "employee" was defined by MCC § 36-02-13 as "any person whose name appears on a regular payroll of the city or city agency, except persons who are contributing under the teachers' retirement act or a participating employee under the provisions of the Wisconsin retirement system . . . ."[3] Chapter 36 refers to employees enrolled in ERS as "members." MCC § 36-2-21. ERS members earn "service credit" for each qualifying day of employment with the city or a city agency, which is then used to compute a member's pension benefit upon retirement. *See* MCC § 36-05-1-d. Generally, a member must remain an "employee"—that is, must remain on the payroll of the city or a city agency—in order to continue accruing ERS service credit. This status is known as "active service." Members who are in active service and accruing service credit are referred to as "active members." *See, e.g.*, MCC § 36-05-6-b-4.

Prior to Act 12, ERS membership would continue until the occurrence of one of three events: (1) a member retired (at which point the member became a "beneficiary"); (2) a member separated from city service and withdrew their contributions from the pension fund (at which point their membership terminated); or (3) a member died. As suggested above, ERS membership did not cease simply because an employee separated from city service. Although members who separated from city service prior to reaching retirement age (who elected to leave their contributions in the pension fund) ceased to be "active members," they continued to participate in pension plan as "separated vested members." *See, e.g.*, MCC § 36-08-6-a-1.

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[3] The term "employee" excluded "school crossing guards" and any person "elected to office by vote of the people unless such elected person shall request the board in writing to be [enrolled in ERS]." MCC § 36-02-13.

The membership status of a separated ERS member depended upon the circumstances under which they left city service. Members who separated with less than four years of creditable service (i.e. unvested members) were permitted to retain ERS membership for 5 years. If the member did not return to city service by the end of this 5-year period, their membership would automatically terminate. MCC § 36-03-5. Contrarily, members who separated after four or more years of creditable service (i.e. vested members) became entitled to a "deferred retirement" allowance that would automatically commence when the member reached retirement age. MCC § 36-05-6-d-2. These members are commonly referred to as "deferred members."

It is important to note that deferred members do not actually retire—that is, they do not become "beneficiaries"—until they reach retirement age and begin receiving their deferred allowance. This distinction is important since ERS membership automatically terminates once a member becomes a beneficiary, and beneficiaries are prohibited from earning new pension benefits (even if they later return to city employment).[4] Because deferred members are not beneficiaries, they were expressly permitted to resume active ERS membership and accrue additional pension benefits if they returned to city service prior to reaching retirement age. Upon subsequent retirement, the member receives two allowances—one based on their pre-separation service and one based on their re-employment service.

As required by the Laws of 1937 and 1947, Chapter 36 guarantees ERS benefits by contract. These contractual guarantees are codified in MCC § 36-13. As a result of legislative amendments over the years, these provisions now include multiple layers of contractual rights applicable to different employee groups. For example, § 36-13-2-g guarantees benefits under the Combined Fund, and reads: "Every member, retired member, survivor and beneficiary who participates in the combined fund shall have a vested and contractual right to the benefits in the amount and on the terms and conditions as provided in the law on the date the combined fund is created."

In 2011, § 36-13 was amended to expressly reserve the city's right to prospectively "repeal all or part" of Chapter 36 as it relates to any employee first hired on or after November 23, 2011. MCC § 36-13-2-h. This reservation of rights provision, located at MCC § 36-13-2-h, states that such members "shall have no right to further accrual of benefits or rights for service rendered after the effective date of any ordinance repealing or altering the ordinance that authorizes the benefit or right." The provision did not apply to any member of a certified collective bargaining unit covered by a labor contract that contained provisions inconsistent with § 36-13-2-h.

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[4] MCC § 36-04-5. The one exception to this rule is disability retirement beneficiaries, who are permitted to resume active ERS membership if they are found fit for duty prior to retirement age.

2023 Wisconsin Act 12

On June 20, 2023, the Wisconsin State Legislature passed 2023 Wisconsin Act 12. The Act significantly overhauled multiple aspects of local government in Wisconsin, including the ERS. Most relevant to this opinion, the Act created Wis. Stat. § 77.701, which authorized the City of Milwaukee to impose a new 2% sales tax if the city also implemented a prescribed series of pension reforms. Under the law, the city is permitted to use an amount equal to 90% of the sales tax revenue generated in the first full calendar year to offset certain ERS employer contribution costs.

As a prerequisite for imposing the sales tax, Act 12 required the city to begin enrolling new employees in the Wisconsin Retirement System ("WRS") instead of the ERS beginning on January 1 of the year following the year in which the sales tax is adopted, thereby effectuating a soft close of the ERS pension plan. Wis. Stat. § 77.701. The city's act of adopting a sales tax would cause Act 12's numerous pension-related provisions to automatically take effect—three of which are particularly germane to this opinion.

First, Section 241 added a new exclusion to the definition of "employe" contained in chapter 396, Laws of 1937. This exclusion—discussed at length below—covers any persons "hired by the city or city agency after December 31 of the year that an ordinance goes into effect under s. 77.701 (1) . . . and who were not active employees of the city or a city agency on that date, with respect to the position to which the person is hired after that date . . . ." 2023 Wis. Act 12, § 241; § 1(4)(e)(2m), ch. 396, Laws of 1937. It is this language that is the principal subject of this opinion. Any person covered by the new exclusion "may not accrue any further service under the retirement system of the city." *Id.*

Second, Section 219n made ERS pension benefits a prohibited subject of collective bargaining. Specifically, the city is prohibited from bargaining over "any terms" of the ERS with any union composed of public safety employees.[5] Instead, the relevant terms in effect on December 30, 2022 became fixed for any employees belonging to a bargaining unit composed of public safety employees. These "terms" include, but are not limited to, "the contribution rates, pension benefit calculation, or factors used to calculate a pension benefit under the system." 2023 Wis. Act 12, § 219n.

Third and finally, Section 239 abrogated the city's home rule authority over the ERS. Under the revised authority, the city and the Annuity and Pension Board may "continue to amend, create, and repeal ordinances and rules, administer benefits, discharge their duties with

[5] Because the State Legislature previously prohibited general city employees from collectively bargaining with the city through 2011 Wisconsin Act 10, Act 12's exclusion of pension benefits from public safety unit bargaining effectively ends collective bargaining over pension benefits in the City of Milwaukee.

respect to the retirement system and take any other actions necessary to administer the system and maintain the qualified tax status of the system under the federal Internal Revenue Code . . . ." 2023 Wis. Act 12, § 242. However, the city and Board cannot increase or enhance any retirement benefit, or make any changes to the plan inconsistent with the collective bargaining agreements for policemen, police supervisors, or firemen that were in effect on December 31, 2022. In addition to these express restrictions, certain enumerated aspects of the ERS—including the newly-created exception to the definition of "employes" set forth in chapter 396, Laws of 1937—were declared to be a matter of statewide concern.

Post-Act 12 Amendments to Chapter 36

On July 11, 2023, the Milwaukee Common Council passed an ordinance imposing a 2% sales and use tax beginning January 1, 2024. Milwaukee Common Council, Ordinance File no. 230357. As required by Act 12, the ordinance also announced the city's election to join the WRS for new employees effective January 1, 2024. As discussed above, this action caused Act 12's pension-related provisions to take effect. *See* 2023 Wis. Act 12, § 246; Wis. Stat. § 111.70(4)(mc)(7).

On September 19, 2023, the Common Council amended Chapter 36 to conform to Act 12. Milwaukee Common Council, Charter Ordinance File no. 230362. The chapter's introductory paragraph was amended to declare that the ERS "shall be closed to new members after December 31, 2023." MCC § 36-01. The definition of "employee" was amended to reflect the new exception created by Section 241. MCC § 36-02-13. The exclusion covered persons "who are hired by the city or city agency after December 31, 2023, and who were not in active service of the city or a city agency on that date, with respect to the position to which the person is hired after that date, irrespective of whether the person was previously an employee of the city or a city agency, unless such person is being restored to active service following termination of a duty disability retirement allowance." *Id.*

The City Charter's membership rules were similarly updated to exclude any person "hired by the city or a city agency after December 31, 2023" (except "members restored to active service following termination of a duty disability retirement allowance"). MCC § 36-03. An express exclusion was also added to mirror the language of Section 241, which read:

> 7. PROHIBITION ON FURTHER ACCRUAL AFTER SEPARATION: Notwithstanding any other provision of law, any person who is hired by the city or a city agency after December 31, 2023, and who was not in active service of the city or a city agency on that date, with respect to the position to which the person is hired after that date, irrespective of whether the person was previously an employee of the city or a city agency, shall not be eligible for active membership in the retirement system and may not accrue any further

> service credit under this chapter. Such persons shall instead be enrolled in the Wisconsin Retirement System, subject to the eligibility requirements of ch. 40, Wis. Stats. This paragraph shall not apply to members restored to active service following termination of a duty disability retirement allowance.

MCC § 36-03-7.

New Hires

In April, 2024, ERS was notified that a general city employee hired prior to January 1, 2024 was considering accepting a new position with MPS. Because MPS is a city agency, this employment change is not considered a job transfer within the city, but instead requires the employee to formally resign from her general city position and be newly hired at MPS. In light of Act 12's recent changes to ERS's membership rules, the employee asked whether she will remain an active ERS member if she accepts the MPS position, or whether the employment change would instead result in her enrollment in the WRS. Since this initial inquiry, ERS has received multiple additional inquiries regarding the pension status of city employees who separated from city service prior to January 1, 2024 and are now considering a return to city service.

DISCUSSION

QUESTION 1: *What is the pension status of employees who either switch ERS-covered employers or return to employment with the city or a city agency after December 31, 2023?*

Your first inquiry asks for an opinion regarding the pension status of certain employees who switch employment from the city to a city agency (or vice versa) or return to employment with the city or a city agency after December 31, 2023. Answering this question requires us to interpret Section 241, 2023 Wisconsin Act 12, which is now codified at § 1(4)(e)(2m), chapter 396, Laws of 1937. For purposes of consistency and simplicity, we will refer to this provision as "Section 241."

Statutory interpretation focuses on the language of the statute. *Milwaukee Dist. Council 48 v. Milwaukee Cnty.*, 2019 WI 24, ¶ 11, 385 Wis. 2d 748, 924 N.W.2d 153. If the statute's meaning is plain, the inquiry stops there. *Id.* Statutory language is given "its common, ordinary, and accepted meaning, except that technical or specially-defined words or phrases are given their technical or special definitional meaning." *Id.* Additionally, statutory language must be interpreted "in the context in which it is used; not in isolation but as part of a whole; in relation to the language of surrounding or closely-related statutes; and reasonably, to avoid absurd or unreasonable results." *Id.* If statutory language is ambiguous—that is, reasonably susceptible to more than one interpretation—courts may consult extrinsic evidence, such as legislative history, to derive its meaning. *Id.* ¶ 16.

Plain Meaning Analysis

We must first determine whether Section 241 is capable of a plain reading. As described previously, Section 241 added a new exclusion to the definition of "employes" contained in Section 1(4), chapter 396, Laws of 1937. The resulting language reads as follows:

> (e) EXCEPTIONS: The definition of employes shall not include persons:
> . . .
> (2m) Who are in the service of a city of the first class, or a city agency of a city of the first class in a county with a population of at least 750,000; who are hired by the city or city agency after December 31 of the year that an ordinance goes into effect under s. 77.701 (1) of the statutes; and who were not active employes of the city or a city agency on that date, with respect to the position to which the person is hired after that date, irrespective of whether the person was previously an employe of the city or a city agency. Such a person may not accrue any further service under the retirement system of the city.

§ 1(4)(e)(2m), ch. 396, Laws of 1937.

Section 241 contains two sentences. We find the meaning of the second sentence to be clear and unambiguous, thus we devote our attention primarily to the first sentence. The first sentence contains three clauses, each divided by a semicolon, and describes the three criteria a person must satisfy in order to be excluded from the definition of "employes."[6]

The first clause has a plain meaning, which simply requires a person to be a current employee of the city or a city agency. The second and third clauses, however, require more analysis. The second clause encompasses any person "hired by the city or a city agency after December 31 of the year that an ordinance goes into effect under s. 77.701 (1) of the statutes . . . ." Because the city enacted an ordinance under Wis. Stat. § 77.701(1) in 2023, this language encompasses persons "hired by the city or a city agency" after December 31, 2023. The word "hired" is arguably capable of two interpretations. On the one hand, the term could denote a person's *initial* date of hire—meaning a person can only be "hired" once by the same employer, regardless of how many times the person separates from and resumes employment. On the other hand, the term could denote *each instance* of commencing

[6] Semicolons should be interpreted as separating items in a series when the items are long or internally punctuated, and cannot reasonably be read as standalone sentences. *See Piper v. Nitschke's N. Resort Condo. Owner's Ass'n*, 2009 WI App 182, ¶ 11, 322 Wis. 2d 604, 777 N.W.2d 677.

employment with the same employer—meaning a person is "hired" each time they resume employment with the same employer after a break in service.

After comparing the two interpretations, we are persuaded that the term "hired" as used in Section 241 of Act 12 was intended to denote *each instance* of commencing employment with the city or a city agency after a break in employment. We reach this conclusion for three reasons. First, other language in Section 241 indicates that a person can be "hired" by the same employer more than once. The final clause of Section 241's first sentence contemplates persons "hired" after December 31, 2023 who were previously employed by the city or a city agency. This indicates that a person can be "hired" by the city even after a prior term of employment.

Second, Section 241's second sentence prohibits a person "hired" after December 31, 2023 from accruing "*further* service under the [ERS]." The use of the term "further" suggests that a recently "hired" person might have completed prior "service under the [ERS]"—which inherently denotes a prior period of employment with the city or a city agency.

Third, additional context provided in closely-related statutes reinforces the interpretation outlined above. The word "hired" does not appear anywhere in chapter 396, Laws of 1937 other than the newly-created Section 1(4)(e)(2m); nor does it appear in any Act 12 provision other than Section 241 (and a virtually identical provision applicable to Milwaukee County). However, the word "hired" does appear 17 times in chapter 40, Wis. Stat., which governs the WRS pension system. Because chapter 40 addresses pension benefits, and because many provisions of Act 12 apply to chapter 40, it would likely be viewed as a closely-related statute for purposes of interpreting Section 241. In five of the 17 instances in which the term "hired" is used in chapter 40, it is modified by the adverb "first"—resulting in the phrase "first hired." *See, e.g.*, Wis. Stat. § 40.05(2)(ar)(2). Much like the context provided within Section 241 itself, the phrase "*first* hired" suggests that a person can be "hired" more than once by the same employer. For these reasons, we believe Section 241's second clause encompasses any instance of commencing employment with the city or a city agency after December 31, 2023.

We now turn to the third and final clause. This clause is itself composed of three sub-clauses (an independent sub-clause followed by two relative sub-clauses) each separated by a comma. The fist sub-clause—which serves as the independent sub-clause—describes persons "who were not active employes of the city or a city agency on [December 31, 2023] . . . ." The phrase "active employee" has been repeatedly used by Wisconsin courts to describe a current (versus a separated or former) employee. *See, e.g., Milwaukee Police Ass'n v. City of Milwaukee,* 2018 WI 86, ¶ 77, 383 Wis. 2d 247, 914 N.W.2d 597 (Abrahamson, S. dissenting); *Wisconsin Pro. Police Ass'n v. Lightbourn*, 2001 WI 59, ¶ 11, 243 Wis. 2d 512, 627 N.W.2d 807. Thus, the independent sub-clause describes persons who were not current employees of the city or a city agency on December 31, 2023.

The scope of the independent sub-clause is subsequently modified by the following relevant sub-clauses. Specifically, the relative sub-clauses modify the meaning of the antecedent phrase "active employes" by adding the following limitations: "with respect to the position to which the person is hired after that date, irrespective of whether the person was previously an employe of the city or a city agency." The term "respect" means "a relation or reference to a particular thing or situation." *Respect*, Merriam-Webster Dictionary, https://www.merriam-webster.com/ dictionary/respect (last visited Aug. 6, 2024). Adding this meaning together with the foregoing analysis, the third clause is most reasonably read as referencing persons not actively employed by the city or a city agency on December 31, 2023, in the particular position to which they are hired after that date.

In summary, we believe a reviewing court would likely read Section 241 as covering any employee of the city or a city agency who is first hired or rehired on or after January 1, 2024 to a position that the person did not occupy as an active employee on December 31, 2023. Pursuant to Section 241's second sentence, such persons "may not accrue any further service under the retirement system of the city."

Extrinsic Evidence

Although we believe that a court would likely find Section 241 capable of a plain reading, we note that the available extrinsic evidence appears to provide support for the interpretation outlined above. Legislative history may be used to confirm a proposed statutory interpretation. *Teschendorf v. State Farm Ins. Cos.*, 2006 WI 89, ¶ 14, 293 Wis. 2d 123, 717 N.W.2d 258. Here, 2023 Wisconsin Act 12 began as 2023 Assembly Bill 245 ("AB 245"). The original draft of AB 245 contained a version of Section 241 that also would have added a new exclusion to the definition of "employes" contained in chapter 396, Laws of 1937, but was narrower than the final version incorporated into Act 12. Specifically, the original version of Section 1(4)(e)(2m) proposed by AB 245 read:

> (2m) Who are in the service of a city of the first class, or a city agency of a city of the first class in a county with a population of at least 750,000; who as of January 1 of the year following the city's election to join the Wisconsin Retirement System under s. 40.21 (1) of the statutes, had never been employees of the city or an agency of the city; and who are hired after January 1 of the year following the city's election to join the Wisconsin Retirement System under s. 40.21 (1) of the statutes.

This language would have created a straightforward "before and after" dichotomy for ERS membership purposes. Any person first hired by the city or a city agency on or after January 1, 2024 would have been excluded from the definition of "employes" contained in chapter 396, Laws of 1937, and would consequently be ineligible for ERS membership. Any person first hired by the city or a city agency prior to January 1, 2024 would remain an "employe" under chapter 396, and would therefore retain eligibility to resume active ERS membership if they subsequently left and returned to city employment.

This interpretation of "employes" is confirmed by the Wisconsin Legislative Reference Bureau ("LRB") analysis attached to AB 245. There, the LRB interpreted AB 245 as requiring "employees *initially* hired by . . . the City of Milwaukee" after December 31 of the year in which the City adopts a sales tax ordinance to be covered by the WRS instead of the ERS. The LRB further described the bill as only requiring "*newly* hired employees of a city [or] city agency" to be enrolled in the WRS.

On May 17, 2023, Assembly Amendment 2 to AB 245 was introduced. In addition to numerous other revisions, Assembly Amendment 2 modified Section 241 to reflect its current form. As discussed at length above, the current version prevents most employees "hired" after December 31, 2023 from "accru[ing] any further service under the [ERS]." This language expanded the coverage of Section 241 to include many employees not contemplated by the original version. The amendment was adopted shortly after its introduction.[7]

The modifications to Section 241 imposed by Assembly Amendment 2 evince a clear legislative intent to encompass a broader category of employees than just those initially hired after December 31, 2023. By rejecting the original draft's "before and after" dichotomy, and instead adopting Assembly Amendment 2's revisions, the State Assembly expanded the category of persons who would be excluded from future participation in the ERS. This history further confirms the interpretation of Section 241 we have outlined above.

Practical Effect of Section 241

Based on the foregoing analysis, we conclude that Section 241 covers any employee of the city or a city agency hired on or after January 1, 2024 to a position that the person did not occupy as an active employee on December 31, 2023. Because such persons are excluded from the definition of "employes" contained in § 1(4), chapter 396, Laws of 1937, they are incapable of resuming active ERS membership and must instead be enrolled in the WRS.

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[7] We have confirmed with the city's lobbyist that the city was not involved in any discussions concerning the amendment of AB 245's Section 241, and the legislature never gave any explanation regarding the purpose of the change.

Although it is impractical to discuss every conceivable circumstance in which a former employee may wish to return to city service, we will briefly address the two scenarios you have specifically brought to our attention. The first involves a current general city employee and vested ERS member who wishes to accept a classified position with MPS. As noted above, because the city and MPS are different employers, this transition is not considered a transfer, but instead constitutes the separation from employment with one employer and the starting of employment with a different employer. In order to accomplish this transition, the employee must formally resign from her general city position and be "hired" at MPS. Because this process results in the employee being hired by a city agency after December 31, 2023 to a position that the employee did not hold on that date, the employee is covered by Section 241's exclusion.[8]

The second scenario you have identified involves a former (i.e. separated) general city employee and vested ERS member, who wishes to return to city service. The outcome of this scenario depends upon the circumstances surrounding the member's separation from, and return to city service. If the member held a general city position on December 31, 2023 and is returning to the same position, the member would not be covered by Section 241 and must be re-enrolled as an active ERS member upon resuming employment. If, on the other hand, the member either did not hold a general city position on December 31, 2023 or is returning to a position that is different from the one held on December 31, 2023, the member would be covered by Section 241's exclusion and would not be eligible to resume active ERS membership.

While we have addressed the two scenarios you presented, we note that there is a virtually limitless combination of circumstances in which ERS members may depart from and return to service with the city or a city agency. There are additionally a number of state and federal statutes (such as the Uniformed Services Employment and Reemployment Rights Act) that—while outside the scope of this opinion—may affect a member's employment rights upon rehiring. As such, while the pension status of returning employees in most circumstances will likely be relatively clear in light of the guidance outlined above, we invite you to refer any circumstances requiring further analysis to our office for review.

QUESTION 2: *Do employees who entered city service prior to January 1, 2024 have any contractual right to remain active ERS members under MCC section 36-13?*

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[8] The result would be different if the employee was merely transferring positions with the same employer. The term "hired" inherently connotes commencement of a new employment relationship, not merely the alteration of an existing employment relationship. As such, employees who simply transfer positions within the same employer are not covered under Section 241.

Your second inquiry asks whether employees first hired prior to January 1, 2024 have any contractual right to remain active ERS members after that date. In order to more effectively address this question, we make two initial observations for purposes of clarifying the issues presented. First, although your letter characterizes the hypothetical right at issue as the right to "remain" an active ERS member, your letter and subsequent communications indicate that the holders of this hypothetical right are separated employees seeking to return to service with the city or a city agency. As such, the hypothetical right at issue is more accurately described as the right of a separated ERS member to *resume* active ERS membership during a future period of employment—a technical distinction that will become important later in this opinion. And second, while your letter only asks whether ERS members possess the above-described hypothetical right, it implicitly raises the broader question of whether Section 241 serves to impair that right. Because state legislation may lawfully impair existing contractual rights under certain circumstances, the question we now seek to answer is whether Section 241 constitutes an *unlawful* impairment of the hypothetical right at issue.

These questions require us to analyze the Contract Clause of the Wisconsin Constitution, which prohibits the state from unreasonably impairing existing contractual obligations. *Madison Tchrs., Inc. v. Walker*, 2014 WI 99, ¶ 133, 358 Wis. 2d 1, 84, 851 N.W.2d 337, 378. In evaluating challenges to state legislation brought under the Contract Clause, courts must determine whether the law operates as a "substantial impairment of a contractual relationship." This analysis considers three factors: (1) whether there is a contractual relationship, (2) whether a change in law impairs that contractual relationship, and (3) whether the impairment is substantial. If no substantial impairment is found, the inquiry ends and the legislation is deemed valid. However, if the legislation is found to constitute a substantial impairment, a reviewing court must analyze a fourth factor, which asks if a "significant and legitimate purpose exists for the challenged legislation." *Id.* ¶¶ 133-36. If the impairment of contract is "reasonable and necessary" to serve the stated public purpose, the legislation will be upheld. *Id.*

For the reasons discussed below, we conclude that existing guidance is not sufficiently clear to determine whether ERS members possess a contractual right to resume active ERS membership during future periods of employment. Ultimately, however, the uncertainty surrounding this hypothetical right is largely irrelevant to the resolution of your inquiry because—even if such a right exists—a reviewing court would likely find that Section 241's impairment is justified by the furtherance of an important government interest. It is therefore our opinion that Section 241 is a lawful exercise of legislative authority.

Contractual Relationship

The first prong of the Contract Clause analysis asks whether a contractual relationship exists which may be affected by state legislation. For our purposes, this inquiry requires little discussion. In the 2014 case of *Madison Teachers, Inc. v. Walker*, the Wisconsin Supreme Court concluded that the benefit guarantee provisions of Chapter 36 evinced a clear intention to grant employees contractual rights to ERS pension benefits. *Id.* ¶ 145. There is therefore clearly a contractual relationship that could be affected by Section 241.

Impairment of a Contractual Relationship

The second prong of the Contract Clause analysis asks whether a change in the law has somehow impaired the contractual relationship at issue. This prong requires a court to determine whether a specific contractual right has been affected by the challenged legislation. This prong therefore requires us to determine whether ERS members have a contractual right to resume active ERS membership during a future period of employment.

Because no Wisconsin case has directly addressed this question, it is impossible to say with certainty how a reviewing court would rule on the issue. Fortunately, because we are able to conclude that Section 241 would be upheld based on its furtherance of an important government interest, it is not necessary to reach a definitive conclusion on this issue. Instead, for purposes of proceeding to the next step of the Contract Clause analysis, it is sufficient to simply assume for the sake of argument that ERS members possess a contractual right to resume active ERS membership during a future period of employment.

Although existing guidance does not permit a definitive conclusion on this issue, it is worth observing that several factors appear to militate against the existence of a contractual right. First, plaintiffs seeking to identify a previously unrecognized pension right in Wisconsin must overcome a judicial presumption against such rights. In *Madison Teachers, Inc. v. Walker*, the Wisconsin Supreme Court ruled that pension rights questions must be analyzed through the lens of the "unmistakability doctrine." *Id.* ¶ 139. The unmistakability doctrine is a canon of statutory construction which presumes that legislative enactments are not intended to create contractual rights unless the statutory language unmistakably evinces an intent to do so. This doctrine is "rooted in the belief that legislatures should not bind future legislatures from employing their sovereign powers in the absence of the clearest of intent to create vested rights protected under the Contract Clause . . . ." *Id.* A plaintiff seeking to establish the right at issue here would therefore have to meet this elevated burden.

Second, the Wisconsin Supreme Court no longer permits plaintiffs to rely on generic benefit guarantee provisions to establish the existence of specific pension rights. Previously, the Court of Appeals interpreted the generic benefit guarantees contained in the Laws of 1937 and 1947 (now codified in MCC § 36-13) as sufficient *on their own* to grant ERS members a blanket vested right in perpetuity to all ERS benefits in effect at the time a member was hired. *See Welter v. City of Milwaukee,* 214 Wis. 2d 485, 571 N.W.2d 459 (Ct. App. 1997); *Rehrauer v. City of Milwaukee*, 2001 WI App 151, 246 Wis. 2d 863, 631 N.W.2d 644. The

Wisconsin Supreme Court, however, expressly repudiated this analytical framework in the 2014 case of *Stoker v. Milwaukee County*. 2014 WI 130, 359 Wis. 2d 347, 857 N.W.2d 102. There, the court held that generic benefit guarantees are not, on their own, sufficient to establish contractual rights to specific benefits. Instead, the "terms and conditions" governing a particular benefit must be scrutinized to determine how—and more importantly *when*—the expectation of that benefit legally ripens into an entitlement. *Id.* ¶¶ 29-30.

The *Stoker* court recognized that most benefits do not transform from a mere future expectation into a present legal entitlement (a process called "vesting") simply because an employee has commenced employment. Instead, the terms and conditions of most benefits require an employee to satisfy one or more future conditions before an entitlement is formed. If an employee has not satisfied a required condition, the benefit remains a legally unenforceable expectation (i.e. an unvested benefit). Because employees generally have no rights to unvested benefits, employers are free to modify them at any time. *Id.* In sum, after *Stoker*, a plaintiff seeking to establish the right at issue here could not rely solely on the § 36-13's contractual guarantees as evidence of such right, but must instead point to specific language in Chapter 36 that unmistakably grants them a present legal entitlement to future periods of active ERS membership.

Third and finally, the Wisconsin Supreme Court has repeatedly refused to recognize that employees possess present rights to *future* benefit accruals. In the 2008 case of *Loth v. City of Milwaukee*, for example, the court ruled that a city employee with 15 years of service had not acquired a vested right to a premium-free health insurance benefit available to employees with 15 or more years of service who retired after reaching age 60. 2008 WI 129, 315 Wis. 2d 35, 758 N.W.2d 766. As the court explained, the employee's attainment of 15 years of city service satisfied just one of the benefit's three vesting conditions. Because the employee had not yet satisfied the remaining two conditions (reaching age 60 and retiring), the employee had not obtained a vested right to the premium-free benefit, and the city was free to modify the benefit at any time. The *Loth* court likened this arrangement to a unilateral contract offer. By focusing on the terms and conditions of the benefit at issue, the court was able to determine how the offer could be accepted by an employee and thus become a contractual entitlement (i.e. a vested right). Because the plaintiff had not "perform[ed] the requested acts" necessary to accept the offer, he had no contractual right to the benefit and the city was free to modify it. *Id.* ¶ 14.

Similarly, in *Stoker* (discussed above), the Wisconsin Supreme Court again refused to recognize a presently-vested right to benefits that would be earned in the future. 2014 WI 130. There, the plaintiff challenged a county ordinance that prospectively reduced the pension multiplier (from 2% to 1.6%) applicable to county service credit that accrued after a specified future date. The plaintiff argued that she had acquired a contractual entitlement to the higher 2% multiplier at the time she commenced employment, and asked the court to strike down the ordinance as an improper impairment of this vested right. In other words, the plaintiff claimed a presently-vested right to have the 2% multiplier apply not just to the service she had rendered prior to the ordinance, but to *all future* service as well.

The Wisconsin Supreme Court rejected the plaintiff's claim. In doing so, the court focused on the terms and conditions governing pension multipliers set forth in the county's pension ordinance. As the court explained, because pension multipliers apply to service credit, and because service credit is earned by rendering employment service to the county, contractual rights to a specific multiplier "accrue[ ] over time as county service is rendered . . . ." *Id.* ¶ 30. As such, while the *Stoker* plaintiff had clearly acquired a vested right to have the 2% multiplier apply to service already rendered (i.e. past service), she had not acquired any such right for *future* services. Because the challenged ordinance only affected future service credit, it did not impact any service credit for which the plaintiff had accrued a vested right, and was therefore a valid exercise of legislative authority.[9]

Applying this guidance to the matter at hand, the hypothetical right you have posited appears to exhibit many of the same problems as those proposed by the plaintiffs in *Loth* and *Stoker*. When an active ERS member separates from city service, they cease accruing service credit and become an inactive (i.e. deferred) member. In order to reinstate one's ERS membership to active status and begin accruing new service credit, a separated ERS member must actually return to employment with the city or a city agency. Re-employment is therefore a necessary precondition to resuming active ERS membership. Using the logic of *Loth* and *Stoker*, prior to re-employment, a separated ERS member has nothing but a future expectation of resuming active membership. Put another way, because separated ERS members have not performed the requested acts necessary to accept the offer of renewed active ERS membership, recognition of a presently-vested right to future periods of active ERS membership would appear to be inconsistent with Wisconsin's recent pension jurisprudence.

Although the above factors militate against a finding of the hypothetical right you have posited, because the relevant caselaw is not sufficiently clear to permit a definitive conclusion on this issue, and because a definitive conclusion is not necessary for us to complete our Contract Clause analysis, we decline to offer one at this time. Instead, we will simply presume the existence of this right for purposes of proceeding to the next phase of our analysis.

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[9] The Wisconsin Supreme Court's decision in *Stoker* is consistent with the "modern trend" among state supreme courts, which is to "protect pension rights on the theory that a state's promise of pension benefits represents an offer

Substantial Impairment

The third prong of the Contract Clause analysis asks whether the impairment of contract caused by the challenged legislation is substantial. This step of the process seeks to determine "how severely" the contractual relationship has been impaired. *Soc'y Ins. v. Lab. & Indus. Rev. Comm'n*, 2010 WI 68, ¶ 58, 326 Wis. 2d 444, 786 N.W.2d 385. The severity of the impairment will dictate the level of scrutiny applied by a reviewing court. If the challenged legislation caused no or minimal impairment, the inquiry ends and the challenge is dismissed. If, on the other hand, the legislation constitutes a moderate or substantial impairment, it must be justified by a legitimate public purpose. Put simply, "the greater the severity of the impairment, the higher the hurdle the legislation must clear." *Id.* Courts will consider numerous factors when determining the severity of a contractual impairment, including "whether the industry affected has been regulated in the past, whether the legislation nullified a basic term of the contract, and the potential liability imposed as a result of the challenged legislation." *Id.*

If the hypothetical right posited in your letter were recognized by a Wisconsin court, there is little doubt that Section 241 would be viewed as impairing the ERS benefit contract between the city and ERS members. As just noted though, the mere existence of an impairment is not sufficient to sustain a challenge under the Contract Clause. Instead, the severity of Section 241's impairment must be ascertained in order to determine if it exceeds the constitutionally permissible threshold. Unfortunately, much like the second prong of the Contract Clause analysis discussed in the previous section, no existing case directly addresses the unique issues presented here. While several cases have discussed the application of the Contract Clause to pension benefits, the majority of these were resolved at the first or second stages of the analysis—leaving little concrete guidance as to how Wisconsin courts would weigh the severity of pension-related contractual impairments.

Despite this dearth of controlling caselaw, the "substantial impairment" factors identified in other cases still provide an adequate framework to complete an informed analysis of Section 241. We again caution that, given the variety of factors and potential for judicial subjectivity involved, we cannot predict with absolute certainty how a court would rule on this issue. Just as before, however, because we are able to conclude that Section 241 would be upheld based on its furtherance of an important government interest, a definitive conclusion on this issue is not necessary. Nonetheless, because the severity of a contractual impairment must be determined in order to complete the final prong of the Contract Clause analysis (discussed in the next section), we must evaluate Section 241's potential degree of impairment. Based on the following three factors, it is our opinion that Section 241's contractual impairment—

that can be accepted through the employee's performance." *See Parker v. Wakelin*, 123 F.3d 1, 6 (1st Cir. 1997) (discussing different state approaches to pension rights).

while substantial in isolation—would likely be viewed more moderately when considered within the context of Act 12's overall scheme.

First, similar to the unmistakability doctrine's effect on the second prong of the Contract Clause analysis, plaintiffs seeking to satisfy the third prong must contend with an elevated burden of proof. Specifically, Wisconsin courts considering constitutional challenges to state legislation will proceed with the presumption that the legislation is constitutional. In order to overcome this presumption, a plaintiff must prove that the challenged legislation is unconstitutional beyond a reasonable doubt. *Id.* ¶ 27. This means that a plaintiff seeking to invalidate Section 241 would have to show beyond a reasonable doubt that the law substantially impairs a right held by ERS members. For the reasons discussed below, it is unlikely a plaintiff would be able to satisfy this burden.

Second, courts are less likely to find that challenged legislation substantially impairs a contract when the subject matter of the agreement is one that has previously been subject to state regulation. *Dairyland Greyhound Park, Inc. v. Doyle*, 2006 WI 107, ¶ 76, 295 Wis. 2d 1, 719 N.W.2d 408. Despite the legislature's grant of home rule authority over the ERS to the city in 1947, the state has exercised regulatory authority over ERS matters on numerous occasions in the intervening decades. In 2011, for example, the state legislature passed Wisconsin Act 10, a budget repair bill that required city employees to begin paying the employee-share of the annual pension contribution out of pocket.[10] Just a few years later, the state legislature enacted 2015 Wisconsin Act 55, which, in part, created Wis. Stat. § 62.624. This statute imposed new eligibility standards and application procedures for any ERS Duty Disability Retirement benefit that is based solely on a mental injury. Because these laws demonstrate that ERS has been subject to state regulation in the past, a reviewing court would likely apply a lesser degree of scrutiny than if ERS had historically been left unregulated.

Third, those cases which have invalidated legislation based on a substantial contractual impairment generally involved laws that both had a retroactive effect and imposed significant unexpected costs on the contracting parties. For example, in *Society Insurance v. Labor & Industry Review Commission*, the Wisconsin Supreme Court sustained a Contract Clause challenge against legislation that retroactively removed the 12-year statute of limitations for workers' compensation claims related to traumatic injuries. 2010 WI 68. The court found that by retroactively revoking the statute of limitations, the plaintiff (an insurance company) was unexpectedly made liable for claims that had previously expired, thereby exposing the plaintiff to "potentially significant and unpredictable" losses. *Id.* ¶ 52. The court found it important that the law did not permit insurers to retroactively raise premiums to account for

[10] Notably, the Wisconsin Supreme Court rejected a Contract Clause challenge against 2011 Wisconsin Act 10 in the case of *Madison Teachers, Inc. v. Walker*. 2014 WI 99.

the unexpectedly lengthened coverage periods, thereby preventing the plaintiff from counterbalancing its new liabilities with additional fees. After failing to find a rational legislative purpose for the law's harsh design, the court struck down the legislation as violative of the Contract Clause.

Similarly, in *State ex rel. Cannon v. Moran*, the Wisconsin Supreme Court considered a Contract Clause challenge to state legislation that indirectly reduced pension benefits for certain members of the Milwaukee County Employes' Pension System ("MCERS"). 111 Wis. 2d 544, 331 N.W.2d 369 (1983). The 1978 Court Reform Act modified the organization and employment structure of the state court system. Prior to the act, Milwaukee County Circuit Court judges were paid a legislatively-fixed sum by the state and a supplemental salary by the county. This arrangement allowed circuit court judges to participate in both WRS and MCERS. The act ended this practice by eliminating the county pay supplement, making the state the sole source of judicial compensation and the WRS the sole pension plan for future benefit accruals. The legislation, however, had an unintended effect. Because the circuit court judges would no longer receive county pay, they were no longer eligible for MCERS membership and were consequently granted an immediate MCERS pension. After learning that some judges would simultaneously be receiving MCERS pension benefits and a state salary (all while accruing new WRS pension benefits), the legislature passed a second law—chapter 38, Laws of 1979—that reduced the judges' state salaries by the same amount the judges' received in MCERS pension benefits. *Id.* at 548-52.

A group of affected judges challenged the law, arguing that it unconstitutionally impaired their contractual right to receive accrued MCERS benefits. The state attempted to avoid a finding of contractual impairment by arguing that the law only reduced state salaries, not contractually-protected pension benefits. The court, however, flatly rejected this distinction, and viewed the legislation's reduction of salaries in the exact amount of MCERS benefits as functionally indistinguishable from directly reducing the pension benefits themselves. *Id.* at 557.

When assessing the severity of this contractual impairment, the court focused on two factors: the law's retroactive effect and the level of unexpected costs imposed on the judges. Because chapter 38 reduced MCERS benefits that the judges had already earned prior to the law's effective date, the legislation worked a retroactive (versus prospective) impairment—which suggested a substantial rather than de minimis impairment. The unexpected costs imposed on the plaintiffs similarly militated towards a finding of substantial impairment. Because chapter 38 imposed a dollar-for-dollar offset, the law essentially achieved a *total* impairment of the judges' contractual rights to MCERS benefits. For these reasons, the court found the contractual impairment created by chapter 38 to be substantial, and, after finding the state's proffered justification for the law to be both too narrow and logically flawed, the court sustained the plaintiffs' challenge.

The guidance provided in *Society Insurance* and *Canon* suggests that Section 241 does not constitute a substantial impairment of contract. As an initial matter, Section 241 is clearly prospective in nature. Act 12 was passed on June 20, 2023 and Section 241 took effect on December 31, 2023. As discussed at length above, Section 241 does not terminate any existing ERS membership, nor does it serve to reduce any ERS benefits earned prior to the provision's effective date. Instead, Section 241 limits who is eligible to resume active ERS membership during periods of service that begin *after* the provision's effective date. Because Section 241 only affects future time periods, it does not exhibit the same kind of unexpected retroactivity that courts have relied upon to find substantial impairment in prior Contract Clause cases.[11]

More importantly, Section 241 does not impose the same degree of unexpected costs as the laws in *Society Insurance* and *Cannon*. The findings of substantial impairment in those cases were based in large part on the drastically changed financial expectations of the contracting parties. In *Society Insurance*, the challenged law exposed insurers to significant additional liability without any means to offset the new costs. In *Cannon*, the salary offset effectively eliminated all of the plaintiff's accrued pension benefits. The circumstances presented here, however, are materially different. Section 241 does not simply eliminate a right—it *replaces* one right with another. Specifically, although Section 241 prohibits affected ERS members from resuming active membership during future periods of employment, Act 12 as a whole counterbalances this loss by enrolling affected members in the WRS. In this way, separated ERS members who expect to accrue additional pension benefits upon returning to city employment will still have those expectations fulfilled—just through a different pension system.

The Wisconsin Court of Appeals has previously confirmed that a party's ability to offset unexpected losses is an important factor when assessing the severity of a Contract Clause impairment. In *Reserve Life Insurance Company v. La Follette*, the plaintiff (again an insurance company) brought a Contract Clause challenge against state legislation that required all health insurers to begin providing chiropractic coverage. 108 Wis. 2d 637, 323 N.W.2d 173 (Ct. App. 1982). The Court of Appeals found that, because the law required the plaintiff to include a provision in its existing contract that was previously absent, the legislation had impaired a contractual relationship. It went on to conclude, however, that the degree of the impairment was minimal, since nothing in the law prevented insurers from

[11] The decision in *Cannon*, for example, was expressly premised on the challenged legislation's retroactive effect—with the Court declaring that "Chapter 38, Laws of 1979, *as retroactively applied*, is invalid under the contract clause . . . ." *Cannon*, 111 Wis. 2d at 563 (emphasis added).

charging additional premiums to offset the increased costs associated with the new coverage. This "compensating fact" mitigated the severity of the contractual impairment and rendered the law constitutional under the Contract Clause. *Id.* at 649.[12]

Based on the guidance articulated above, Act 12's replacement of ERS benefits with WRS benefits upon reemployment would certainly be viewed as mitigating the unexpected costs—and by implication, the degree of any contractual impairment—resulting from the application of Section 241. To be clear, the costs and benefits associated with the WRS are similar, but not identical to those of the ERS. Whether a particular individual will be better or worse off after the transition—and the degree of the difference—depends on numerous factors (including unknown future events, such as wage growth and employment longevity) that can occur in a virtually infinite number of combinations. Many separated ERS members will actually end up benefiting from the transition, while others may realize a relative disadvantage. Regardless, the fact that Section 241 is not uniformly more advantageous for affected ERS members is not dispositive of the issue. For Contract Clause purposes, the question is not whether a contractual impairment is offset by *identical* or *greater* compensation, but is instead whether the compensation is sufficient to transform a constitutionally-offensive impairment into a constitutionally-acceptable one.

Based on our understanding of WRS pension benefits, we are persuaded that a reviewing court would likely view Act 12's substitution of WRS benefits for ERS benefits as a "compensating fact" sufficient to reduce Section 241's contractual impairment to somewhere below the critical "substantial" threshold.[13] Although it is unclear if this mitigation is sufficient to reduce the severity of Act 12's contractual impairment to a de minimis level (thereby ending the analysis), it is almost certainly enough to lower the hurdle that Section 241 must clear in the final prong of the Contract Clause analysis (discussed in the following section). *Soc'y Ins.*, 2010 WI 68, ¶ 58.

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[12] In addition to the State of Wisconsin, courts in numerous other jurisdictions have recognized the importance of offsetting legislatively-imposed costs when analyzing impairments under the Contract Clause—particularly when pension benefits are involved. *See e.g. State of Nev. Emps. Ass'n v. Keating*, 903 F.2d 1223 (9th Cir. 1990); *Allen v. City of Long Beach* (1955) 45 Cal.2d 128, 287 P.2d 765; *Denning v. Kansas Pub. Emps. Ret. Sys.*, 285 Kan. 1045, 180 P.3d 564 (2008); *Cloutier v. State*, 163 N.H. 445, 42 A.3d 816 (2012). In these jurisdictions, legislative modifications to existing pension rights are considered constitutional if they "bear some material relationship to the purpose of the pension system and its successful operation; and *any disadvantage to employees [is] accompanied by comparable new advantages*." *State of Nev. Emps. Ass'n, Inc.*, 903 F.2d at 1227 (emphasis added). Although Wisconsin has not adopted such a bright line rule, these cases lend further support to the "compensating fact" rationale articulated in *La Follette*.

[13] This conclusion is reinforced by the fact that vested ERS members who transition to the WRS are afforded reciprocity benefits by statute. *See* Wis. Stat. § 40.30, *et seq.* These benefits include the ability to use years of service while enrolled in ERS to meet WRS vesting requirements and automatic annual increases applicable to the "final average" salary used to calculate ERS benefits. *Id.*

Significant and Legitimate Public Purpose

Assuming, as we do here, that challenged legislation creates a greater than de minimis contractual impairment, Wisconsin Courts will still uphold the law if a "significant and legitimate public purpose for the legislation exists." *Madison Tchrs., Inc.*, 2014 WI 99, ¶ 135. The stated purpose need not address "an emergency or temporary situation," but "should be directed towards remedying a broad and general social or economic problem as opposed to benefiting a narrow special interest." *Id.* If a sufficient purpose exists, and the legislature's impairment of the contract is deemed "reasonable and necessary" to serve the stated purpose, the challenged legislation must be upheld. *Id.*

As with all prior steps of the Contract Clause analysis, the last step is also deferential. Unless the state is a party to the contract at issue, courts will "defer to the legislature's judgment as to the necessity and reasonableness of a particular measure." *Metro. Milwaukee Ass'n of Com. v. City of Milwaukee*, 2011 WI App 45, 332 Wis. 2d 459, 798 N.W.2d 287. Additionally, the level of scrutiny applied at this stage is directly proportionate to the severity of the underlying contractual impairment. *Dairyland Greyhound Park, Inc.*, 2006 WI 107, ¶ 71. If the law's contractual impairment is severe, it will be subject to heightened scrutiny. If the impairment is only moderate, "the height of the hurdle the state legislation must clear" is lowered. *Soc'y Ins.*, 2010 WI 68, ¶ 58.

Applying these considerations to the matter at hand, it is our opinion that Section 241, when analyzed within the context of Act 12 as a whole, is a constitutional exercise of legislative authority under the Contract Clause. Three factors in particular compel this conclusion. First, although the state authorized the creation of ERS via the Laws of 1937, the state is not a direct party to the ERS benefit contract—which exists between the city and ERS members. As such, a reviewing court will defer to the legislature's judgment regarding the necessity and reasonableness of Section 241, and Act 12 as a whole.

Second, Section 241 would likely be subject to a further reduced level of scrutiny based on its diminished degree of contractual impairment. As discussed at length in the preceding section, because Act 12 offsets the unexpected contractual losses imposed by Section 241 by enrolling affected ERS members in the WRS, the severity of the resulting contractual impairment is substantially mitigated. This, in turn, results in a concomitant lowering of the hurdle the legislation must clear in order to be found constitutional. In short, because the contractual impairment caused by Section 241 is less than "substantial," it will be subject to "a diminished degree of scrutiny." *Id.*

Third, existing caselaw indicates that the two primary public interests furthered by Act 12's pension provisions are significant and legitimate. The first of these public interests is statewide uniformity of public pension benefits. Prior to Act 12, ERS and MCERS were essentially the only non-WRS public pension plans authorized to operate in Wisconsin. As outlined above, Act 12 facilitated the closure of these plans and the enrollment of new city and county employees in the WRS, which effectively achieved statewide uniformity of pension benefits for future public employees. The Court of Appeals has previously acknowledged the legitimate public interest of this objective—deeming it desirable to pursue "uniformity of pensions for public employees." *State ex rel. City of Manitowoc v. Police Pension Bd. for City of Manitowoc*, 56 Wis. 2d 602, 612–612A, 203 N.W.2d 74, 79 (1973).

The second public interest furthered by Act 12 is even more important. According to the Wisconsin Legislative Council's "Act Memo" for Act 12 (hereinafter "WLC Memo"), one of the legislation's principal purposes was to secure the financial stability of the City of Milwaukee. Wisconsin Legislative Council Act Memo for 2023 Wisconsin Act 12 (June 22, 2023), https://docs.legis.wisconsin.gov/2023/related/lcactmemo/act012.pdf. According to committee documents relied upon by the legislature, the City of Milwaukee was facing a projected budget deficit of approximately $156 million in 2024—a "fiscal cliff" that Milwaukee leaders publicly feared would lead to financial insolvency by 2025. Legislative Council Hearing Materials for 2023 Wisconsin Act 12 (May 4, 2023), https://docs.legis.wisconsin.gov/misc/lc/hearing_testimony_and_materials/2023/ab245/ab0245_2023_05_04.pdf. Absent some intervention, the city estimated that budget shortfalls would force "massive cuts to general city workers, police officers, and firefighters," which in turn would "dramatically increase emergency response times, harm [residents'] quality of life, and reduce basic city services to unacceptable levels." *Id.* at 6. As the committee materials explained, because Milwaukee is one of the most important economic centers in Wisconsin, "bankruptcy for the city and county would be detrimental for the entire state." *Id.* at 3.

Rising pension cost were specifically identified as one of the main drivers of the city's projected deficit. In 2023, the city's required annual pension contribution exceeded $100 million, and was expected—due to a variety of factors—to balloon even further in 2024. According to the WLC memo, these pension-related "structural deficits" needed to be addressed in order to restore the city to financial stability. Act 12's pension provisions were therefore designed "primarily to address the city's . . . unfunded pension system liabilities." *Id.*

Act 12 sought to remedy these problems through a four-part legislative solution. First, the act created a significant source of new revenue that the city could use to pay ongoing pension costs. Specifically, the law permitted the city to impose a new 2% local sales tax and use up to 90% of the resulting revenue for specified pension costs. 2023 Wis. Act 12, § 177. The Wisconsin Department of Revenue estimated that this tax would raise approximately $193 million of new revenue in 2024—giving the city an additional $174 million each year to pay for pension costs. Second, Act 12 allowed the city to amortize its roughly $1.6 billion in unfunded actuarial accrued pension liabilities over a 30-year period, using a 6.8% assumed rate of return. *Id.* § 44. Third, the act closed ERS to most employees hired after December 31, 2023 and required the city to instead enroll these employees in the WRS. Fourth and finally, Act 12 made pension benefits a prohibited subject of collective bargaining and prohibited the city from increasing ERS benefits in the future. In sum, the first two elements were designed to place the City of Milwaukee on a sustainable glide path to amortizing its existing unfunded pension obligations, and the second two elements were designed to limit future pension cost volatility by capping ERS membership and freezing benefits at current levels.

Act 12's stated purpose of resolving an emergent financial situation is very similar to one discussed by the Wisconsin Supreme Court in *Madison Teachers, Inc. v. Walker*. 2014 WI 99. There, the court considered numerous legal challenges—including a Contract Clause challenge—to 2011 Wisconsin Act 10 (discussed briefly above). Act 10 was a budget repair bill that "significantly altered Wisconsin's public employee labor laws." *Id.* ¶ 1. As it relates to this opinion, the legislation prohibited general city employees from collectively bargaining over pension benefits, and further prohibited 1st class cities from paying the employee share of an annual pension contribution.

In its decision upholding Act 10, the Wisconsin Supreme Court discussed the law's public purposes at length. The legislation was enacted during "a period of intense fiscal uncertainty." *Id.* ¶ 120. At the time, the Wisconsin Department of Administration estimated that the state was facing a $3.6 billion budget deficit caused, in part, by the economic recession in 2008 and 2009. Given the "grim economic climate" the governor and legislature determined that "it was imperative to make drastic public policy changes . . . ." *Id.* ¶ 122.

When the court analyzed Act 10's pension-related provisions within this context, it recognized that the state "has a substantial interest in maintaining uniform regulations on public pension plans in order to reduce the fiscal strain caused by state and local expenditures for public employee compensation." *Id.* ¶ 118. The state is also "obligated to maintain a functioning civil service system" by "safeguarding the vitality of . . . essential services in times of economic uncertainty and duress." *Id.* The court noted—as it undoubtedly would here—that there was no evidence that the "City of Milwaukee mismanaged its retirement system . . . ." *Id.* ¶ 119. The state's interest in fostering statewide financial stability existed regardless of the root cause which precipitated the crisis. Similarly, the legislature need not prove that it selected the most effective option for fulfilling its stated objectives. The "legislature has broad latitude to experiment with economic problems and [courts] do not presume to second-guess its wisdom." *Id.*

The Wisconsin Supreme Court's discussion in *Madison Teachers, Inc.* is particularly instructive here. Just as with Act 10, 2023 Wisconsin Act 12 was precipitated by a financial crisis. The city's projected $156 million budget deficit in 2024 placed the city at increased risk of insolvency, and threatened the city's ability to both maintain critical staffing levels and provide basic city services. Again similar to Act 10, Act 12 sought to remedy this crisis by targeting one of the city's largest ongoing costs—pension benefits. While Act 12's four-part remedy (discussed above) was certainly a "drastic public policy change[]," there is no doubt that it was designed to reduce the "fiscal strain" caused by the city's pension costs. *Id.* ¶ 118. The act additionally prevented massive cuts to the city staffing levels, thereby ensuring the continuation of essential public services. While reasonable minds may certainly differ as to whether Act 12's chosen method of addressing the problem was the most prudent or effective, such considerations are irrelevant to a Contract Clause analysis. Because Act 12 furthered significant and legitimate public purposes, courts will "defer to the legislature's judgment as to the necessity and reasonableness of the chosen measure." *Metro. Milwaukee Ass'n of Com.*, 2011 WI App 45, ¶ 103. We thus conclude that 2023 Wisconsin Act 12 is a constitutional exercise of legislative authority under the Contract Clause.

We trust that this opinion has adequately addressed your inquiry. Should you have any further concerns, please do not hesitate to contact this office.

Very truly yours,

EVAN C. GOYKE
City Attorney

ROBIN PEDERSON
Deputy City Attorney

PATRICK McCLAIN
Assistant City Attorney

1054-2024-693:292348

MILWAUKEE ERS Employes' Retirement System

October 22, 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 Referred to the Legislative Committee by Pension Board.

PART 4. PENDING STATE LEGISLATION

None.

Employes' Retirement System – Executive Director's Report

October 2024

I. Personnel Update

A. ERS has no vacancies.

II. Member Services

A. New retirees on payroll in September - 47; 23 are currently anticipated for the October payroll.
B. Retiree/Employee deaths entered in August - 33.
C. There will be Retirement Workshops for MPD on 10/11/24, for MFD on 10/18/24 and General City on 11/22/24.
D. ERS will be attending all the open enrollment workshops to answer questions and will be having two virtual workshops for retirees to call in and ask questions.
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	357
Disability - Ordinary	563
Retirement	12,828
Separation	38
Total Annuitants	**13,910**
Active	**10,802**
Deferred	**3,153**
Total Population	**27,865**

III. Financial Services

A. A total of 348 unclaimed property letters were mailed out at the end of August and as of October 3rd we have received responses from 118 people.
B. We continue to calculate and disburse the remaining 5.8% pension offset retro payments in October. The Fund paid out 76% of the members eligible for retro payments in September. The Fund will pay out the remaining living members with the October benefit payroll. ERS is planning to pay the deceased members' beneficiaries retros in November and/or December.
C. Staff has started working with CLA on the benefit payroll and contributions internal audit.

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 SQL LiteSpeed in progress.
E. Upgrade SQL Sentry in progress.
F. VMware Environments Upgrade in progress.
G. Network Infrastructure Firmware/OS Upgrade in progress.

H. MS Windows Desktop and Laptop OS Upgrade in progress.
I. Initiate network redesign project with CDWG, our long-term State-approved networking and equipment vendor. This project implements best practices and security enhancements recommended by CLA during their recent architecture review.
J. System Galaxy Security System Upgrade completed.
K. WUG Upgrade completed.

V. Administration

ERS staff has received numerous inquiries regarding the calculation of retro payments made in connection with the 5.8% pension contribution offset litigation linked to rumors spreading misinformation to the effect that:

- ERS is not providing everything owed to DDR members.
- ERS is not providing statutory interest on retro damages.
- ERS does not intend to provide additional retro benefits based on backpay owed under an upcoming CBA.

In order to set the record straight, a letter is being sent directly to affected DDR beneficiaries explaining that such rumors are false and encouraging those receiving payment to meet with ERS to review the calculation of their payment if they have questions or concerns about the complexity of the calculation.

Basic Website Metrics

	2023				2024								
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug	Aug
Users	3,490	3,758	3,923	3,525	4,121	4,119	3,860	4,019	3,407	3,289	3,332	3,366	**3,343**
Page Views	12,747	14,150	13,570	12,238	14,925	15,831	12,712	13,809	11,573	10,455	11,124	10,956	**11,294**
Ave. Visit	1:31	1:35	1:29	1:30	1:35	1:11	1:23	1:34	1:23	1:12	1:18	1:21	**1:23**

VI.

INFORMATIONAL

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

A. Pending Litigation Report.
B. Conferences.
C. Class Action Income 2024 YTD.
D. Minutes of the Administration & Operations Committee Meeting Held September 19, 2024.
E. Report on Bills.
F. Deployment of Assets.
G. Securities Lending Revenue and Budget Report.
H. Preliminary Performance Report and Asset Allocation.

October 22, 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 Employes' 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

- 08/22/24 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.

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.

Part 4. ERS Litigation through Outside Legal Counsel

None.

Part 5. Notice of Intent/Claim filed with the Office of the City Attorney

Jasmine Lewis v City of Milwaukee, et al

Ms. Lewis filed a "Notice of Intent to Sue" dated August 5, 2024 with the Milwaukee Police Department. The claimant lists several allegations (false imprisonment, fraud, abuse of authority, civil rights violations, assault causing personal injury, etc.) against the City of Milwaukee, the Milwaukee Police Department, the Employes' Retirement System and other entities.

- **09/16/24** ERS received letter dated September 7, 2024 from the City Attorney's Office regarding "Notice of Intent to Sue" filed by retiree Jasmine Lewis.
- **09/18/24** ERS request to legal counsel to review this matter and evaluate whether or not Ms. Lewis' letter meets the requirements for a first notice of claim in accordance with Chapter 893 of the Wisconsin State Statues

Client Conferences 2024 - 2025

Board Meeting: October 22, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
October 23, 2024 8:00 am – 11:00 am	2024 October Workshop Chicago, IL	Callan Associates
October 25, 2024 11:30 am – 12:30 pm	3Q24 Market Intelligence Webinar Virtual	Callan Associates
November 13 – 15, 2024	Brandes Due Diligence Summit Del Mar, CA	Brandes Investment Partners
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: October 22, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
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.
February 26 – 27, 2025	Investment Basics San Diego, CA	International Foundation of Employee Benefit Plans
March 10 – 12, 2025	CII Spring 2025 Conference & 40th Anniversary Celebration Washington DC	Council of Institutional Investors
March 24 - 26, 2025	Pension Bridge The Annual 2025 Half Moon Bay, CA	with.Intelligence
April 10, 2025	11th Annual Midwest Institutional Forum Chicago, IL	Markets Group

Trustee Conferences 2024 - 2025

Board Meeting: October 22, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
April 16 - 17, 2025	2025 Private Markets Conference Chicago, IL	Pensions & Investments
April 29 – May 1, 2025	Public Funds Roundtable Los Angeles, CA	Institutional Investor
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	9th Annual Real Estate Midwest Forum Chicago, IL	Markets Group
July 14 – 15, 2025	ALTSCHI Chicago, IL	Markets Group
July 15 - 17, 2025	Pension Bridge Private Equity Exclusive 2025 Chicago, CA	with.Intelligence
September 8 – 10, 2025	CII Fall 2025 Conference San Francisco, CA	Council of Institutional Investors

Upcoming Due Diligence Meetings

Date	Manager(s)	Team
November 19, 2024	William Blair	David, Tom, Keith, Aaron
December 9-11, 2024	Polen & Earnest	David & Keith
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 Intruments	9/11/2024	$	2,881
JP Morgan Chase Bank	10/1/2024	$	32
Total Class Action Income Received in 2024 YTD		**$**	**182,064**

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

Minutes of the Administration and Operations Committee Meeting
held September 19, 2024 via teleconference

The meeting was called to order at 9:32 a.m.

Committee Members Present:	Timothy Heling, Chair Molly King Thomas Klusman
ERS Staff Present:	Bernard Allen, Executive Director Melody Johnson, Deputy Director Erich Sauer, Deputy Chief Investment Officer Dan Gopalan, Chief Financial Officer Jeff Shober, Chief Technology Officer Mary Turk, Business Operations Analyst Jan Wills, Board Stenographer

Others Present: Lisa Kasel, Legislative Audit Bureau; Patrick McClain, Travis Gresham, Gregory Kruse, Jordan Schettle, Joseph Dobbs, City Attorney's Office; Bill Christianson, Comptroller; Terry Siddiqui, DS Consulting, Inc. No members of the public called in to the meeting.

Approval of Ice Miller Professional Services Agreement. Ms. Turk explained this is the ERS' tax attorney who the ERS has a long-term relationship with and it was time to renew the Agreement. She stated Assistant City Attorney Travis Gresham worked on this. Mr. Gresham said this is just to change the term of the Agreement. He said needed information such as the Certificate of Insurance was being updated. Discussion ensued.

It was moved by Ms. King and seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Ice Miller Professional Services Agreement.

Approval of Contract Amendment with United Mailing Services. Ms. Turk said an RFQ was done and it was sent to six firms. She said two responded, including the current provider, and the current provider was significantly cheaper. Ms. Turk said the ERS is happy with their service, and it is recommended to extend the contract with them. Discussion ensued. Ms. Turk reminded the Committee that Assistant City Attorney Gregory Kruse handled the Contract. Mr. Kruse said it was a simple extension of an existing Agreement and it is being extended for three years. He said there is also a mutual option for another two years. Mr. Kruse said the required cyber insurance is increased a little bit under the Contract. He stated the Contract has been in force since 2017.

It was moved by Mr. Klusman and seconded by Ms. King, and unanimously carried, to approve the Approval of Contract Amendment with United Mailing Services.

Approval of Lease Renewal for Two Park Place. Ms. Turk stated the renewal is for the remote site on the northwest side. She said the Lease is due in March 2025 and rates were presented from the landlord. Ms. Turk noted Two Park Place had been advertising for space at a lower rate so she went back to them and they proposed to go to the advertised rate and change the increase annually and extend the lease from a five-year extension to a seven-year extension. She said it is cheaper to do the seven-year rate than the five-year rate. Ms. Turk said Two Park Place is also considerably lower-priced than comparable offices in the city and the ERS is recommending Two Park Place at the seven-year rate. Discussion ensued. Ms. Turk noted Assistant City Attorney Jordan Schettle worked on the Lease Renewal. Mr. Schettle added that the new term would end in 2032.

It was moved by Mr. Klusman and seconded by Mr. Heling, and unanimously carried, to approve the Approval of Lease Renewal for Two Park Place.

Approval of Contract Amendment with ABTMailcom. Ms. Turk stated ABTMailcom only does the 1099Rs which requires more than another mailing firm could do. Mr. Allen added that the 1099Rs are a tax reporting form that the retirees receive at the end of January. Ms. Turk mentioned they did an RFQ and not many places provide this service. She said they heard from two companies and the ERS' current provider was significantly cheaper. Ms. Turk said Assistant City Attorney Joseph Dobbs worked on the Amendment. Mr. Dobbs said the Amendment is a three-year extension with an option on mutual consent for two further years. He said they updated the terms and recorded the new pricing. Mr. Dobbs also said they made sure the contractor's employees working on this for the new term have qualified for all of the confidentiality provisions expected for people handling the information.

It was moved by Ms. King and seconded by Mr. Klusman, and unanimously carried, to approve the Approval of Contract Amendment with ABTMailcom.

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

Organizational/Personnel Update. Mr. Allen stated that there are no ERS vacancies.

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

Mr. Heling adjourned the meeting at 10:11 a.m.

Bernard J. Allen
Secretary and Executive Director

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

Fiscal Year	City of Milwaukee	*As of:* 2024-10-31
2024	Departmental	
Department	Appropriation Budget Balances	
Employes' Retirement System		

	Budget	2024-7	2024-8	2024-9	2024-10	Year to Date Expended	Life to Date Commitments	Remaining Budget
Regular Departmental Appropriations:								
Employee Salaries & Wages	5,002,345.00	-	-	-	-	-	-	5,002,345.00
Base Pay-Salary & Wage	-	316,518.73	523,464.37	348,477.21	-	3,280,394.12	-	(3,280,394.12)
Overtime Premium	-	85.32	-	-	-	448.24	-	(448.24)
Other Worked Compensation	-	595.94	-	-	-	11,176.99	-	(11,176.99)
Time Paid Not Worked	-	86,409.22	82,454.95	72,332.82	-	620,348.61	-	(620,348.61)
Employee Salaries & Wages	$ 5,002,345.00	403,609.21	605,919.32	420,810.03	-	$ 3,912,367.96	$ -	$ 1,089,977.04
Fringe Benefits Applied	2,251,055.00	-	-	-	-	-	-	2,251,055.00
Fringe Benefits Applied	-	166,330.60	275,080.55	183,124.78	-	1,723,847.24	-	(1,723,847.24)
Applied Employee Benefits	$ 2,251,055.00	166,330.60	275,080.55	183,124.78	-	$ 1,723,847.24	$ -	$ 527,207.76
Operating Expenditures	16,305,400.00	-	-	-	-	-	-	16,305,400.00
Office Supplies	-	710.22	1,328.71	1,005.28	-	7,935.72	-	(7,935.72)
Printed Forms	-	-	-	-	-	625.55	-	(625.55)
Magazines,Subscription	-	37.99	570.33	1,889.98	-	8,521.33	-	(8,521.33)
Postal and Mailing Services	-	11,707.11	21,010.40	12,984.40	12,697.60	133,821.27	-	(133,821.27)
Electricity	-	2,111.78	2,080.96	2,256.32	-	22,002.88	-	(22,002.88)
Other Operating Supply	-	-	-	-	-	2,821.57	-	(2,821.57)
Building Rental	-	78,576.54	60,487.96	1,500.00	-	425,928.12	-	(425,928.12)
Passenger Vehicle Rental	-	-	-	-	-	9.49	-	(9.49)
Printing & Dupl Machine Rental	-	1,210.75	2,978.76	1,581.02	-	22,368.91	-	(22,368.91)
Consulting	-	131,087.24	38,804.90	40,204.90	38,754.90	488,268.35	-	(488,268.35)
Medical,Surgical & Lab	-	19,860.68	12,685.42	16,975.00	12,377.00	164,046.00	-	(164,046.00)
Administrative Charges	-	90,346.89	28,095.07	70,964.27	6,940.41	486,764.03	-	(486,764.03)
Other Professional Services	-	712,107.67	1,342,398.25	79,500.00	6,420.96	4,094,274.38	-	(4,094,274.38)
Systems Support	-	53,670.00	54,146.96	32,740.92	28,390.00	439,506.60	-	(439,506.60)
IT Infrastructure	-	-	-	-	-	20,248.00	-	(20,248.00)
Infrastructure	-	1,657.50	-	537.81	-	3,852.81	-	(3,852.81)
Telephone, Communications	-	9,399.06	6,937.48	4,969.92	734.00	67,511.05	-	(67,511.05)
Bldgs-Machinery & Equip Repair	-	5,952.00	-	575.50	-	10,468.08	-	(10,468.08)
Travel & Subsistence	-	5,696.58	4,849.71	6,906.76	-	45,428.51	-	(45,428.51)
Printing Services	-	2,170.69	2,155.83	634.12	47.24	8,440.85	-	(8,440.85)
Insurance-Non Health	-	-	-	-	-	11,569.00	-	(11,569.00)
Other Misc Services	-	487.42	487.62	1,108.70	-	43,233.18	-	(43,233.18)
Operating Expenditures	$ 16,305,400.00	1,126,790.12	1,579,018.36	276,334.90	106,362.11	$ 6,507,645.68	$ -	$ 9,797,754.32
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
Total Regular Class	$ 24,271,800.00	1,696,729.93	2,460,018.23	904,469.71	106,362.11	$ 12,215,630.02	$ -	$ 12,056,169.98
Other Departmental Appropriations:								
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	336,698.27	338,198.23	337,153.93	-	3,055,837.60	-	1,144,162.40
Retiree's Benefit Adjustment	25,000.00	1,157.95	1,144.68	1,144.68	-	10,650.06	-	14,349.94
Other Classes	$ 4,239,000.00	337,856.22	339,342.91	338,298.61	-	$ 3,070,987.66	$ -	$ 1,168,012.34
Total Dept Appropriations	$ 28,510,800.00	2,034,586.15	2,799,361.14	1,242,768.32	106,362.11	$ 15,286,617.68	$ -	$ 13,224,182.32

Monthly Board Report

30-Sep-24

Account number COMALL

CITY OF MILW ALL ACCTS

Manager Mix Report

Account Name/ Account Number	Cash/ % of acount	Short Term/ % of acount	Equity/ % of acount	Fixed/ % of acount	R.E. and Other/ % of acount	Pendings/ % of acount	Total Market Value/ % of consolidation
MILWAUKEE-CASH ACCOUNT	0.00	96,203,531.70	0.00	0.00	0.00	0.00	96,203,531.70
2605491	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	1.57%
MILWAUKEE-THE NORTHERN TRS	0.00	0.00	208,265,735.00	0.00	0.00	0.00	208,265,735.00
2605496	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.39%
MILWAUKEE-ERS EXPENSE FUND	0.00	737,067.08	0.00	0.00	0.00	0.00	737,067.08
2605504	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.01%
MILWAUKEE-PABF BENEFIT PAYMENT	0.00	2,434.99	0.00	0.00	0.00	0.00	2,434.99
2610128	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MILWAUKEE-DFA INTERNATIONAL	0.00	0.00	171,596,727.30	0.00	0.00	0.00	171,596,727.30
2619838	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	2.79%
MILWAUKEE-EARNEST -SL	0.00	4,364,113.32	176,417,176.70	0.00	0.00	0.00	180,781,290.00
2630942	0.00%	2.41%	97.59%	0.00%	0.00%	0.00%	2.94%
MILWAUKEE - UBS A&Q	0.00	0.00	0.00	0.00	268,509,143.00	0.00	268,509,143.00
2637239	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	4.37%
MILWAUKEE-DFA	0.00	0.00	199,114,333.20	0.00	0.00	0.00	199,114,333.20
2637848	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.24%
MILWAUKEE-BAIRD	0.00	29,526,588.80	0.00	61,243,642.12	0.00	-1,766,335.20	89,003,895.72
2674604	0.00%	33.17%	0.00%	68.81%	0.00%	-1.98%	1.45%
MILWAUKEE - BLACKROCK R1000V	0.00	0.00	207,391,159.70	0.00	0.00	0.00	207,391,159.70
4472746	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.37%
MILWAUKEE-LOOMIS SAYLE	6,093,942.17	0.00	10,074,468.98	658,161,445.70	-183,489,093.70	-2,480,756.51	488,360,006.60
CME01	1.25%	0.00%	2.06%	134.77%	-37.57%	-0.51%	7.94%
MILWAUKEE-BRANDES INT'L EQUITY	4,356,026.91	0.00	322,043,531.60	0.00	2,493,641.01	985,838.66	329,879,038.20
CME03	1.32%	0.00%	97.62%	0.00%	0.76%	0.30%	5.37%
MILWAUKEE-REAMS	86,956,277.39	0.00	0.00	834,900,324.80	1,404,564.27	-159,165,006.20	764,096,160.20
CME04	11.38%	0.00%	0.00%	109.27%	0.18%	-20.83%	12.43%
MILWAUKEE-BLAIR	5,618,047.63	0.00	232,607,831.80	0.00	1,099,954.88	-542,837.72	238,782,996.60
CME05	2.35%	0.00%	97.41%	0.00%	0.46%	-0.23%	3.88%
MILWAUKEE-MFS	2,951,877.71	0.00	211,119,113.40	0.00	497,102.21	-270,497.93	214,297,595.40
CME12	1.38%	0.00%	98.52%	0.00%	0.23%	-0.13%	3.49%

Manager Mix Report

Account Name/ Account Number	Cash/ % of acount	Short Term/ % of acount	Equity/ % of acount	Fixed/ % of acount	R.E. and Other/ % of acount	Pendings/ % of acount	Total Market Value/ % of consolidation
MILWAUKEE-POLEN	0.00	1,777,084.53	118,485,764.40	0.00	0.00	0.00	120,262,848.90
2644553	0.00%	1.48%	98.52%	0.00%	0.00%	0.00%	1.96%
MILWAUKEE - PRINCIPAL DRA -SL	0.00	0.00	191,727,962.70	0.00	0.00	0.00	191,727,962.70
2677436	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	3.12%
MILWAUKEE-BLACKROCK GLOBAL-SL	0.00	0.00	262,608,445.80	0.00	0.00	0.00	262,608,445.80
2683493	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	4.27%
MILWAUKEE - HARRISON STREET	0.00	0.00	0.00	0.00	24,940,680.00	0.00	24,940,680.00
4423196	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.41%
MILWAUKEE- AQR-SL	0.00	0.00	109,292,433.00	0.00	0.00	0.00	109,292,433.00
4468331	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	1.78%
MILWAUKEE-APTITUDE / 4479682	0.00	0.00	0.00	0.00	184,633,645.10	0.00	184,633,645.10
4479682	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	3.00%
MILWAUKEE - DFA US LCV	531,831.28	0.00	150,771,917.70	0.00	0.00	-33,493.24	151,270,255.80
CME15	0.35%	0.00%	99.67%	0.00%	0.00%	-0.02%	2.46%
MILWAUKEE-REAL ESTATE	0.00	0.00	0.00	0.00	446,378,655.84	0.00	446,378,655.84
MULTIPLE	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	7.26%
MILWAUKEE-PRIVATE EQUITY	0.00	0.00	0.00	0.00	768,983,740.00	0.00	768,983,740.00
MULTIPLE	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	12.51%
MILWAUKEE - BLACKROCK US G-SL	0.00	0.00	0.00	429,870,008.70	0.00	0.00	429,870,008.70
MULTIPLE	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	6.99%

Manager Mix Report

Account Name/ Account Number	Cash/ % of acount	Short Term/ % of acount	Equity/ % of acount	Fixed/ % of acount	R.E. and Other/ % of acount	Pendings/ % of acount	Total Market Value/ % of consolidation
Total for consolidation	**106,508,003.09**	**132,610,820.42**	**2,571,516,601.28**	**1,984,175,421.32**	**1,515,452,032.61**	**-163,273,088.14**	**6,146,989,790.53**
% for consolidation	**1.73%**	**2.16%**	**41.83%**	**32.28%**	**24.65%**	**-2.66%**	**100.00%**

Employes' Retirement System
Securities Lending Income and Expenses: 2024
As of SEPTEMBER 30, 2024

Date	Income From Lending	Amounts Expended: Fees	Amounts Expended: Administrative Transfers	Balance
Balance 12-31-23				**$852,821.09**
Quarter 1 Totals	$497,937.30	$97,968.54	$853,000.00	399,789.85
Quarter 2 Totals	$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
09/05/24	$3,000.10	$0.00	$0.00	681,734.26
09/16/24	$65,515.52	$13,097.18	$0.00	734,152.60
Current Totals	**$912,289.79**	**$177,958.28**	**$853,000.00**	**$734,152.60**

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

MERS PERFORMANCE ESTIMATES
September 30, 2024

Account	2023 Return	1st Quarter 2024	2nd Quarter 2024	Jul 2024	Aug 2024	Sep 2024	3rd Quarter 2024	YTD Thru 9/30/24
Northern Trust S&P 500 Index	26.30%	10.55%	4.28%	1.22%	2.42%	2.13%	5.88%	22.07%
S&P 500	26.29%	10.56%	4.28%	1.22%	2.43%	2.14%	5.89%	22.08%
Difference	0.01%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%
BlackRock Russell 1000 Value Index	11.51%	8.99%	-2.16%	5.12%	2.69%	1.39%	9.44%	16.69%
Russell 1000 Value	11.46%	8.99%	-2.17%	5.11%	2.68%	1.39%	9.43%	16.68%
Difference	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%
DFA US Large Cap Value	12.49%	11.56%	-3.20%	5.00%	1.52%	0.80%	7.45%	16.03%
Russell 1000 Value	11.46%	8.99%	-2.17%	5.11%	2.68%	1.39%	9.43%	16.68%
Difference	1.03%	2.58%	-1.04%	-0.11%	-1.16%	-0.59%	-1.98%	-0.65%
Polen	38.59%	7.73%	-0.52%	-0.17%	2.14%	1.59%	3.59%	11.01%
S&P 500	26.29%	10.56%	4.28%	1.22%	2.43%	2.14%	5.89%	22.08%
Difference	12.30%	-2.83%	-4.81%	-1.39%	-0.29%	-0.55%	-2.30%	-11.07%
Earnest	17.75%	8.17%	-5.07%	5.72%	1.61%	0.95%	8.44%	11.35%
Russell MidCap	17.23%	8.60%	-3.35%	4.71%	2.03%	2.23%	9.21%	14.63%
Difference	0.52%	-0.43%	-1.73%	1.00%	-0.41%	-1.28%	-0.77%	-3.28%
CastleArk	10.67%	8.75%	[redacted]					8.75%
Russell 2000 Growth	18.66%	2.17%						2.17%
Difference	-7.99%	6.58%						6.58%
DFA US Small Cap Value	21.83%	3.61%	-3.34%	10.32%	-2.41%	0.09%	7.76%	7.92%
Russell 2000 Value	14.65%	2.90%	-3.64%	12.19%	-1.88%	0.06%	10.15%	9.22%
Difference	7.18%	0.71%	0.30%	-1.87%	-0.53%	0.02%	-2.39%	-1.30%
Brandes	31.52%	5.27%	-0.08%	5.05%	3.95%	2.82%	12.27%	18.09%
MSCI EAFE	18.24%	5.78%	-0.42%	2.93%	3.25%	0.92%	7.26%	12.99%
Difference	13.29%	-0.52%	0.34%	2.11%	0.69%	1.90%	5.01%	5.10%
William Blair	15.90%	6.83%	-1.35%	1.76%	2.55%	0.72%	5.10%	10.77%
MSCI ACWI ex US	16.21%	4.81%	1.17%	2.35%	2.87%	2.74%	8.17%	14.70%
Difference	-0.31%	2.02%	-2.52%	-0.58%	-0.32%	-2.02%	-3.07%	-3.93%
DFA Int'l Small Cap Value	17.56%	5.32%	0.98%	5.47%	1.15%	1.69%	8.48%	15.37%
MSCI EAFE Small Cap	13.16%	2.40%	-1.84%	5.70%	1.98%	2.55%	10.54%	11.11%
Difference	4.40%	2.92%	2.83%	-0.23%	-0.83%	-0.86%	-2.06%	4.26%
AQR	17.92%	6.14%	5.15%	-1.44%	0.21%	3.87%	2.59%	14.50%
MSCI EM	9.83%	2.37%	5.00%	0.30%	1.61%	6.68%	8.72%	16.86%
Difference	8.09%	3.77%	0.16%	-1.74%	-1.40%	-2.81%	-6.13%	-2.36%
BlackRock Global Alpha Tilts	23.33%	9.12%	4.26%	1.22%	2.02%	2.08%	5.42%	19.93%
MSCI ACWI	22.20%	8.20%	2.87%	1.61%	2.54%	2.32%	6.61%	18.66%
Difference	1.13%	0.92%	1.39%	-0.40%	-0.52%	-0.24%	-1.20%	1.27%
MFS	21.34%	6.48%	1.07%	2.09%	2.22%	2.80%	7.29%	15.47%
MSCI ACWI	22.20%	8.20%	2.87%	1.61%	2.54%	2.32%	6.61%	18.66%
Difference	-0.87%	-1.72%	-1.80%	0.48%	-0.32%	0.48%	0.68%	-3.19%
BlackRock Gov't Bond Index	4.26%	-0.90%	0.18%	2.18%	1.28%	1.20%	4.73%	3.97%
Bloomberg Gov't Bond	4.09%	-0.93%	0.11%	2.17%	1.27%	1.20%	4.71%	3.85%
Difference	0.17%	0.04%	0.07%	0.01%	0.01%	0.00%	0.01%	0.12%
Reams	6.76%	-0.63%	0.48%	2.13%	1.44%	1.45%	5.11%	4.94%
Bloomberg US Aggregate	5.53%	-0.78%	0.07%	2.34%	1.44%	1.34%	5.20%	4.45%
Difference	1.23%	0.14%	0.41%	-0.21%	0.01%	0.11%	-0.09%	0.49%
Loomis Sayles	8.53%	0.63%	0.24%	2.41%	1.64%	1.88%	6.04%	6.96%
Bloomberg US Aggregate	5.53%	-0.78%	0.07%	2.34%	1.44%	1.34%	5.20%	4.45%
Difference	3.00%	1.41%	0.17%	0.07%	0.20%	0.54%	0.84%	2.51%
UBS	6.80%	2.57%	1.93%	0.76%	1.01%	0.59%	2.37%	7.03%
SOFR + 4%	9.02%	2.31%	2.28%	0.79%	0.74%	0.75%	2.30%	7.05%
Difference	-2.21%	0.27%	-0.35%	-0.03%	0.27%	-0.16%	0.07%	-0.02%
Aptitude	5.24%	4.80%	1.43%	0.08%	0.95%	1.05%	2.09%	8.52%
SOFR + 4%	9.02%	2.31%	2.28%	0.79%	0.74%	0.75%	2.30%	7.05%
Difference	-3.78%	2.50%	-0.85%	-0.71%	0.20%	0.30%	-0.21%	1.47%
Principal	3.31%	1.68%	-0.36%	2.95%	2.03%	2.60%	7.77%	9.18%
Blended Benchmark	4.31%	0.67%	0.40%	2.68%	3.03%	3.16%	9.14%	10.31%
Difference	-1.00%	1.01%	-0.76%	0.27%	-1.01%	-0.55%	-1.37%	-1.13%
Baird	5.46%	0.96%	1.16%	0.92%	0.73%	0.72%	2.39%	4.58%
Bloomberg Govt/Credit 1-3 Year	4.61%	0.42%	0.95%	1.19%	0.91%	0.83%	2.96%	4.38%
Difference	0.85%	0.54%	0.20%	-0.27%	-0.18%	-0.11%	-0.56%	0.20%
Total MERS	**9.98%**	**2.83%**	**0.69%**	**2.17%**	**1.28%**	**1.30%**	**4.83%**	**8.53%**

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

September 30, 2024

		Target		Market Value	Allocation
EQUITY					
Public Equity					
Domestic					
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	$	208,265,735	3.44%
	BlackRock (Russell 1000 Value)	3.45%	$	207,391,160	3.42%
	Sub-Total Passive Large Cap Equity	6.90%	$	415,656,895	6.86%
Active Large Cap Equity	Polen (S&P 500)	1.94%	$	120,262,849	1.98%
	DFA (Russell 1000 Value)	2.46%	$	151,270,256	2.50%
	Sub-Total Active Large Cap Equity	4.40%	$	271,533,105	4.48%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	$	180,781,290	2.98%
	DFA (Russell 2000 Value)	3.05%	$	199,114,333	3.28%
	Sub-Total Active Mid/Small Cap Equity	6.24%	$	379,895,623	6.27%
Total Domestic		17.55%	$	1,067,085,622	17.60%
International					
Active International Equity	Brandes (MSCI EAFE)	5.14%	$	329,879,038	5.44%
	William Blair (MSCI ACWI ex US)	3.91%	$	238,782,997	3.94%
	DFA (MSCI EAFE Small Cap)	2.84%	$	171,596,727	2.83%
	AQR (MSCI EM)	1.76%	$	109,292,433	1.80%
Total International		13.65%	$	849,551,195	14.01%
Global					
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	$	262,608,446	4.33%
	MFS (MSCI ACWI)	3.51%	$	214,297,595	3.54%
Total Global		7.80%	$	476,906,041	7.87%
Total Public Equity		**39.00%**	**$**	**2,393,542,859**	**39.48%**
Private Equity					
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	$	301,767,836	4.98%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	$	289,982,122	4.78%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	$	73,737,820	1.22%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	$	103,495,962	1.71%
Total Private Equity		**12.00%**	**$**	**768,983,740**	**12.69%**
TOTAL EQUITY (Public Equity + Private Equity)		**51.00%**	**$**	**3,162,526,599**	**52.17%**
FIXED INCOME & ABSOLUTE RETURN					
Fixed Income					
Cash		1.00%	$	96,943,034	1.60%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	$	429,870,009	7.09%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	$	764,096,160	12.60%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	$	488,360,007	8.06%
	Sub-Total Active Fixed Income	20.78%	$	1,252,456,167	20.66%
Total Fixed Income		**29.00%**	**$**	**1,779,269,209**	**29.35%**
Absolute Return					
	Aptitude (SOFR + 4%)	3.00%	$	186,577,501	3.08%
	UBS (SOFR + 4%)	4.00%	$	270,093,347	4.46%
Total Absolute Return		**7.00%**	**$**	**456,670,848**	**7.53%**
TOTAL FIXED INCOME & ABSOLUTE RETURN		**36.00%**	**$**	**2,235,940,057**	**36.88%**
REAL ASSETS					
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	$	105,938,419	1.75%
	Morgan Stanley (NFI-ODCE)	2.70%	$	144,412,934	2.38%
	LaSalle (NFI-ODCE)	2.30%	$	104,984,301	1.73%
	Prologis (NFI-ODCE)	1.30%	$	81,404,797	1.34%
	Harrison Street (NFI-ODCE)	0.90%	$	25,039,679	0.41%
	Sub-Total Private Real Estate - Core	9.70%	$	461,780,130	7.62%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	$	9,948,452	0.16%
Public Real Assets	Principal (Blended Benchmark)	3.30%	$	191,727,963	3.16%
TOTAL REAL ASSETS		**13.00%**	**$**	**663,456,545**	**10.94%**
TOTAL ERS			**$**	**6,061,923,200**	**100.00%**

Total City Reserve Fund	**R. W. Baird**	**89,003,896**

10/16/2024

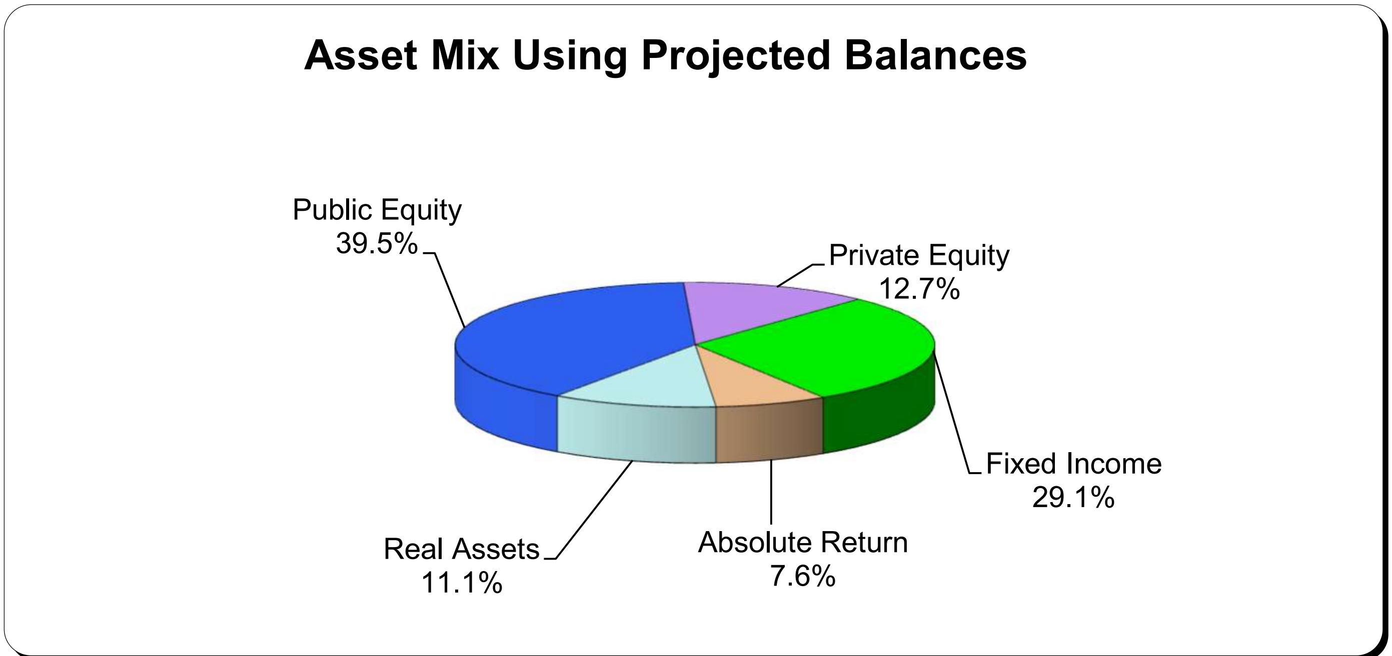
PROJECTED TARGET ALLOCATIONS

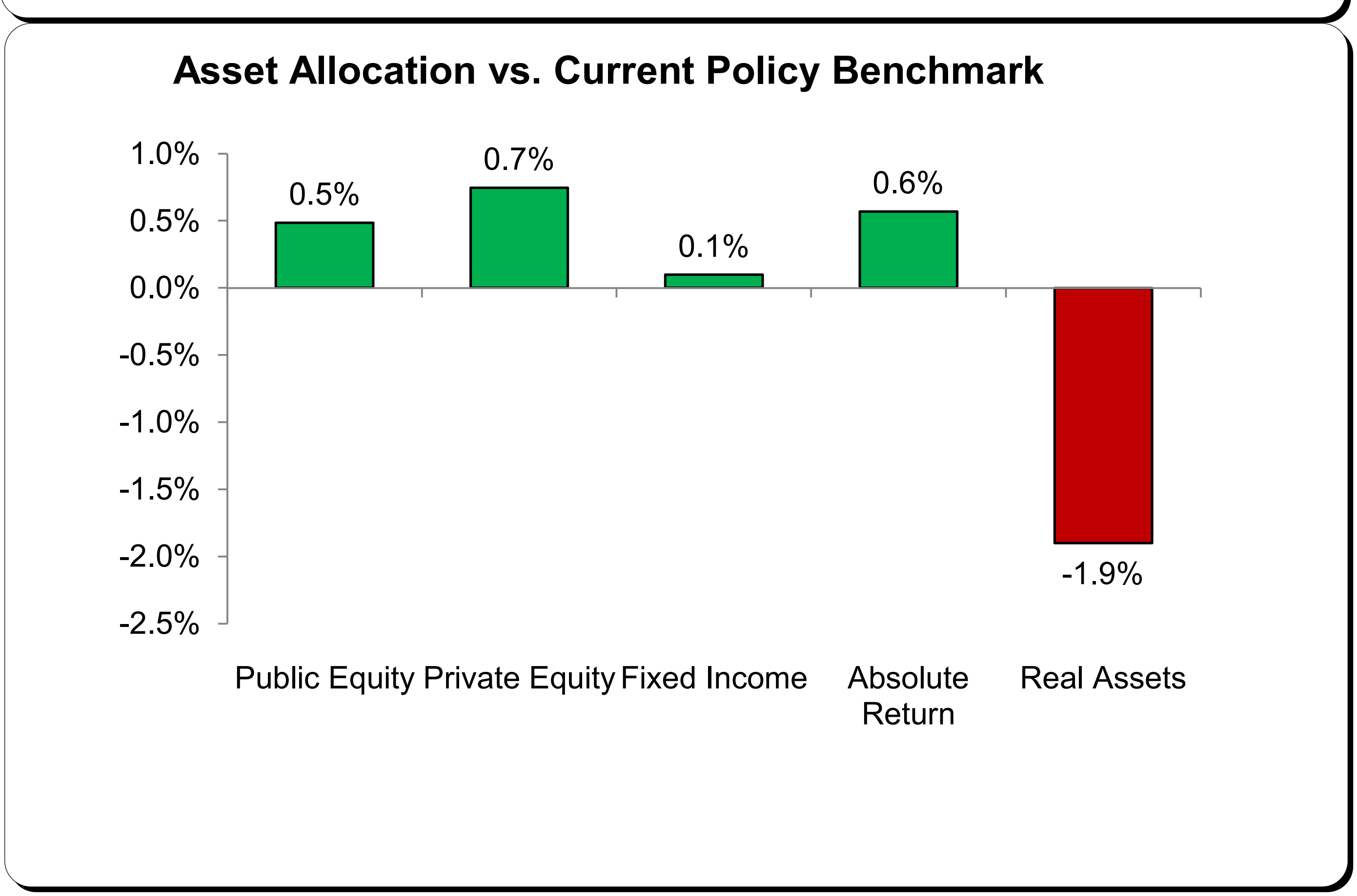
Oct 15, 2024

			Target		Market Value	Allocation
EQUITY						
Public Equity						
Domestic						
	Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	$	210,300,028	3.49%
		BlackRock (Russell 1000 Value)	3.45%	$	209,558,970	3.47%
		Sub-Total Passive Large Cap Equity	6.90%	$	419,858,997	6.96%
	Active Large Cap Equity	Polen (S&P 500)	1.94%	$	121,189,223	2.01%
		DFA (Russell 1000 Value)	2.46%	$	153,170,776	2.54%
		Sub-Total Active Large Cap Equity	4.40%	$	274,359,999	4.55%
	Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	$	181,334,255	3.01%
		DFA (Russell 2000 Value)	3.05%	$	199,559,256	3.31%
		Sub-Total Active Mid/Small Cap Equity	6.24%	$	380,893,511	6.31%
Total Domestic			17.55%	$	1,075,112,507	17.82%
International						
	Active International Equity	Brandes (MSCI EAFE)	5.14%	$	320,604,438	5.31%
		William Blair (MSCI ACWI ex US)	3.91%	$	235,102,287	3.90%
		DFA (MSCI EAFE Small Cap)	2.84%	$	167,156,411	2.77%
		AQR (MSCI EM)	1.76%	$	107,344,335	1.78%
Total International			13.65%	$	830,207,471	13.76%
Global						
	Active Global Equity	BlackRock (MSCI ACWI)	4.29%	$	263,522,136	4.37%
		MFS (MSCI ACWI)	3.51%	$	213,323,087	3.54%
Total Global			7.80%	$	476,845,223	7.90%
Total Public Equity			**39.00%**	**$**	**2,382,165,201**	**39.49%**
Private Equity						
		Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	$	301,767,836	5.00%
		Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	$	289,982,122	4.81%
		Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	$	73,737,820	1.22%
		Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	$	103,495,962	1.72%
Total Private Equity			**12.00%**	**$**	**768,983,740**	**12.75%**
TOTAL EQUITY (Public Equity + Private Equity)			**51.00%**	**$**	**3,151,148,941**	**52.23%**
FIXED INCOME & ABSOLUTE RETURN						
Fixed Income						
	Cash		1.00%	$	91,276,266	1.51%
	Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	$	424,481,363	7.04%
	Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	$	755,023,308	12.51%
		Loomis Sayles (Bloomberg US Aggregate)	7.95%	$	484,708,645	8.03%
		Sub-Total Active Fixed Income	20.78%	$	1,239,731,954	20.55%
Total Fixed Income			**29.00%**	**$**	**1,755,489,583**	**29.10%**
Absolute Return						
		Aptitude (SOFR + 4%)	3.00%	$	186,577,501	3.09%
		UBS (SOFR + 4%)	4.00%	$	270,093,347	4.48%
Total Absolute Return			**7.00%**	**$**	**456,670,848**	**7.57%**
TOTAL FIXED INCOME & ABSOLUTE RETURN			**36.00%**	**$**	**2,212,160,430**	**36.67%**
REAL ASSETS						
	Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	$	100,666,599	1.67%
		Morgan Stanley (NFI-ODCE)	2.70%	$	144,412,934	2.39%
		LaSalle (NFI-ODCE)	2.30%	$	105,485,624	1.75%
		Prologis (NFI-ODCE)	1.30%	$	82,137,440	1.36%
		Harrison Street (NFI-ODCE)	0.90%	$	37,539,679	0.62%
		Sub-Total Private Real Estate - Core	9.70%	$	470,242,276	7.79%
	Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	$	9,933,782	0.16%
	Public Real Assets	Principal (Blended Benchmark)	3.30%	$	189,552,145	3.14%
TOTAL REAL ASSETS			**13.00%**	**$**	**669,728,202**	**11.10%**
TOTAL ERS				**$**	**6,033,037,573**	**100.00%**

Total City Reserve Fund	**R. W. Baird**	**88,901,089**

PROJECTED VERSUS POLICY ALLOCATIONS





YTD Market Value Change

December 31, 2023 Market Value including City Reserve & PABF Accounts			$ 5,797,273,012
Monthly Cash Outflows thru	October 15, 2024		
Retiree Payroll Expense		$ (361,587,945)	
PABF Payroll Expense		$ (4,000)	
Expenses Paid		$ (14,514,343)	
GPS Benefit Payments		$ (6,161,341)	
Sub-Total Monthly Cash Outflows			$ (382,267,629)
Monthly Cash Inflows thru	October 15, 2024		
Contributions		$ 239,016,166	
PABF Contribution		$ 4,500	
Sub-Total Monthly Contributions			$ 239,020,666
Capital Market Gain/(Loss)			$ 467,912,612
Value including City Reserve & PABF Accounts as of	October 15, 2024		$ 6,121,938,662
Less City Reserve Account[1]			$ 88,901,089
Less PABF Fund[2]			$ 2,440
Net Projected ERS Fund Value as of	October 15, 2024		$ 6,033,035,133

1 The City Reserve Account balance equals the market value currently held in the Baird account.

2 PABF Fund balance equals the market value currently held in the PABF account.

2024 ESTIMATED MONTHLY CASH FLOWS
Revised 10/16/2024
(in 000's)

	12/31/2023	1/31/2024	2/29/2024	3/31/2024	4/30/2024	5/31/2024	6/30/2024	7/31/2024	8/31/2024	9/30/2024	10/31/2024	11/30/2024	
Beginning Cash Account Balance													
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	95,711			
Total Cash Available	46,059	179,092	167,742	134,564	88,675	79,198	68,983	84,150	100,236	95,711			
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	56,211			
For Monthly Cash Outflows of:	**Jan-2024**	**Feb-2024**	**Mar-2024**	**Apr-2024**	**May-2024**	**Jun-2024**	**Jul-2024**	**Aug-2024**	**Sep-2024**	**Oct-2024**	**Nov-2024**	**Dec-2024**	**Total 2024**
Retiree Payroll Expense	(40,300)	(39,713)	(39,957)	(39,552)	(39,807)	(40,814)	(40,173)	(41,117)	(46,317)	(41,148)	(41,248)	(41,349)	(491,494)
Normal Retirement Payroll	(39,242)	(38,947)	(39,410)	(39,270)	(39,346)	(39,886)	(39,621)	(39,948)	(45,917)	(40,148)	(40,248)	(40,349)	(482,333)
Retiree Lump Sum Payments	(1,058)	(765)	(546)	(282)	(460)	(928)	(552)	(1,169)	(401)	(1,000)	(1,000)	(1,000)	(9,161)
Real Estate Capital Calls	-	-	(23)	(12,500)	-	(46)	(12,500)	-	-	(12,519)	-	-	(37,588)
Private Equity Capital Calls	(2,149)	(3,464)	(6,173)	(14,033)	(614)	(3,934)	(2,403)	(9,566)	(5,258)	(3,716)	-	-	(51,311)
Expenses Paid through City	(2,023)	(2,156)	(1,198)	-	(986)	(2,923)	(856)	(2,646)	(1,726)	(923)	(2,023)	(2,023)	(19,483)
PABF Payroll	(1)	(3)	(1)	(1)	-	-	-	-	-	-	-	-	(4)
Sub-Total Monthly Cash Outflows	**(44,472)**	**(45,336)**	**(47,351)**	**(66,085)**	**(41,406)**	**(47,718)**	**(55,932)**	**(53,329)**	**(53,301)**	**(58,306)**	**(43,271)**	**(43,372)**	**(599,880)**
For Monthly Cash Inflows:													
Sponsoring Agency and Employee Contribution	2,710	2,721	2,049	3,675	2,708	2,613	2,394	3,622	2,605	2,611	2,618	2,624	32,950
Real Estate Distributions	1,920	-	92	4,428	-	147	3,944	7	354	5,272	-	-	16,165
Private Equity Distributions	904	3,891	11,310	1,935	2,547	8,037	5,361	18,593	9,635	-	-	-	62,214
Miscellaneous Income	163	950	790	755	573	406	445	406	482	493	95	95	5,653
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
Sub-Total Monthly Cash Inflows	**212,505**	**8,551**	**14,242**	**10,796**	**5,829**	**11,203**	**17,600**	**22,815**	**13,075**	**8,376**	**2,713**	**2,719**	**330,422**
Net Monthly Cash Inflows/(Outflows) Before Withdrawals	168,033	(36,785)	(33,110)	(55,290)	(35,577)	(36,515)	(38,332)	(30,514)	(40,226)	(49,930)	(40,559)	(40,653)	(269,458)
Net Monthly Cash Surplus (Need)	**174,592**	**102,807**	**95,132**	**39,775**	**13,598**	**3,183**	**(8,850)**	**14,136**	**20,511**	**6,280**	**(40,559)**	**(40,653)**	**379,952**
Monthly Cash Withdrawals (Additions)													
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						
Sub-Total Monthly Cash Withdrawals	**(35,000)**	**25,435**	**9,333**	**0**	**39,600**	**26,100**	**44,200**	**49,200**	**29,100**	**-**	**-**	**-**	
Estimated Month-End Cash Balance													
Cash Available	139,592	128,242	104,464	39,775	53,198	29,283	35,350	63,336	49,611	6,280			
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	89,111	45,780			