

**REGULAR MEETING OF THE ANNUITY AND PENSION BOARD  
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
789 N. WATER ST. (Employees' Retirement System)  
TUESDAY, DECEMBER 17, 2024 – 9:00 A.M.**

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

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

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

**REGULAR MEETING**

- I. Approval of Minutes.
  - A. Regular Meeting Held November 26, 2024.
- II. Chief Investment Officer Report.
- III. Investment Committee Report.
- IV. Administration & Operations Committee Report.
  - A. Approval of A&O Committee Audit Charter and Internal Audit Charter.
- V. New Business.
  - A. Retirements, Death Claims, and Refunds (November).
  - B. Conference Requests – December 17, 2024 Board Meeting.

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

- C. Conferring 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.
    - D. Review of 2023 Annual Comprehensive Financial Report (ACFR) – Presentation by Daniel Gopalan.
- VI. Medical Reports.
  - A. All Duty & Ordinary Disability Applications & Re-examinations (December).

VII. Unfinished Business.

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

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

VIII. Informational.

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

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

**MEETING REMINDERS**

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

**TUESDAY, JANUARY 28, 2025 – 9:00 A.M.**  
789 N. WATER ST.

I.

APPROVAL OF MINUTES

- A. Regular Meeting Held November 26, 2024.

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

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

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

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

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

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

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

**Regular Meeting.**

**Approval of Minutes.**

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

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

**New Business.**

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

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

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

Discussion ensued.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Approval of Loomis Sayles Guideline Clarification.**

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

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

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

### **New Business.**

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

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

CLA also discussed Four Categories of Enterprise Risk:

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

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

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

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

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

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

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

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

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

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

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

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

Erich Sauer,  
Keith Dickerson,  
Tom Courtright,  
Aaron Shew

Mesirow Due Diligence



Sponsor: Mesirow  
 Location: Chicago, IL  
 Date(s): December 19, 2024  
 Estimated Cost: \$100.00 per person

Erich Sauer Apogem Annual General Meeting  
 Sponsor: Apogem  
 Location: Miami, FL  
 Date(s): February 4 - 5, 2025  
 Estimated Cost: \$1,500.00

David Silber 2025 Public Funds Roundtable  
 Sponsor: Institutional Investor  
 Location: Beverly Hills, CA  
 Date(s): April 28 - May 1, 2025  
 Estimated Cost: \$2,250.00

Erich Sauer CFA Institute Annual Conference  
 Sponsor: CFA Institute  
 Location: Chicago, IL  
 Date(s): May 5 - 7, 2025  
 Estimated Cost: \$3,075.00

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

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

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

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

### **Medical Reports.**

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

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

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

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

**Unfinished Business.**

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

The Board did not convene in closed session as noticed.

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

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

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

**Informational.**

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

The Board did not convene in closed session as noticed.

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

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

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

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

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

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

Bernard J. Allen  
Secretary and Executive Director

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

II.

CHIEF INVESTMENT OFFICER REPORT

# Milwaukee Employees' Retirement System - December 17, 2024

## Fund as of November 30, 2024

\*Fund value of \$5.99b.

\*Fund return of 1.9% in November, net of fees, underperformed by approximately 5bp.

\*Primary Relative Perf. Drivers:  
Public Equity Style Bias -8bp  
Int'l, partially offset by small

Manager Selection Aptitude 5bp

\*Fund has underperformed the benchmark in the YTD, 1-year & 5-year periods, while outperforming in longer time-periods shown.

## Dec. Update (as of 12/10/24)

\*Fund return -0.2% MTD  
\*Fund return 8.5% YTD  
\*Fund value \$5.98b

\*7 out of 15 active mandates outperforming YTD.

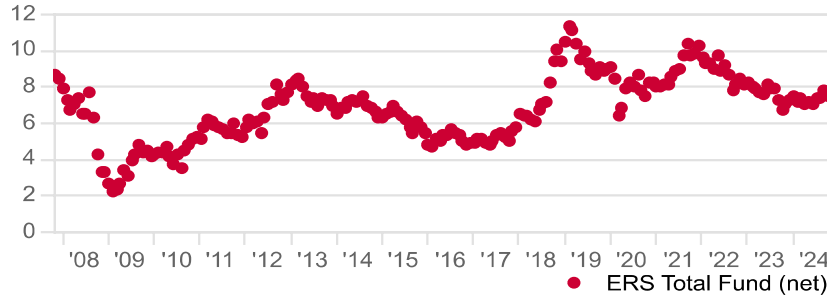
\*Fixed Income, Absolute Return, & Real Assets asset classes outperforming their respective benchmarks YTD.

\*Investment Change: \$496.8m  
\*Benefits & Expenses: 469.0m  
\*Contributions: 244.3m

Monthly Withdrawals:  
Benefits to be paid out of cash balances this month.

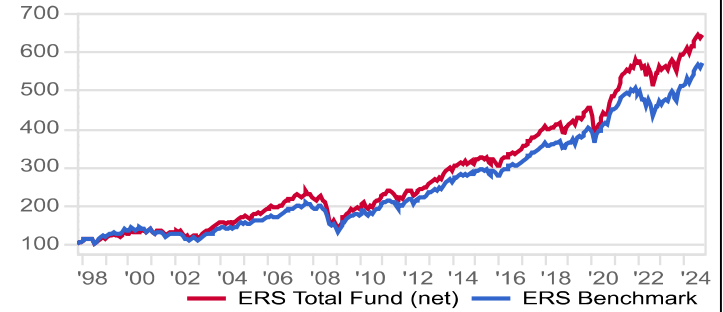
## Total Fund - 10-Year Rolling Returns

11/28/1997 to 11/30/2024



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

11/28/1997 to 11/30/2024



## Return Data

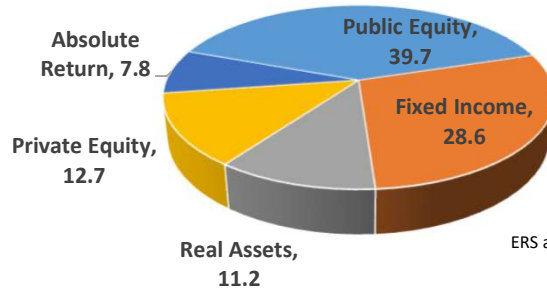
Source Data: Monthly Return

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Total Fund (net)	1.9	8.7	12.0	7.7	7.5	8.5	7.0
ERS Benchmark	1.9	11.7	14.8	7.8	7.2	8.1	6.9

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

	Return	Std Dev	Tracking Error	Info Ratio (arith)	Sharpe Ratio	Alpha	Beta
Total Fund (net)	7.0	10.2	2.5	0.0	0.5	-0.4	1.1
ERS Benchmark	6.9	9.2	--	--	0.6	0.0	1.0

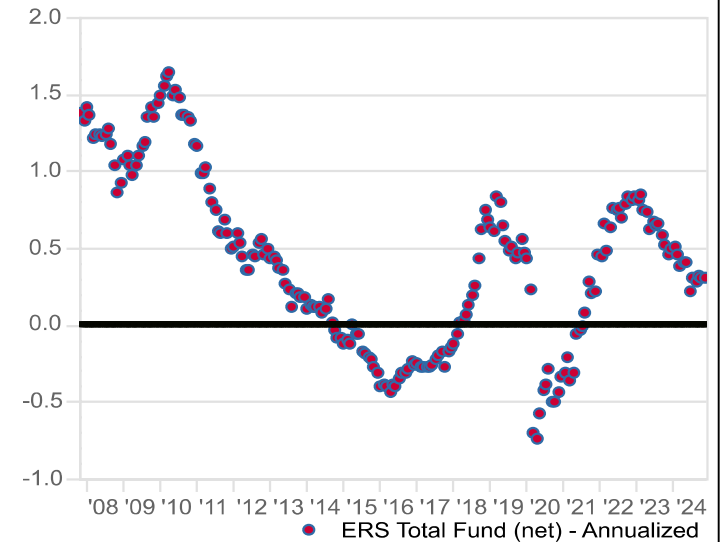
## ERS Allocation as of November 30, 2024



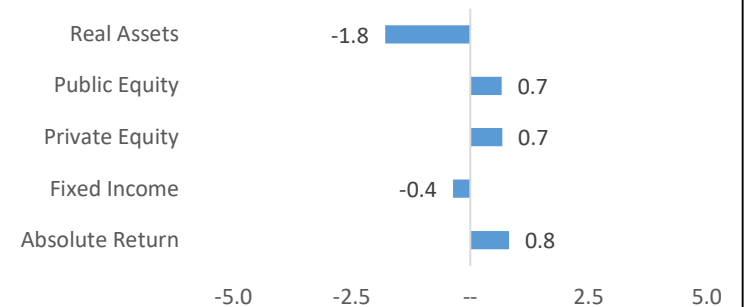
ERS allocation weights may not total 100% due to rounding

## Total Fund - 10-Year Rolling Excess Returns

11/28/1997 to 11/30/2024



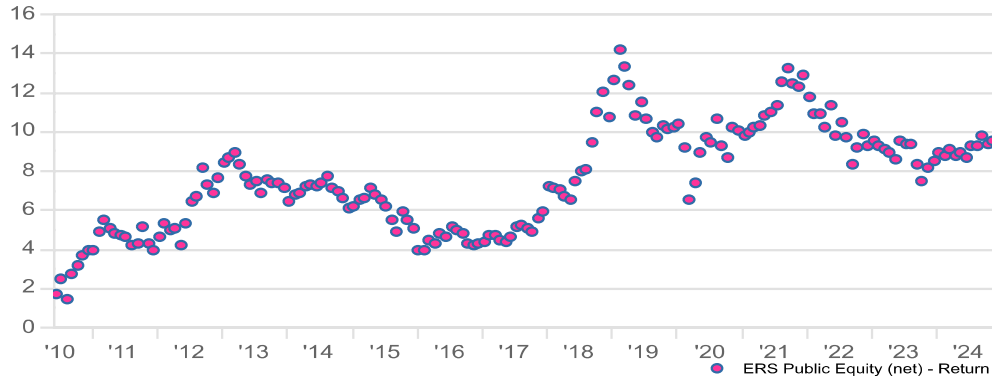
## Asset Allocation vs Policy as of November 30, 2024



# Milwaukee Employees' Retirement System - December 17, 2024

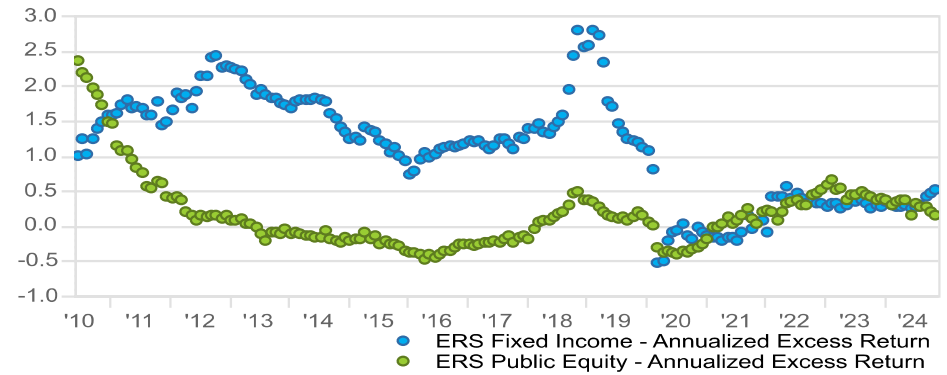
## Public Equity - 10-Year Rolling Returns

06/30/2000 to 11/30/2024



## Asset Class - 10-Year Rolling Excess Returns

06/30/2000 to 11/30/2024



## Return Data

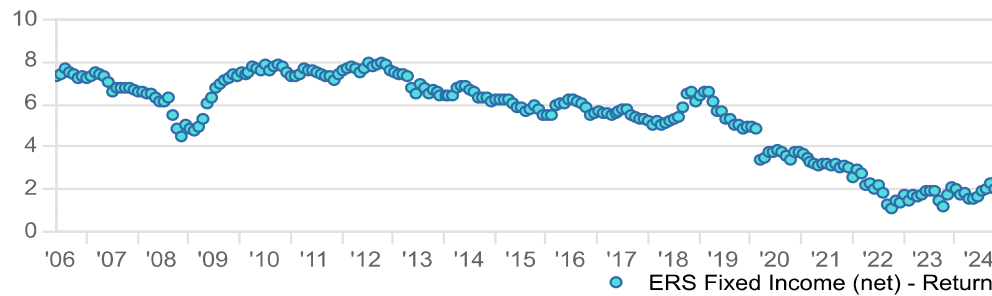
	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Public Equity	3.6	16.4	23.0	11.5	9.9	10.8	8.4
Public Equity (net)	3.6	16.1	22.6	11.1	9.5	10.4	8.0
Public Equity Benchmark	3.9	19.6	25.9	11.0	9.3	10.3	8.1
MSCI ACWI IMI NR USD	3.9	19.6	25.9	11.0	9.1	9.5	8.0

## Risk Adjusted Returns (6/30/14\* - 11/30/24)

	Return	Std Dev	Sharpe Ratio	Max Drawdown
Public Equity (net)	9.1	15.3	0.5	-25.3
Fixed Income (net)	1.9	6.5	0.0	-13.6
Absolute Return (net)	6.1	9.1	0.5	-27.1

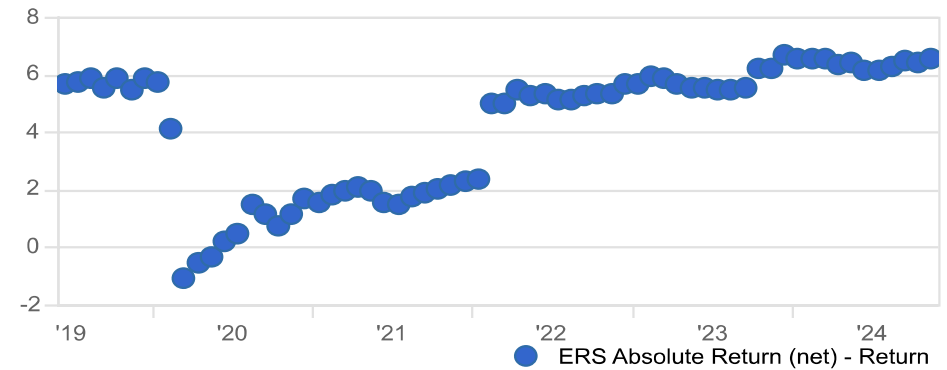
## Fixed Income - 10-Year Rolling Returns

06/28/1996 to 11/30/2024



## Absolute Return - 5-Year Rolling Returns

06/30/2014 to 11/30/2024



## Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	15 Year	20 Year
Fixed Income	1.1	4.1	8.2	0.3	2.2	3.4	4.3
Fixed Income (net)	1.1	4.0	8.1	0.2	2.1	3.3	4.1
Bbg US Agg Bond TR USD	1.1	2.9	6.9	0.0	1.5	2.4	3.1

## Return Data

	1 Month	YTD	1 Year	5 Year	10 Year	Inception*
Absolute Return (net)	1.4	10.3	11.4	6.5	6.0	6.1
90-Day T-Bill + 3%	0.6	7.6	8.3	5.5	4.7	4.7

\*Absolute Return inception date is June 30, 2014

III.

INVESTMENT COMMITTEE REPORT

IV.

ADMINISTRATION & OPERATIONS COMMITTEE REPORT

- A. Approval of A&O Committee Audit Charter and Internal Audit Charter.



# Employees' Retirement System of the City of Milwaukee

## Administration & Operations Committee Audit Charter ~~May 2024~~ January 2025

### Purpose

The purpose of this Administration and Operations (A&O) Committee Audit Charter dated May 2024 is to assist the Board Members in fulfilling their oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the agency's process for monitoring compliance with laws and regulations and the code of conduct. Because of the existing member composition of the A&O Committee as well as the limited number of members, this committee will also have responsibility for the Internal Audit function.

- I. **AUTHORITY**
- II. **RESPONSIBILITIES**
  - (1) Financial Statements
  - (2) System of Risk Management
  - (3) Internal Control
  - (4) Internal Audit
  - (5) External Audit of the Financial Statements
  - (6) Agency's Processes for Monitoring Compliance
  - (7) Special Investigations and Whistleblower Mechanism
  - (8) A&O Committee Management and Reporting Responsibilities
- III. **MEETINGS**

### I. AUTHORITY

The A&O Committee has authority to request the Board to conduct or authorize investigation in to any matters within its scope of responsibility. It is empowered to:

- Comply with provisions of 2023 Wisconsin Act 12 (Section 3) regarding the financial and actuarial audits of the ERS, review and approve audit fees charged by the Wisconsin Legislative Audit Bureau (LAB).
- Recommend independent auditors to be engaged by the agency, review and approve the planned and budgeted fees of the independent auditors, review and evaluate the performance of the independent auditors and obtain Board approval for any proposed discharge of the independent auditors.<sup>1</sup>
- Pre-approve all auditing and non-audit services.<sup>1</sup>
- Resolve any disagreements between management and the audit team encountered during the course of the audit including any restrictions on the scope of the work or access to required information.<sup>1</sup>
- Retain independent accountants, or others to advise the A&O Committee or assist in the conduct of an investigation as necessary.

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<sup>1</sup> Pursuant to WI 2023 Act 12, Section 3 amending Section 13.94(1)(x) WI State Statutes, the WI LAB is mandated by the State of Wisconsin to perform financial and actuarial audits of ERS. For this reason, auditor interactions by the A&O Committee will exclude the audit of the annual financial statements.

- Seek any information required from employees, all of who are directed to cooperate with the committee's requests.

## II. RESPONSIBILITIES

The committee will oversee the following responsibilities:

### (1) Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- ~~• Review with management and the external auditors the results of the external audit, including any difficulties encountered.~~
- Review the annual financial statements and consider whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles.
- Review with the City Attorney or outside legal counsel the status of legal matters that may have an effect on the financial statements.
- ~~• Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.~~
- Understand how management develops interim financial information, and the nature and extent of external and internal auditor involvement.
- Review interim financial reports with management ~~and the external auditors~~ and consider whether they are complete and consistent with the information known to committee members.

### (2) System of Risk Management

- Ensure that the organization has a comprehensive policy on risk management.
- Consider the effectiveness of the organization's risk management system, including risks of information technology systems.
- Consider the risks of business relationships with significant vendors and consultants.
- Review reports on management's self-assessment of risks and the mitigations of these risks.
- Understand the scope of the internal auditor's review of risk management over financial reporting and internal controls and obtain reports on significant findings and recommendations with management's responses.
- Hire outside experts and consultants in risk management as necessary.

### (3) Internal Control

- Consider the effectiveness of the organization's internal control system, including information technology security and control.
- Understand the scope of internal auditor's and external auditor's review of internal control

over financial reporting and its processes and obtain reports on significant findings and recommendations with management's responses.

- Ensure that the organization has a comprehensive policy on internal control and compliance and periodically review the policies on ethics, the code of conduct and fraud.
- Review the role of the internal auditor's involvement in the governance process, including governance documentation and training.
- Ensure that contracts with external service providers contain appropriate record-keeping and audit language.

#### **(4) Internal Audit**

- Assure and maintain through the organizational structure of the agency and by other means, the independence of the internal audit process. Review with management the department charter, objectives, plans, activities, staffing, budget, qualifications, and organizational structure of the internal audit function.
- Obtain the information and training needed to enhance the committee members' understanding of the purpose of internal audits so that the committee may adequately oversee the internal audit function.
- Ensure there are no unjustified restrictions or limitations placed on Internal Audit and internal audit staff. Ensure that internal auditors have access to all documents, information and systems in the organization.
- Receive and review all internal audit reports and management letters. Review any changes in the scope of their internal audit. Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations.
- Review the performance of Internal Audit periodically.

#### **(5) External Audit of the Financial Statements**

- Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit. Pre-approve all services to be performed by the external financial statement auditor.
- Review the independence of the external financial statement audit firm by obtaining statements from the auditors on relationships between the audit firm and the organization, including any non-audit services, and discussing these relationships with the audit firm. Obtain from management a listing of all services provided by the external audit firm.
- Review the performance of the external financial statement audit firm.
- Exercise final approval on the request for proposal, the appointment, and retention or discharge of the audit firm.
- Review and approve the audited financial statements, associated management letter, attestation on the effectiveness of the internal control system and procedures for financial reporting, other required auditor communications, and all other auditor reports and communications relating to the financial statements.
- Define the services that the external financial statement auditor is allowed to perform and the services that are prohibited. Ensure production of a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon procedures and any non-

## ~~audit services provided.~~

Pursuant to WI 2023 Act 12, Section 3, amending Section 13.94(1)(x) WI State Statutes, the WI LAB is mandated by the State of Wisconsin to perform financial and actuarial audits of ERS. For this reason, auditor interactions by the A&O Committee will exclude the audit of the annual financial statements. The A&O Committee may, at its discretion, retain other audit firms to execute agreed upon procedures, preparation of employer schedules, internal audit, etc., and to have reports from such firms be presented to the A&O Committee for review, consideration, and action as deemed necessary.

The Annuity & Pension Board retains authority pursuant to Wisconsin Laws of 1937, 1947 as amended by Wisconsin 2023 Act 12 (Section 242) consistent with the Wisconsin Supreme Court decision in Milwaukee Police Assn. v. City of Milwaukee (2018), the Milwaukee City Charter (Section 15-1) and the Annuity & Pension Board Rules & Regulations (Section IV.D) to approve the LAB audit Engagement Agreement Letter and authorize ERS staff to make representations on behalf of the Annuity & Pension Board regarding the reasonableness of actuarial assumptions determined by the Board.

During the external audit of the financial statements, ERS Management is authorized to sign the required management representation letter, including a representation that the actuarial assumptions and rates used by the System are those that are specifically approved by the Annuity and Pension Board, and that the authority to adopt such assumptions and rates resides exclusively with the Annuity and Pension Board.

Pursuant to WI 2023 Act 12, Section 13.94(1s)(c)(1m) WI State Statutes, the WI Legislative Audit Bureau may charge the retirement system for the cost of auditing the financial statements. The A&O Committee shall continue to review the reasonableness of all charges for such audits and authorize payments of such charges.

### **(6) Agency's Processes for Monitoring Regulatory Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instance of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations, including investigations of misconduct and fraud.
- Review the process for communicating to all affected parties the ethics policy, code of conduct and fraud policy to agency personnel and for monitoring compliance.
- Obtain regular updates from management and organization legal counsel regarding compliance matters.
- Monitor changes and proposed changes in laws, regulations and rules affecting the agency.

### **(7) Special Investigations and Whistleblower Mechanism**

- Institute and oversee special investigations as needed.
- Provide an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breaches of internal control to the A&O Committee, City Comptroller's Fraud Hotline or City of Milwaukee Ethics Board.

### **(8) A&O Committee Management and Reporting Responsibilities**

- Provide an open avenue of communication between internal audit, ~~the external financial statement auditors~~, other external auditors, and management Board members.
- Confirm annually that all responsibilities outlined in this charter have been carried out and review the charter on an annual basis to determine updates.
- Report annually to the Board, members, retirees and beneficiaries describing the committee's composition, responsibilities and how they were discharged and any other pertinent information, including approval of non-audit services and proposed changes and ensure appropriate disclosure as may be required by law or regulation.
- Evaluate the committee's and individual member's performance on a regular basis and report to the Board.

### **III. MEETINGS**

The A&O Committee will meet at least four times a year on a quarterly basis. All committee members are expected to attend each meeting. The agendas for meetings should be prepared and provided to members in advance, along with appropriate briefing materials. The committee may invite members of management or others to attend meetings and provide pertinent information as necessary. Minutes will be prepared by and filed with the Board members.

# Employees' Retirement System of the City of Milwaukee

## Internal Audit Charter January 2025

### **Purpose**

The purpose of this Internal Audit Charter dated January 2025, is to assist the internal auditors in fulfilling their mission and fiduciary responsibilities under the oversight of the Administration and Operations (A&O) Committee. The provisions of this charter apply to the activities of the Employees' Retirement System (ERS) of the City of Milwaukee Internal Audit function only, and should be used for no other purpose. This document includes the following topics.

- I. MISSION**
- II. OBJECTIVES & SCOPE**
- III. INDEPENDENCE**
- IV. AUTHORITY**
- V. ACCESS**
- VI. RESPONSIBILITIES & ACCOUNTABILITY**
- VII. PROFESSIONAL STANDARDS**
- VIII. REPORT DISTRIBUTION & FOLLOW-UP**
- IX. RELATIONSHIP TO PREVENTION, DETECTION & CORRECTION  
ACTIVITIES**
- X. SIGNATURE SECTION**

### **I. MISSION**

The mission of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the operations of ERS. It assists the Board and the Executive Director in accomplishing their oversight responsibilities by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The following are specific tasks to be carried out by Internal Audit to accomplish the mission:

- Supporting the agency's efforts to achieve its objectives through conducting a risk assessment every three years, designing, reviewing and executing an annual audit plan, and providing a wide range of quality independent internal auditing services.
- Assessing the integrity, quality, and efficiency of the systems of internal control.
- Assessing the degree to which ERS complies with various policies, procedures, laws, and regulations in a manner that facilitates operational efficiency, quality of service, and fiduciary responsibility.

- Examining and testing the performance of important control elements.
- Assessing the integrity of the financial reporting processes.
- Communicating results of audit projects through timely written reports delivered to the Board, the Executive Director, and management identified as stakeholders.
- Assessing through follow-up audit projects the degree to which management action plans created in response to recommendations in audit reports are carried out effectively and timely.

## **II. OBJECTIVES & SCOPE**

Auditing Objectives. The objectives of the auditing services are to provide independent assurance to the A&O Committee and management that ERS' assets are safeguarded, operating efficiency is enhanced, and compliance is maintained with prescribed laws and regulations and Board and management policies. These objectives of auditing services include an independent assessment of the agency's risk awareness, reliability and integrity of the organization's data and information, and achievement of the agency's goals and objectives.

Consulting and Advisory Objectives. The objectives of internal audit's consulting and advisory services are to provide ERS management with recommendations for improving processes that will advance the goals and objective to successfully achieve the overall mission of the organization. The objectives will also allow internal audit the opportunity to follow-up with management to ensure action steps were taken to mitigate the risk.

Scope. The scope of work of internal audit is to determine whether the agency's network of risk management, internal control, and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Programs are operating within the highest fiduciary standards and are in compliance with the requirements defined in the Federal and State constitutions, laws, and regulations, local government ordinances and rules, and the policies and procedures of the agency.
- Programs and processes are in synchrony with industry best practices, using the best public and private examples and all resources available as benchmarks.
- Significant legislative or regulatory issues impacting the agency are recognized and addressed appropriately and timely.
- Operations, processes and programs are consistent with established missions, objectives and goals and they are being executed in accordance with management's plan.
- Existing policies and procedures are appropriate and updated.
- Internal and external risks are identified and managed.
- Employers appropriately enroll employees, accurately report member earnings, and appropriately report other employee data.
- Interaction with appropriate governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.

- Resources are acquired economically, used efficiently, and adequately protected.
- Quality service and continuous improvement are fostered in the organization's control process.
- Contractors, including third-party administrators, are meeting the objectives of the contracts, while in conformance with applicable laws, regulations, policies, procedures and best practices and the agency's contract monitoring process is effective to ensure minimal risk.
- Responsibilities and activities of the external financial statement auditors are coordinated with those of the internal auditors in order to provide continuity of audit efforts and to avoid duplication.
- Access for auditors is provided as appropriate.
- Specific operations, processes or programs are reviewed at the request of the A&O Committee, the Board, and management.

Opportunities for improving member service, management of risks, internal control, governance, cost benefit, and the organization's effectiveness and image may be identified during audits. This information will be communicated to the A&O Committee and to appropriate levels of management.

### **III. INDEPENDENCE**

Independent Professional Standards. The A&O Committee recognizes that professional independence requires the auditors have knowledge of operations and appropriate expertise in the subject matter that is being audited. Internal Audit must provide the credentials of any or all staff members upon request of the A&O Committee.

Conflict of Interest. Internal Audit shall discuss any potential issues regarding impairment of independence and/or conflicts of interest and their mitigation(s) with the A&O Committee as necessary.

### **IV. AUTHORITY**

The Internal Audit function is established by the Board of this agency and governed by the A&O Committee. This Charter is approved and all future amendments to it are to be approved by the A&O Committee through a majority vote. This Charter shall be reviewed at least annually and updated as required by the A&O Committee.

Internal Audit functionally reports to the A&O Committee. Meetings are held with the A&O Committee on at least a quarterly basis. The portion of the A&O Committee agenda regarding Internal Audit generally include:

- A discussion of current year Plan status
- Points of emphasis of audit reports issued in the quarter
- Status of audits in process
- Changes or proposed changes to the Plan
- Audit follow-up status reports as necessary (based on exceptions noted)
- Special requests for audits from the Board or from Management with Board approval



- Closed sessions, when necessary, as provided for under the Wisconsin open meetings law

The A&O Committee retains the right to provide input and approve the annual audit plan presented by Internal Audit. The risk assessment and Plan are discussed in the meeting at the end of the quarter in which they are completed. Internal Audit shall inform the A&O Committee of the status of the audit plan and any changes needed. Management may request special audits outside of the plan to be conducted, which must be approved by the A&O Committee. The mission, responsibilities, and workings of the A&O Committee are described in the committee charter.

Internal Audit staff is not authorized to initiate or approve accounting transactions external to those related to the function. Internal Audit staff is not authorized to direct the activities of any agency employee not employed by the function, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

## **V. ACCESS**

The Internal Audit staff, as appropriate, are granted authority for full, free and unrestricted access to all of the agency's functions, records, files and information systems, personnel, contractors, external auditors, physical properties, rental locations, and any other item relevant to the function, process or department under review. All contracts with vendors shall contain standard audit language enabling the internal auditors and other auditors and specialists to have access to relevant records and information. Documents and information given to Internal Audit shall be handled in the same prudent and confidential manner as by those employees normally accountable for them. All of the ERS employees are required to assist the staff of Internal Audit in fulfilling their audit functions and fiduciary duties.

## **VI. RESPONSIBILITIES & ACCOUNTABILITY**

Internal Audit is responsible for the following in order to meet the mission, objectives and scope of this Charter:

1. Establish policies for conducting Internal Audit activities and directing its technical and administrative functions according to the agency's policies and direction provided by the A&O Committee and professional standards described in Section VII.
2. Perform a risk-assessment every three years and review the flexible annual audit plan that will accomplish the mission, objectives and scope of this Charter. This plan will include some unassigned hours in order to provide flexibility for changing conditions. This plan shall in part be based upon risks and control concerns identified by management.
3. Facilitate the implementation of the audit plan.
4. Implement the annual audit plan, as approved, including, as appropriate, any plan amendments, special tasks or projects requested by management, the Board and the A&O Committee.

5. Obtain updates to follow-up on management action plans as they relate to the recommendations provided by Internal Audit for improvement to ensure the risks are being mitigated timely.
6. Transmit copies of all audit reports and management letters to the A&O Committee.
7. Assess periodically whether the purpose, authority and responsibility, as defined in this Charter, continue to be adequate to accomplish its mission, objectives and scope. The result of this periodic assessment should be communicated to the A&O Committee.
8. Assist in the investigation of significant suspected fraudulent activities within the organization and notify the A&O Committee, the Board and other Executives, as appropriate, of the results.

## **VII. PROFESSIONAL STANDARDS**

Internal Audit shall follow the professional standards of relevant professional organizations. These professional standards include, but are not limited to, the following:

- Institute of Internal Auditors (IIA) Professional Standards and Code of Ethics
- American Institute of Certified Public Accountants (AICPA) Professional Standards and Code of Ethics, as applicable
- Generally Accepted Government Auditing Standards (GAGAS) from the United States General Accounting Office (GAO), as applicable

## **VIII. REPORT DISTRIBUTION & FOLLOW-UP**

Draft audit reports are first distributed to the Executive Director or their designee for comments. After comment, they are then distributed to the applicable department head. Internal Audit is responsible for obtaining management responses and issuing the final version of the audit report according to the following time schedule:

- Once a draft report is issued to a department head, 15 business days are allowed for management responses to be prepared and forwarded to Internal Audit. Internal Audit may extend the deadline, though the maximum number of business days for a response will be 25 days.
- Upon receipt of acceptable management responses, Internal Audit has 10 business days to issue the final version of the report.
- In cases where the department under review does not meet the above schedule, Internal Audit has the authority to issue the report without management responses to the chairman of the A&O Committee.

Final audit reports are distributed as follows:

- The department head, under review, receives a complete copy of the full report.
- The Executive Director, the Board, and the A&O Committee also receive a copy of the full report.

**IX. RELATIONSHIP TO PREVENTION, DETECTION AND CORRECTION ACTIVITIES**

Internal Audit strives to participate in the initial stages of major agency-wide projects so that risks can be appropriately managed and internal controls instituted in the design phase in order to prevent problems and minimize the associated costs. It recognizes that it is more expensive to detect and correct problems than it is to prevent them in the initial stages of a project.

**X. SIGNATURE SECTION**

The A&O Committee reviewed and adopted this Internal Audit Charter in January 2025, and transmitted it to the Board. The Internal Audit Charter is effective immediately and is hereby signed by the following persons who have authority and responsibilities under this Charter.

\_\_\_\_\_  
Chair, A&O Committee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chairman, ERS Board

\_\_\_\_\_  
Date

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Date

V.

NEW BUSINESS

- A. Retirements, Death Claims, and Refunds (November).
- B. Conference Requests – December 17, 2024 Board Meeting.

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

- C. Conferring 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.
- D. Review of 2023 Annual Comprehensive Financial Report (ACFR) – Presentation by Daniel Gopalan.

Retirement Type	Retirement SubType	Last Name	First Name	Retirement Date	Option	Department
Regular	Deferred	LARSON	TIMOTHY	1/1/2020	MAX	DEPT OF CITY DEVELOPMENT
Regular	Service	MOHD SHAH	ZARINA	10/2/2024	MAX	LIBRARY - CENTRAL LIBRARY
Regular	Deferred	HUMES	PAUL	10/4/2024	75	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	FRIEDEL	KEVIN	10/5/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Service	GOHAGAN	MELVA	10/5/2024	MAX	DPW-INFRASTRUCTURE-ST/BRIDGES
Regular	Service	MERTENS	SHARON	10/5/2024	MAX	MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
Regular	Deferred	JOHNSON	DENA	10/7/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	CLAYTON	WILLIE	10/8/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	LEMONS	TERENCE	10/8/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Service	CLAY	DEREK	10/9/2024	MAX	DPW-OPS-SANITATION
Regular	Service	ALSTON	ANTHONY	10/12/2024	MAX	DEPT OF NEIGHBORHOOD SRVCS
Regular	Service	RENTAS	SERGIO	10/12/2024	50	MILWAUKEE POLICE DEPARTMENT
Regular	Service	ZAGRODNIK	KEVIN	10/14/2024	100	DPW-WATER-DISTRIBUTION
Regular	Service	VIERA	JOSE	10/16/2024	100	MILWAUKEE POLICE DEPARTMENT
Regular	Deferred	LESNIEWSKI	SCOTT	10/19/2024	100	MILWAUKEE FIRE DEPARTMENT
Regular	Service	KOLLER	MICHAEL	10/19/2024	75	LIBRARY - ADMINISTRATION SRVC
Regular	Service	MURPHY	MICHAEL	10/26/2024	MAX	MILWAUKEE POLICE DEPARTMENT
Regular	Service	RAUCKMAN	KATHY	10/26/2024	50	DER - EMPLOYEE BENEFITS ADMIN
Regular	Service	RIVERA	ELIZABETH	10/26/2024	MAX	MILWAUKEE PUBLIC SCHOOLS
Regular	Deferred	BOS	ROBERTA	10/30/2024	MAX	DEPT OF EMPLOYEE RELATIONS
Regular	Service	KUPKOWSKI	ROBERT	10/31/2024	MAX	DPW-INFRASTRUCTURE-BRIDGES & BLDGS
Regular	Service	DAVIS	MICHAEL	11/1/2024	100	DPW-OPS-SANITATION
Regular	Service	DRIVER	BEVERLY	11/1/2024	MAX	MILWAUKEE PUBLIC SCHOOLS

**Board Report - November 2024**

					<b>Deaths</b>
<b>Type</b>	<b>Last Name</b>	<b>First Name</b>	<b>Death Date</b>	<b>Payment Date</b>	<b>Amount</b>
Retiree Death-Termination	AVERILL	WILLIAM	9/11/2024	11/27/2024	\$ 378.25
Retiree Death-Termination	BOWEN	KAREN	8/22/2024	11/27/2024	\$ 1,740.09
Retiree Death-Termination	BUCK	ROBERT	3/27/2024	11/27/2024	\$ 1,330.33
Retiree Death-Termination	HENNEN	MARY	7/20/2024	11/27/2024	\$ 1,186.82
Retiree Death-Termination	HOLDMANN	KENNETH	10/6/2024	11/27/2024	\$ 887.29
Retiree Death-Termination	IMMEL	JOHN	10/17/2024	11/27/2024	\$ 1,299.59
Retiree Death-Termination	LITZA	JAMIE	8/12/2024	11/27/2024	\$ 928.52
Retiree Death-Termination	SHIRODA	DAVID	5/21/2024	11/27/2024	\$ 1,135.98
Retiree Death-Termination	WALLS	GEORGE	8/1/2024	11/27/2024	\$ 66.87
Retiree Death-Termination	WILLIAMS	LORICE	5/11/2024	11/27/2024	\$ 510.81
Retiree Death-Termination	WINFREY	LON	9/6/2022	11/27/2024	\$ 628.59
Retiree Death-Termination	WOJNOWSKI	RONALD	9/24/2024	11/27/2024	\$ 2,421.70
Retiree Death-Termination	ZUBE	LEROY	7/30/2022	11/27/2024	\$ 2,825.87
Surv Death-Termination	BARAVETTI	CATHERINE	3/26/2023	11/27/2024	\$ 39.89
Surv Death-Termination	BLAND	MATTIE	11/25/2023	11/27/2024	\$ 5,108.46
Surv Death-Termination	BRAAZ	GLORIA	4/20/2024	11/27/2024	\$ 2,358.92
Surv Death-Termination	BUHEL	JACQUELYN	8/26/2024	11/27/2024	\$ 1,634.70
Surv Death-Termination	CALLIES	MAUREEN	11/10/2022	11/27/2024	\$ 490.91
Surv Death-Termination	CRAWFORD	JOYCE	10/10/2024	11/27/2024	\$ 84.18
Surv Death-Termination	GOETSCH	MYRA	10/12/2023	11/27/2024	\$ 1,056.60
Surv Death-Termination	LAWRENCE	BOBBIE	9/10/2022	11/27/2024	\$ 39,675.35
Surv Death-Termination	LEWANDOWSKI	AUDREY	8/22/2024	11/27/2024	\$ 2,489.13
Surv Death-Termination	SCHWINGSHAKL	PATRICIA	8/14/2022	11/27/2024	\$ 379.64
Surv Death-Termination	WAGNER	HILDEGARD	8/28/2023	11/27/2024	\$ 2,285.75
Surv Death-Termination	ZUROWSKI	ELIZABETH	6/28/2022	11/27/2024	\$ 545.73
<b>TOTAL</b>					<b>\$ 71,489.97</b>
Retiree Death-Cont Opt	BRUNSON	TORRENCE	11/13/2024	11/1/2024	
Retiree Death-Cont Opt	GOTZ	KENNETH	10/25/2024	11/1/2024	
Retiree Death-Cont Opt	JOHNSON	ROGER	11/4/2024	11/1/2024	
Retiree Death-Cont Opt	MORRILL	HARRY	11/3/2024	11/1/2024	
Retiree Death-Cont Opt	TEMPLER	GWENDOLYN	11/2/2024	11/1/2024	

Type	Last Name	First Name	Death Date	Payment Date	Amount
Retiree Death-Cont Opt	WITKOWSKI	TERRY	11/4/2024	11/1/2024	
Retiree Death-Cont Opt	WOLFGRAM	GARY	11/5/2024	11/1/2024	
Retiree Death-Cont Opt	WOLOSZ	FRANK	10/25/2024	11/1/2024	

**Board Report - November 2024****Withdrawals**

Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	GOLDWIRE	GABRIELA	11/22/2024	\$ 3,494.76
Administrative Withdrawal	CUNNINGHAM	DAVONTE	11/27/2024	\$ 372.06
Administrative Withdrawal	DELGADO	ORLANDO	11/27/2024	\$ 4,267.86
Administrative Withdrawal	DEMOS	MICHELLE	11/27/2024	\$ 4,385.22
Administrative Withdrawal	HALL	KAYLA	11/27/2024	\$ 2,201.30
Administrative Withdrawal	JOHNSON	GERMAINE	11/27/2024	\$ 4,193.70
Administrative Withdrawal	KLOIBER	THOMAS	11/27/2024	\$ 891.77
Administrative Withdrawal	MARTINSON	CINDY	11/27/2024	\$ 116.95
Administrative Withdrawal	MASON	ANTHONY	11/27/2024	\$ 541.86
Administrative Withdrawal	MYERS	CATHERINE	11/27/2024	\$ 1,613.33
Administrative Withdrawal	OTTE	BELLE	11/27/2024	\$ 1,155.06
Administrative Withdrawal	RODRIGUEZ	BRENDA	11/27/2024	\$ 1,076.59
Administrative Withdrawal	SANTOS	PAULINA	11/27/2024	\$ 175.35
Full Refund	BORRERO	BETSY	11/27/2024	\$ 10,362.09
Full Refund	FAIR	KISHER	11/27/2024	\$ 2,803.77
Full Refund	HEADD COPELAND	COSEA	11/27/2024	\$ 3,570.23
Full Refund	PERKINS	ANTHONY	11/27/2024	\$ 14,566.04
Full Refund	RUSSELL	JAMES	11/27/2024	\$ 59,996.18
Full Refund	THOMAS	WILLIAM	11/27/2024	\$ 29,865.36
Member Only Refund	BEMBENEK	BRITTNEY	11/27/2024	\$ 1,794.28
Member Only Refund	BISHOP	PHILLIP	11/27/2024	\$ 8,258.93
Member Only Refund	BONDS	YOLANDA	11/27/2024	\$ 2,031.78
Member Only Refund	CHRISTIAANSEN	DENISE	11/27/2024	\$ 2,536.01
Member Only Refund	ESTRELLA-VALDEZ	ANAYOLI	11/27/2024	\$ 2,065.62
Member Only Refund	FREIHEIT	JENNIFER	11/27/2024	\$ 4,295.75
Member Only Refund	GOMEZ	RAFAEL	11/27/2024	\$ 7,604.41
Member Only Refund	HALL	JAMES	11/27/2024	\$ 2,934.19
Member Only Refund	HERN	JANET	11/27/2024	\$ 704.09
Member Only Refund	MCLEAN	SCOTT	11/27/2024	\$ 8,285.60
Member Only Refund	PAHLISCH	ABBEY	11/27/2024	\$ 460.85
Member Only Refund	PEREZ	MARLENE	11/27/2024	\$ 1,519.19
Member Only Refund	PETTY	LINDA	11/27/2024	\$ 175.14



Type	Last Name	First Name	Payment Date	Amount
Member Only Refund	PORTER	JANE	11/27/2024 \$	206.28
Member Only Refund	SAWYER	KIMBERLY	11/27/2024 \$	51.33
Member Only Refund	SCOT	MORGAN	11/27/2024 \$	1,804.89
Member Only Refund	SCOTT	CRYSTAL	11/27/2024 \$	486.90
Member Only Refund	SMITH	CARMON	11/27/2024 \$	1,238.10
Member Only Refund	SOBEK	LARA	11/27/2024 \$	7,861.36
			<b>TOTAL \$</b>	<b>199,964.18</b>

## **Conference Requests – December 2024 Board Meeting**

Aaron Shew	DFA Annual Conference
Sponsor:	DFA
Location:	Austin, TX
Date(s):	April 1-3, 2025
Estimated Cost:	\$1,650.00

Aaron Shew	Callan Conference
Sponsor:	Callan
Location:	Scottsdale, AZ
Date(s):	April 27-29, 2025
Estimated Cost:	\$1,700.00

# The Employees' Retirement System of the City of Milwaukee

Annuity and Pension Board

December 17, 2024

2023 Annual Comprehensive Financial Report (ACFR) Review



Dan Gopalan, CPA  
ERS Chief Financial Officer

# New Auditors for FY2023

- Under Wisconsin 2023 Act 12, the WI Legislative Audit Bureau (LAB) will be required to perform an audit of ERS' financial statements, review for any illegal transactions, and report on ERS' internal controls.
  - Previously, Baker Tilly performed our external financial audits.
  - There are two reports that ERS has audited, the Annual Comprehensive Financial Report (ACFR) and the Schedule of Employer Allocations and Pension Amounts by Employer (Employer Schedules).
    - The Employer Schedules are required by Government Accounting Standards Board (GASB) Statement 68 and ERS employers use the data to report pension expenses and related liabilities on their financial statements.

# Different Auditors, Different Audit

- State Auditor vs Public Accounting Firm
  - LAB performs audits of mostly state agencies and related entities.
  - LAB's audit is a regulatory audit. LAB's oversight is provided by the WI Legislative Joint Audit Committee rather than the Annuity and Pension Board. Any audit is reported out to the committee.
  - Under Wis. State Statute 13.94, LAB's audit work while in progress is considered confidential
    - While LAB is bound by this statute, whether ERS is subject to this statute continues to be under review by the City Attorney.
    - What is clear is that the Annuity and Pension Board is the ERS' governing body under state law which requires it to issue annual financial statements and must consent to any requested revisions by LAB.
    - The Board has fiduciary duties to plan members and beneficiaries under the law of trusts in connection with the preparation and issuance of financial statements.
    - Both the Board and staff may lawfully consult with ERS legal counsel on any and all legal matters, including those related to Act 12 issues such as entering into audit engagement agreements with LAB.
- Act 12 provides for actuarial audit every five years
  - This will be completed when ERS' consulting actuary completes its five-year experience study. For 2023, LAB used Milliman to replicate the actuarial calculations made by Cavanaugh MacDonald since it was LAB's first year auditing ERS.

# LAB Findings & Recommendations

LAB had three findings/recommendations in their audit of CMERS' financial reports:

**LAB Recommendation #1:** *Review and update existing accounting processes to ensure financial statements and related note disclosures are prepared in accordance with accounting standards.*

- LAB identified two reporting issues related to data provided to ERS from third parties:
  - There were reporting data provided by Northern Trust related to the note disclosures for the fair value of ERS' investments under GASB Statement 72. ERS staff met with Northern Trust staff in October 2024. ERS Staff has updated its reporting procedures to minimize the amount of manual adjustments needed. Additionally, Northern Trust may also review any new investments to determine proper reporting.
  - Cavanaugh Macdonald included the City's Employer Reserve Fund in ERS' Net Pension Liability calculation under GASB 67.
    - Since the City's Employer Reserve fund is technically an asset of the City, it should not be part of ERS' assets used to fund pension benefits. ERS staff worked with Cavanaugh Macdonald to fix the issue for 2023 and going forward.

# LAB Recommendations – Cont'd

LAB had three findings/recommendations in their audit of CMERS' financial reports:

***LAB Recommendation #2:*** *Update procedures for preparing meeting notices for the Annuity and Pension Board and its committees to ensure compliance with open meeting law.*

- LAB reported that ERS cited the incorrect WI State Statute for going into closed sessions on its meeting agendas, due to a scrivener's error.
- Going forward, ERS has reviewed all of its meeting agendas notice templates and updated them to ensure compliance under the Wis. State Statute 19.83. Also, the CAO will review the agendas for compliance with the correct closed session language prior to publication. Further the City Attorney's Office, State Attorney General's Office and Milwaukee County Corporation Counsel's Office gave an educational presentation regarding the open meetings law to the Annuity & Pension Board.

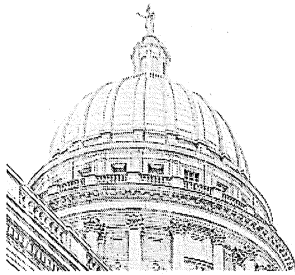
***LAB Recommendation #3:*** *Review and update existing accounting processes to ensure the Schedule of Pension Amounts by Employer and related note disclosures are prepared in accordance with accounting standards.*

- This finding is similar to LAB recommendation #1, ERS had originally included the City's Employer Reserve Fund as an ERS asset for the Net Pension Liability calculation. Cavanaugh Macdonald corrected the issue and ERS accounting staff also updated its procedures for reporting the Schedule of Pension Amounts by Employer to ensure compliance with GAAP.

# Going forward

- Due to WI 2023 Act 12, ERS will need to further update its Audit Charter to reflect that LAB is now ERS' statutory auditor.
- ERS has already implemented the recommendations and has communicated this to LAB and the WI Legislative Joint Audit Committee.
- Finally, we have been billed by the LAB for the 2023 audit. The total cost is \$145,000. Per an opinion by Ice Miller, ERS' tax counsel, Approval is needed by the Board for ERS to pay this invoice.
- Any questions?





STATE OF WISCONSIN

# Legislative Audit Bureau

Joe Chrisman  
State Auditor

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[www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab)  
[AskLAB@legis.wisconsin.gov](mailto:AskLAB@legis.wisconsin.gov)

December 4, 2024

Mr. Daniel Gopalan, Chief Financial Officer  
Employees' Retirement System of the City of Milwaukee  
789 North Water Street, Suite 300  
Milwaukee, Wisconsin 53202

Mr. Daniel Gopalan:

Section 13.94 (1) (x), Wis. Stats., requires the Legislative Audit Bureau to conduct a financial audit of the Employees' Retirement System of the City of Milwaukee. Our May 6, 2024 letter to you specifies a maximum fee of \$145,000. On November 13, 2024, we released report 24-19, Employees' Retirement System of the City of Milwaukee, and report 20-20, Employees' Retirement System of the City of Milwaukee Reporting for Participating Employers. Therefore, we are invoicing you \$145,000 for this work.

Please remit payment via check to:

Legislative Audit Bureau  
22 East Mifflin Street, Suite 500  
Madison, WI 53703

Please contact me at (608) 266-2818 if you have any questions about this information.

Sincerely,

A handwritten signature in cursive script that reads "Sheri Conway".

Sheri Conway  
Chief Business Officer

VI.

MEDICAL REPORTS

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

There is no  
Medical Panel Report  
this month.

## Medical Council Approvals Report

DATE RAN : 12/06/2024

Board Meeting: 12/17/2024

TIME RAN : 11:34

<u>Name</u>	<u>Title</u>	<u>Employer</u>	<u>CaseType</u>	<u>Case Sub-Type</u>	<u>Disability Date</u>	<u>Medical Council Meeting Date</u>	<u>In Person Exam Waiver</u>
FORD, ADONIS	PUBLIC SAFETY SPECIALISTS	HACM AND MPS	Ordinary Disability	Application	05/23/2024	12/06/2024	
GRIMES, SAHAGIAN	SANITATION YARD ATTENDANT	DPW-OPERATIONS	Duty Disability 75%	Re-Examination	01/10/2020	12/06/2024	
HEARD, TARJI	SCHOOL SAFETY ASST	MPS	Ordinary Disability	Re-Examination	01/07/2021	12/06/2024	
PADGETT, NATASHA	POLICE OFFICER	MPD	Duty Disability 75%	Re-Examination	11/18/2016	12/06/2024	

Number of Cases: 4

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

## VII.

### UNFINISHED BUSINESS

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

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



## December 17, 2024 Board Meeting

### **PENDING LEGAL OPINIONS AND SERVICE REQUESTS REPORT**

#### **PART 1. LEGAL OPINIONS - OFFICE OF CITY ATTORNEY**

None.

#### **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**

None.



## December 17, 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**

**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.

# Employees' Retirement System – Executive Director's Report

## December 2024

### I. Personnel Update

- A. ERS has no vacancies.

### II. Member Services

- A. New retirees on payroll in November - 25; 23 are currently anticipated for the December payroll.
- B. Retiree/Employee deaths entered in October - 23.
- C. There was a Retirement Workshop for General City on 11/22/24 and 96 attended.
- D. Below is a breakdown of to-date ERS benefits payouts/active/deferred counts:

Category	Count
<b>Annuitants</b>	
Death - Duty	23
Death - Ordinary	100
Disability - Duty	356
Disability - Ordinary	565
Retirement	12,829
Separation	39
<b>Total Annuitants</b>	<b>13,912</b>
<b>Active</b>	<b>10,705</b>
<b>Deferred</b>	<b>3,166</b>
<b>Total Population</b>	<b>27,783</b>

### III. Financial Services

- A. The 2025 employer contribution pre-payment notices were sent to city agencies this month.
- B. We continue to calculate and disburse the remaining 5.8% pension offset retro payments in December. We have paid out most of the retro payments to members with the exception of deceased members. We are contacting their estates and beneficiaries to pay those retros. We plan to pay out the recalculated GPS bonuses for eligible members by February 2025.
- C. Staff continues 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. VMware Environments Upgrade in progress.
- E. Network Infrastructure Firmware/OS Upgrade in progress.
- F. MS Windows Desktop and Laptop OS Upgrade in progress.
- G. Planet Press Upgrade in progress.
- H. IT Vulnerability Audit in progress.
- I. Rational Application Developer for Windows 11 Upgrade in progress.
- J. Server Firmware Upgrade in progress.



K. Printer Firmware Upgrade in progress.

L. PC Firmware Upgrade in progress.

## **V. Administration**

ERS received an IRS notice that one of its (IRS) contractors has been charged with unauthorized disclosure of ERS tax return information between 2018 and 2020.

The tax return filing process is as follows:

- Each month we send whatever amounts were withheld from the pension checks to the IRS (ACH transfer) – no other report filed monthly with details / personal information
- Annually, we send a 1099 reporting file related to the 1099-Rs that are sent to the recipients – the reporting file to the IRS it contains information that is on the 1099-Rs (names, addresses, SSNs, amounts)
- Annually, we send forms 945 and 945A that reconcile the monthly payments to the IRS with the 1099-Rs that we sent out to the recipients – no recipients' personal information is on these forms

It's unclear from the IRS notice whether any personal identification information for ERS retirees was illegally disclosed by the IRS contractor. I've requested the City Attorney's Office refer this matter to outside tax counsel for further investigation and advice on what actions the pension system needs to take to pursue this matter with the IRS or its contractor on behalf of potentially affected retirees.

UNITED STATES DISTRICT COURT )  
FOR THE DISTRICT OF COLUMBIA )  
UNITED STATES OF AMERICA, )

Case: 1:23-cr-00343  
Assigned To: Reyes, Ana C.  
Assign. Date: 9/29/2023  
Description: INFORMATION (A)

vs. )

CHARLES EDWARD LITTLEJOHN, )  
Defendant. )

**INFORMATION**

The United States charges:

**GENERAL ALLEGATIONS**

1. From in or about 2017 until in or about 2021, Defendant CHARLES EDWARD LITTLEJOHN served as a contractor to Company A, a consulting firm that serviced public and private clients.

2. During the relevant period, Defendant primarily worked on contracts Company A had obtained with the U.S. Department of the Treasury's Internal Revenue Service ("IRS"). Pursuant to 26 U.S.C. § 6103(n), returns and return information were disclosed to Defendant for purposes of tax administration.

3. From in or about 2018 until in or about 2020, while Defendant was working on an IRS contract, he stole tax returns and return information associated with Public Official A and thousands of the nation's wealthiest people, including returns and return information dating back more than 15 years. He thereafter disclosed the tax information associated with Public Official A to News Organization 1 and the other tax information to News Organization 2. Both news organizations published numerous articles describing the tax information they obtained from the Defendant.

**COUNT ONE**

**(Disclosure of Tax Return and Return Information-26 U.S.C. § 7213(a)(1))**

4. The General Allegations of this Information are re-alleged and fully incorporated here by reference.

5. From in or about August 2019 until in or about November 2020, in the Northern District of West Virginia and elsewhere, Defendant,

**CHARLES EDWARD LITTLEJOHN,**

a person described in 26 U.S.C. § 6103(n), did willfully disclose to any person, without authorization, any return or return information, as defined in 26 U.S.C. § 6103(b), to wit, the tax returns and return information of Public Official A and thousands of other persons.

(In violation of Title 26, United States Code, Section 7213(a)(1))

**TAX FORFEITURE ALLEGATION**  
**(28 U.S.C. § 2461(c); 26 U.S.C. § 7302)**

6. Paragraphs 1 through 5 of this Information are re-alleged and fully incorporated here by reference.

7. Pursuant to Title 28, United States Code, Section 2461(c) and Title 26, United States Code, Section 7302, the United States gives notice to Defendant **CHARLES EDWARD LITTLEJOHN**, that in the event of his conviction for the offense charged in this Information, all property he has used in violating the provisions of the internal revenue laws is subject to forfeiture.

Respectfully submitted,

/s/ Corey R. Amundson

COREY R. AMUNDSON

Chief, Public Integrity Section  
Criminal Division  
U.S. Department of Justice  
Lauren Castaldi  
Jonathan E. Jacobson  
Trial Attorneys  
Public Integrity Section  
United States Department of Justice  
1301 New York Ave. NW  
Washington, DC 20530  
Telephone: (202) 514-1412



Department of the Treasury  
Internal Revenue Service  
2970 Market St  
Stop 2.HO4.133  
Philadelphia, PA 19104

IRS Notice CP118

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EMPLOYEES RETIREMENT SYSTEM OF THE  
CITY OF MILWAUKEE  
789 N WATER ST STE 300  
MILWAUKEE WI 53202-3584

ERS DEC 9'24 PM 1:18

000794

December 16, 2024

An Internal Revenue Service (IRS) contractor has been charged with the unauthorized inspection or disclosure of your tax return or return information, between 2018 and 2020.<sup>1</sup>

### What you need to know

- The Government's analysis of the material received from the contractor indicates that your information that was disclosed was narrow in scope and limited to information returns (e.g., Forms 1099, Schedule K-1, etc.) issued by the business to a taxpayer, including issuer/recipient Taxpayer Identification Numbers, (Social Security Number (SSN) and Employer Identification Number (EIN)), name, address, and other information from the information returns. IRS is notifying all issuers and recipients of the information returns.

### Where to find more information

- We have enclosed copies of Internal Revenue Code (IRC) Section 7431 and the criminal charge with this letter. IRC 7431(a) provides for civil claims for unauthorized disclosure of return information.
- The Department of Justice (DOJ) is prosecuting this matter and has provided information about the Crime Victims' Rights Act and the status of this criminal case at [Justice.gov/Criminal-VNS/Case/United-States-V-Charles-Littlejohn](https://Justice.gov/Criminal-VNS/Case/United-States-V-Charles-Littlejohn).
- If you have any questions about your rights under the Crime Victims' Rights Act, please email DOJ at [CRM-PIN.Victims@USDOJ.gov](mailto:CRM-PIN.Victims@USDOJ.gov).
- If you have questions about the law or any private right of action you may have, you should consult an attorney.
- Visit [IRS.gov/DataDisclosure](https://IRS.gov/DataDisclosure) to learn more about this notice.
- If you have questions for IRS about this matter, you can email us at [Notification.7431@IRS.gov](mailto:Notification.7431@IRS.gov). Please do not email sensitive information (e.g., EINs, business addresses, bank routing and account numbers or other sensitive Business or Personally Identifiable Information).

Enclosures:

IRC Section 7431

Copy of criminal information, U.S. v. Littlejohn

1. See 26 USC Sec. 7431, as amended by the Taxpayer Browsing Protection Act of 1997.



26 U.S. Code § 7431 - Civil damages for unauthorized inspection or disclosure of returns and return information.

**(a) IN GENERAL**

**(1) INSPECTION OR DISCLOSURE BY EMPLOYEE OF UNITED STATES**

If any officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section 6103, such taxpayer may bring a civil action for damages against the United States in a district court of the United States.

**(2) INSPECTION OR DISCLOSURE BY A PERSON WHO IS NOT AN EMPLOYEE OF UNITED STATES**

If any person who is not an officer or employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any provision of section 6103 or in violation of section 6104(c), such taxpayer may bring a civil action for damages against such person in a district court of the United States.

**(b) EXCEPTIONS**

No liability shall arise under this section with respect to any inspection or disclosure—

- (1) which results from a good faith, but erroneous, interpretation of section 6103, or
- (2) which is requested by the taxpayer.

**(c) DAMAGES**

In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

- (1) the greater of—
  - (A) \$1,000 for each act of unauthorized inspection or disclosure of a return or return information with respect to which such defendant is found liable, or
  - (B) the sum of—
    - (i) the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus
    - (ii) in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus
- (2) the costs of the action, plus
- (3) in the case of a plaintiff which is described in section 7430(c)(4)(A)(ii), reasonable attorney fees, except that if the defendant is the United States, reasonable attorney fees may be awarded only if the plaintiff is the prevailing party (as determined under section 7430(c)(4)).

**(d) PERIOD FOR BRINGING ACTION**

Notwithstanding any other provision of law, an action to enforce any liability created under this section may be brought, without regard to the amount in controversy, at any time within 2 years after the date of discovery by the plaintiff of the unauthorized inspection or disclosure.

**(e) NOTIFICATION OF UNLAWFUL INSPECTION AND DISCLOSURE**

If any person is criminally charged by indictment or information with inspection or disclosure of a taxpayer's return or return information in violation of—

- (1) paragraph (1) or (2) of section 7213(a),
- (2) section 7213A(a), or
- (3) subparagraph (B) of section 1030(a)(2) of title 18, United States Code,

the Secretary shall notify such taxpayer as soon as practicable of such inspection or disclosure. The Secretary shall also notify such taxpayer if the Internal Revenue Service or a Federal or State agency (upon notice to the Secretary by such Federal or State agency) proposes an administrative determination as to disciplinary or adverse action against an employee arising from the employee's unauthorized inspection or disclosure of the taxpayer's return or return information. The notice described in this subsection shall include the date of the unauthorized inspection or disclosure and the rights of the taxpayer under such administrative determination.

**(f) DEFINITIONS**

For purposes of this section, the terms "inspect", "inspection", "return", and "return information" have the respective meanings given such terms by section 6103(b).

**(g) EXTENSION TO INFORMATION OBTAINED UNDER SECTION 3406**

For purposes of this section—

- (1) any information obtained under section 3406 (including information with respect to any payee certification failure under subsection (d) thereof) shall be treated as return information, and
- (2) any inspection or use of such information other than for purposes of meeting any requirement under section 3406 or (subject to the safeguards set forth in section 6103) for purposes permitted under section 6103 shall be treated as a violation of section 6103. For purposes of subsection (b), the reference to section 6103 shall be treated as including a reference to section 3406.

**(h) SPECIAL RULE FOR INFORMATION OBTAINED UNDER SECTION 6103(K)(9)**

For purposes of this section, any reference to section 6103 shall be treated as including a reference to section 6311(e).



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## LAWFLASH

# RECENTLY ISSUED IRS LITTLEJOHN VICTIM NOTICES MAY PRESENT CHALLENGES FOR TAXPAYERS

April 26, 2024

As required by law, the Internal Revenue Service (IRS) has begun issuing notification letters to victims of a former IRS contractor who illegally accessed and stole the tax return information of thousands of companies and individuals. The illegal inspection and subsequent disclosure of this personal tax and financial information raises multiple issues for impacted taxpayers who should consider their specific rights as crime victims under federal law.

Earlier this year, former IRS contractor Charles Littlejohn was sentenced to five years in prison for illegally accessing and disclosing thousands of federal tax returns, associated tax return information, and other private financial information to certain news organizations. [1] While the most prominent figure impacted by this disclosure was former President Donald Trump, it is clear that many more individuals and entities were victims of Littlejohn's criminal activity.

Recently, as required by law, the IRS began informing the more than 70,000 companies and individuals impacted by Littlejohn's criminal conduct by mailing brief victim notification letters outlining what Littlejohn had done and their rights as victims, and providing limited additional information (the Notices). Littlejohn's illegal inspection and subsequent disclosure of personal tax and financial information raises multiple issues for the victims, who must now carefully analyze their next steps including potential related obligations and remedies, their rights under the Crime Victims' Rights Act [2] and other statutes, and whether to pursue claims against Littlejohn and/or the IRS.

Federal law provides for specific rights for crime victims, including the right to be heard in connection with a criminal case. Federal law also provides for civil damages that may be recovered by impacted taxpayers. A taxpayer may file suit against the United States in district court to recover damages. These damages are limited to \$1,000 for each act of unauthorized inspection or disclosure, unless the taxpayer is able to demonstrate greater actual damages sustained as a result of the unauthorized acts.

## AUTHORS



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Partner  
Washington, DC

## RELATED RESOURCES

## SERVICES

- > Tax
- > Cybersecurity, Incident Response & Privacy
- > White Collar Litigation & Government Investigations
- > Litigation, Regulation & Investigations

## BACKGROUND

Under federal law, the IRS (including its current and former employees and contractors) is prohibited from releasing tax returns and tax return information to other parties. "Tax returns" includes any tax or information returns, estimated tax statements or refund claims (including amendments, supplements, supporting schedules, attachments, or lists) required by or permitted under the Internal Revenue Code and filed with the IRS by, on behalf of, or with respect to any person. Examples of returns include forms filed on paper or electronically, such as Forms 1040, 941, 1099, 1120, and W-2.

The term "tax return information" is defined very broadly and includes any information, besides the return itself, that the IRS has obtained from any source or developed itself that relates to the potential liability of any taxpayer under the Internal Revenue Code for any tax, penalties, and/or interest. It also includes the taxpayer's name, address, and identifying number as well as the names and identification numbers of other persons associated with the taxpayer, including dependents or partners.

"Tax return information" also includes whether a return was filed, whether it has been or will be examined, and whether there have been collection activities undertaken by the IRS against the taxpayer.

Between 2018 and 2020, Littlejohn illegally accessed and stole the tax return information of thousands of the nation's wealthiest individuals and entities. He disclosed this information to publications including ProPublica, which published nearly 50 articles using or referencing this stolen data. The Treasury Inspector General for Tax Administration, an office within the federal government with oversight of IRS activities, undertook an investigation. In October 2023, Littlejohn pled guilty to unauthorized disclosure of tax returns and return information and in January 2024 Littlejohn was sentenced to five years in prison.

## DOJ VICTIM OBLIGATIONS

The US Department of Justice (DOJ) has specific statutory duties to crime victims and has been vocal about its commitment to meeting those obligations. The Attorney General [issued new guidelines](#) in 2023 emphasizing DOJ's support for victim rights. In *Littlejohn*, DOJ sought and received the court's approval to provide "alternative notification" by creating a website directed to victims.

Given the nature of Littlejohn's criminal conduct, however, the overwhelming majority of victims could not have known they were victims prior to receiving the Notices. Therefore, individuals and entities may have standing to assert certain rights in connection with Littlejohn's criminal case.

## IRS NOTIFICATION OBLIGATIONS

In the event that a person is criminally charged with unauthorized inspection or disclosure of a taxpayer's return or return information, the Secretary of the Treasury is mandated under federal law to notify the affected taxpayers of the inspection or disclosure as soon as practicable. Federal law sets forth the required contents of this notice, which includes the date, the events that occurred, and the related rights of the taxpayer.

Over the last several days, the IRS has begun mailing the Notices to victims (both individuals and entities) informing them that, between

2018 and 2020, they were victimized by a former IRS contractor who illegally inspected and disclosed their tax returns and/or return information. Each Notice sets forth the victim's rights, including the right to sue Littlejohn and/or the IRS. However, the Notices do not provide any personalized detail regarding what specific tax returns or other information Littlejohn may have disclosed (e.g., what specific documents, what specific information, pertaining to what time period).

### **Observations**

As the Notices provide no information about what exactly Littlejohn disclosed, it is virtually impossible to determine the potential damage resulting from Littlejohn's crime or if there are obligations for the recipients of the Notices that arise as a result. As such, it is vital for victims to ascertain what precisely was disclosed so as to be able to analyze potential next steps, including possible related obligations. Victims should consult their tax advisor about the best method for obtaining such detailed information.

Once a taxpayer determines what tax information Littlejohn stole and disclosed, to the extent it included personal information (e.g., Social Security numbers), the taxpayer should evaluate the possibility of tax-related identity theft resulting from such disclosure and assess whether to take steps to protect against further exposure to tax identity theft.

Additionally, companies should consider potential notice obligations under applicable laws and contracts. This analysis, however, will depend substantially on what specific information was disclosed and the extent to which relevant individuals already have received notice of the issue directly from the IRS.

### **OBTAINING MORE INFORMATION AND NEXT STEPS**

The Notice invites taxpayers with questions about the "matter" to email the IRS at [notification.7431@irs.gov](mailto:notification.7431@irs.gov). Those who contact this mailbox should refrain from emailing sensitive information, including tax identification numbers, addresses, or account numbers.

The Notice does not provide a timeframe for a response to an inquiry or how the IRS will ascertain the identity of the taxpayer. In the event that someone other than the specific taxpayer involved contacts the IRS seeking further information, a Form 2848 (Power of Attorney) will be required.

### **HOW WE CAN HELP**

Morgan Lewis's team is deeply engaged in this matter and is prepared to advise on issues related to IRS notifications, DOJ victim rights, and litigation options going forward.

### **CONTACTS**

If you have any questions or would like more information on the issues discussed in this LawFlash, please contact any of the following:

#### **Authors**

[Jennifer Breen](#)

[Ezra D. Church](#)

[Martha B. Stolley](#)

[Justin D. Weitz](#)





# IRS communication on data disclosure

May 10, 2024

IRS statement to taxpayers receiving Letter 6613 alerting them to the unauthorized disclosure of tax return information by an IRS contractor. The contractor, Charles Edward Littlejohn, pled guilty to the unauthorized disclosure of return information in October 2023 and was sentenced to five years in prison earlier this year.

To begin with, it should be stressed that this incident was unacceptable. Any improper access or disclosure of confidential taxpayer information is unacceptable, and it is completely at odds with the IRS's values and the agency's commitment to taxpayers.

We recognize that this incident has created a difficult situation for many taxpayers, including individuals as well as business entities. We also recognize that it is incumbent on the IRS not only to protect confidential taxpayer information, but also to address matters to the fullest extent possible when any such information is unlawfully disclosed.

We write to you today to update you on our efforts in this regard, and to provide to you what information we can regarding this incident, within the confines of the law. We will update you periodically as additional information becomes available.

We note that responding to this incident presents a number of challenges for the IRS. First, because much of the relevant information was uncovered in a criminal investigation, there are legal limitations on what the IRS can disclose. The criminal investigation was conducted by the Treasury Inspector General for Tax Administration (TIGTA) and resulted in Mr. Littlejohn being charged by DOJ with unauthorized disclosure of tax information, pleading guilty, and being sentenced to a prison term. In deference to these criminal proceedings, it was only after Mr. Littlejohn was sentenced, in February 2024, that the IRS was able to access information regarding all affected taxpayers. The data set that the IRS received at that point is voluminous and complex, and the IRS has been working with TIGTA to process and analyze this data, including to more fully understand what information, pertaining to what taxpayers, was unlawfully disclosed by Mr. Littlejohn. We are doing this so that we can provide taxpayers with notice of the incident as Section 7431 of the Internal Revenue Code requires, and so that we can take whatever additional steps are warranted to address taxpayer inquiries, interests, and concerns. This has taken some time, which is why we may need to follow up with you through additional correspondence. But there is some factual information that we can provide to you at this stage, which may help you to better assess and manage any risks presented to you by this incident:

- First, you should note that this incident occurred several years ago. In particular, Mr. Littlejohn admitted that he collected taxpayer information between 2018 and 2020, which he subsequently unlawfully disclosed to two news organizations. Mr. Littlejohn has stated details regarding these disclosures in the court filings in his criminal case.
- If you are receiving this letter, it is our understanding that Mr. Littlejohn unlawfully disclosed information corresponding to your taxpayer identification number maintained on an IRS database. We do not know – at least not at this point – the full scope of the specific information that Mr. Littlejohn unlawfully disclosed. However, a broad set of taxpayer information is maintained in this database.
- We have seen no indication thus far that any of this information has been disclosed by Mr. Littlejohn to any persons outside of the two news organizations referenced above, or that these news organizations have disclosed this information to any additional persons (beyond the information that they publicly reported). As may be of particular concern to individual taxpayers, we have not seen any indication that this taxpayer information was used in any way for identity theft or any related type of fraud.
- We understand from TIGTA and DOJ that the government has recovered the taxpayer information that was in Mr. Littlejohn's possession.

As noted above, the IRS is continuing to work with TIGTA to better understand this incident, analyze the relevant data, and take appropriate next steps. Among other things, we are continuing to contact any additional impacted taxpayers that we identify, including Form K-1 recipients that may have had their information disclosed. Of particular relevance for individual taxpayers, the IRS has in place screening and review procedures to identify and address potential identity theft and/or tax refund fraud. We also encourage taxpayers and/or their tax professional to review the resources regarding identity theft referenced in our prior letter, and to check IRS transcripts to ensure that taxpayer IRS account(s) do not reflect any unusual activity.<sup>[1]</sup>

Apart from the measures specific to this incident discussed above, it bears noting that the [IRS has taken aggressive action](#) more generally to enhance data security – to ensure, to the fullest extent feasible, that nothing like the Littlejohn incident can happen in the future. We recognize that this does not address the most immediate concerns of taxpayers whose information has already been unlawfully disclosed. Still, in the hope that this conveys to you our commitment to safeguard tax and financial information and to protect taxpayers' rights, we note that we have developed a number of the protocols and protections that the IRS has put in place in recent years using Inflation Reduction Act (IRA) funding resources and industry and government best practices to better protect taxpayers.

These improvements include further restricting user access for the most sensitive taxpayer data sets; more robust protective security controls; more frequent data reviews; improved firewalls; stronger around the clock data monitoring; new security tools; less use of removable media; tighter email controls; new printer controls and improved retention of data access logs. More information is available [here](#).

Please be assured that this matter in particular – and safeguarding taxpayer information in general – are among the highest priorities of the Internal Revenue Service.

# Basic Website Metrics

	2023		2024										
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug	Sep.	Oct.	Nov.
Users	3,923	3,525	4,121	4,119	3,860	4,019	3,407	3,289	3,332	3,366	3,343	4,108	<b>3,770</b>
Page Views	13,570	12,238	14,925	15,831	12,712	13,809	11,573	10,455	11,124	10,956	11,294	14,359	<b>14,191</b>
Ave. Visit	1:29	1:30	1:35	1:11	1:23	1:34	1:23	1:12	1:18	1:21	1:23	n1:34	<b>1:47</b>

## VIII.

### INFORMATIONAL

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

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



## December 17, 2024 Board Meeting

# PENDING LITIGATION REPORT

### Part 1. ERS Litigation through the City Attorney

#### **MPA and Kurt Lacina v. City of Milwaukee, et al; Case Nos. 2023AP000301; and 2022CV001965**

Kurt Lacina alleges his DDRA was wrongfully offset by a worker's compensation permanent partial disability award by defendants.

\*\*See prior Reports for case history\*\*

➤ 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\*\*

➤ 10/08/24 Record filed.

➤ 11/18/24 Brief & Appendix of Appellant filed.

➤ 12/18/24 Respondents' Brief due.

#### **Kurt Lacina v Employees' Retirement System, et al; Case No. 2024CV008283**

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

➤ 11/22/24 ERS served with Summons and Complaint.

➤ 12/02/24 Letter to City Attorney's Office sent. New claim reported to fiduciary carriers.

## **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**

### **Deana Martinez (a/k/a Dena Martinez) v. City of Milwaukee and Employes' Retirement System and Annuity and Pension Board**

Claimant alleges the City and the ERS are wrongfully offsetting her duty disability retirement allowance by a worker's compensation permanent partial disability award.

- 08/15/24 ERS served with Notice of Circumstances and Claim.
- 09/13/24 Letter with Notice sent to City Attorney's Office sent. New claim reported to fiduciary carriers.

### **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 Statutes.
- 11/20/24 City Attorney Office advised ERS that claimant's "Notice of Intent" is deemed a valid notice under Wisconsin State Statutes. The City Attorney's Office does not intend to take any action in response to the notice, and will allow the claim to be denied by the passage of time under 893.80(1g).

## **Part 4. ERS Litigation through Outside Legal Counsel**

**None.**

# Client Conferences 2025

Board Meeting: December 17, 2024

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
January 16, 2025 11:30 am – 12:30 pm	Callan's Capital Market Assumptions Webinar	Callan Associates
January 24, 2025 11:30 am – 12:30 pm	4Q24 Market Intelligence Webinar	Callan Associates
February 4 – 5, 2025	Apogem Annual General Meeting 2025 Miami, FL	Apogem Capital
February 11 – 12, 2025 10:30 am – 1:30 pm	"Callan College" on Alternative Investments Virtual	Callan Associates
March 3 – 5, 2025	Morgan Stanley Global Real Assets Investor Conference Miami, FL	Morgan Stanley
March 4 – 5, 2025	2025 Institutional Investor Insights (In3) New York, NY	BlackRock
March 11 – 13, 2025 10:30 am – 1:30 pm	"Callan College" Introduction to Investments Virtual	Callan Associates
April 1 – 3, 2025	Dimensional Fund Advisors Annual Conference Austin, TX	Dimensional Fund Advisors
April 27 – 29, 2025	Callan's 2025 National Conference Scottsdale, AZ	Callan Associates
October 28, 2025 8:00 am – 11:00 am	2025 October Workshop Chicago, IL	Callan Associates

# Trustee Conferences 2025

**Board Meeting: December 17, 2024**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
January 14 – 15, 2025	2025 AIF Annual Investor's Meeting New York, NY	AIF Institute
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 & 40 <sup>th</sup> Anniversary Celebration Washington DC	Council of Institutional Investors
March 24 – 26, 2025	Pension Bridge The Annual 2025 Half Moon Bay, CA	with.Intelligence
April 9 - 10, 2025	11 <sup>th</sup> Annual Midwest Institutional Forum Chicago, IL	Markets Group
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
April 30 – May 1, 2025	Investment Institute Fort Myers, FL	International Foundation of Employee Benefit Plans
May 4 – 7, 2025	Global Conference Los Angeles, CA	Milken Institute



# Trustee Conferences 2025

**Board Meeting: December 17, 2024**

DATE(S)	CONFERENCE(S) / LOCATION(S)	SPONSOR(S)
May 15, 2025	2025 Madison Investment Conference Madison, WI	CFA Society of Madison
May 17 – 18, 2025	NCPERS Accredited Fiduciary (NAF) Program & Trustee Educational Seminar (TEDS) Denver, CO	NCPERS
May 18 – 21, 2025	Annual Conference & Exhibition (ACE) Denver, CO	NCPERS
June 5, 2025	9 <sup>th</sup> Annual Real Estate Midwest Forum Chicago, IL	Markets Group
July 14 – 15, 2025	ALTSCHI Chicago, IL	Markets Group
July 15 – 17, 2025	Pension Bridge Private Equity Exclusive 2025 Chicago, CA	with.Intelligence
August 17 – 19, 2025	Public Pension Funding Forum Chicago, IL	NCPERS
September 8 – 10, 2025	CII Fall 2025 Conference San Francisco, CA	Council of Institutional Investors
September 30, 2025	11 <sup>th</sup> Annual Great Plains Institutional Forum Minneapolis, MN	Markets Group
October 25 – 26, 2025	NCPERS Accredited Fiduciary (NAF) Program & Program for Advanced Trustee Studies (PATs) Tampa, FL	NCPERS
October 26 – 29, 2025	Financial, Actuarial, Legislative & Legal (FALL) Conference Tampa, FL	NCPERS

# Upcoming Due Diligence Meetings

Date	Manager(s)	Team
December 19, 2024	Mesirow	Erich, Tom, Keith, Aaron

## Class Action Income 2024 YTD

Asset Description	Date(s)	Amount
Arthrocare Corp.	1/5/2024 \$	28,400
Teva Pharmaceutical	1/8/2024 \$	1,273
Countrywide Financial	1/30/2024 \$	82
Bank of America	2/7/2024 \$	14,750
Corrections Corp. of America	2/16/2024 \$	362
Petroleo Brasileiro SA	2/27/2024 \$	81,460
Oracle Corp.	5/10/2024 \$	212
Amedisys, Inc.	5/30/2024 \$	166
OSI Systems, Inc.	6/18/2024 \$	668
Wells Fargo & Company	7/12/2024 \$	50,806
Benefitfocus, Inc.	7/15/2024 \$	607
Cognizant Technology	7/18/2024 \$	343
Crocs, Inc.	8/20/2024 \$	22
LIBOR-Based Financial Instruments	9/11/2024 \$	2,881
JP Morgan Chase Bank	10/1/2024 \$	32
Nine Bank Settlement - Foreign Exchange Benchmark Rates	10/17/2024 \$	2,672
Wells Fargo & Company	10/24/2024 \$	2,213
<b>Total Class Action Income Received in 2024 YTD</b>	<b>\$</b>	<b>186,949</b>

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

Minutes of the Investment Committee Meeting  
held December 5, 2024 via teleconference

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

Committee Members Present:       Matthew Bell  
  Bill Christianson  
  Deborah Ford  
  Timothy Heling  
  Molly King  
  Thomas Klusman, Chair  
  Rudy Konrad  
  Nik Kovac

ERS 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.  
  Dan Gopalan, Chief Financial Officer  
  Jan Wills, Board Stenographer

Others present:, Jason Ellement, John Jackson, Mike Joecken, Adam Lozinski, Callan; Larry Langer, Cavanaugh Macdonald; Justin DeCleene, MPA; Terry Siddiqui, DS Consulting, Inc.; five members of the public called into the meeting.

**Callan Glide Path Analysis Presentation.** As a matter of information, Committee members received the Callan Glide Path Analysis Presentation booklet, a copy of which is on file with the Board Secretary and is hereby incorporated in these minutes. Messrs. Joecken, Ellement, and Lozinski gave a Callan Glide Path Analysis Presentation to the Committee and presented the following topics.

- Reassess Time Horizon
- Construction of Glide Paths
- Contribution Simulations under Act 12 Funding Policy
- Glide Path Analysis
  - Act 12 Funding Policy with no annual cap on employer contributions (current policy)
  - Act 12 Funding Policy with a hypothetical \$350M cap on employer contributions
  - Act 12 Funding Policy with a hypothetical \$250M cap on employer contributions
- Examine Liquidity Needs

A copy of this presentation is on file with the Board Secretary and by reference is incorporated as part of these minutes.

The Chair called for a break at 10:34 a.m.

The Chair resumed the meeting at 10:42 a.m.

**Chief Investment Officer Report.** Mr. Silber gave a performance update on the Fund and stated November was a good month for the markets and the Fund was up 1.8% or 1.9%, net of fees and a handful of basis points under the benchmark. He said there was strong performance among all asset classes, including stocks, bonds, hedge fund, and real assets. Mr. Silber noted the Fund was up 0.2% the first few days in December and as of December 4, the Fund is up 8.8% or 8.9%, net of fees. He noted the market value as of yesterday was \$6.0 billion. Mr. Silber said there is another \$40 million to pay out at the end of the month.

**Informational.**

**Callan 3<sup>rd</sup> Quarter 2024 Performance Report.** Mr. Klusman noted the Callan 3<sup>rd</sup> Quarter 2024 Performance Report as informational and placed it on file.

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

There being no further business, Mr. Klusman adjourned the meeting at 11:54 a.m.

Bernard J. Allen  
Secretary and Executive Director

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

**Fiscal Year**  
**2024**  
**Department**  
**Employees' Retirement System**

**City of Milwaukee**  
**Departmental**  
**Appropriation Budget Balances**

**As of: 2024-10-31**

	Budget	2024-8	2024-9	2024-10	Year to Date Expended	Life to Date Commitments	Remaining Budget
<i>Regular Departmental Appropriations:</i>							
Employee Salaries & Wages	5,002,345.00	-	-	-	-	-	5,002,345.00
Base Pay-Salary & Wage	-	523,464.37	348,477.21	375,729.89	3,656,124.01	-	(3,656,124.01)
Overtime Premium	-	-	-	-	448.24	-	(448.24)
Other Worked Compensation	-	-	-	54,971.55	66,148.54	-	(66,148.54)
Non-Worked Compensation	-	-	-	(16.00)	(16.00)	-	16.00
Time Paid Not Worked	-	82,454.95	72,332.82	34,531.59	654,880.20	-	(654,880.20)
Employee Salaries & Wages	\$ 5,002,345.00	605,919.32	420,810.03	465,217.03	\$ 4,377,584.99	\$ -	\$ 624,760.01
Fringe Benefits Applied	2,251,055.00	-	-	-	-	-	2,251,055.00
Fringe Benefits Applied	-	275,080.55	183,124.78	197,446.06	1,921,293.30	-	(1,921,293.30)
Applied Employee Benefits	\$ 2,251,055.00	275,080.55	183,124.78	197,446.06	\$ 1,921,293.30	\$ -	\$ 329,761.70
Operating Expenditures	16,305,400.00	-	-	-	-	-	16,305,400.00
Office Supplies	-	1,328.71	1,005.28	3,287.11	11,222.83	-	(11,222.83)
Printed Forms	-	-	-	-	625.55	-	(625.55)
Magazines, Subscription	-	570.33	1,889.98	172.99	8,694.32	-	(8,694.32)
Postal and Mailing Services	-	21,010.40	12,984.40	33,837.00	154,960.67	-	(154,960.67)
Electricity	-	2,080.96	2,256.32	2,176.99	24,179.87	-	(24,179.87)
Other Operating Supply	-	-	-	-	2,821.57	-	(2,821.57)
Building Rental	-	60,487.96	1,500.00	39,737.02	465,665.14	-	(465,665.14)
Passenger Vehicle Rental	-	-	-	-	9.49	-	(9.49)
Printing & Dupl Machine Rental	-	2,978.76	1,581.02	1,128.81	23,497.72	-	(23,497.72)
Consulting	-	38,804.90	40,204.90	38,754.90	488,268.35	-	(488,268.35)
Medical, Surgical & Lab	-	12,685.42	16,975.00	35,933.25	187,602.25	-	(187,602.25)
Administrative Charges	-	28,095.07	70,964.27	52,692.25	532,515.87	-	(532,515.87)
Other Professional Services	-	1,342,398.25	79,500.00	989,877.17	5,077,730.59	-	(5,077,730.59)
Systems Support	-	54,146.96	32,740.92	50,573.24	461,689.84	-	(461,689.84)
IT Infrastructure	-	-	-	1,031.11	21,279.11	-	(21,279.11)
Infrastructure	-	-	537.81	1,119.69	4,972.50	-	(4,972.50)
Telephone, Communications	-	6,937.48	4,969.92	8,130.23	74,907.28	-	(74,907.28)
Bldgs-Machinery & Equip Repair	-	-	575.50	-	10,468.08	-	(10,468.08)
Travel & Subsistence	-	4,849.71	6,906.76	10,854.27	56,282.78	-	(56,282.78)
Printing Services	-	2,155.83	634.12	137.38	8,530.99	-	(8,530.99)
Insurance-Non Health	-	-	-	450,231.00	461,800.00	-	(461,800.00)
Other Misc Services	-	487.62	1,108.70	576.62	43,809.80	-	(43,809.80)
Operating Expenditures	\$ 16,305,400.00	1,579,018.36	276,334.90	1,720,251.03	\$ 8,121,534.60	\$ -	\$ 8,183,865.40
All Equipment	713,000.00	-	-	-	-	-	713,000.00
Computer Server & Components	-	-	24,200.00	-	71,769.14	-	(71,769.14)
Total Equipment	\$ 713,000.00	-	24,200.00	-	\$ 71,769.14	\$ -	\$ 641,230.86
<b>Total Regular Class</b>	<b>\$ 24,271,800.00</b>	<b>2,460,018.23</b>	<b>904,469.71</b>	<b>2,382,914.12</b>	<b>\$ 14,492,182.03</b>	<b>\$ -</b>	<b>\$ 9,779,617.97</b>
<i>Other Departmental Appropriations:</i>							
Pol Pension Lump-Sum Sup Cont	2,000.00	-	-	-	2,000.00	-	-
PABF Payroll	12,000.00	-	-	-	2,500.00	-	9,500.00
Group Life Insurance Premium	4,200,000.00	338,198.23	337,153.93	327,372.80	3,383,210.40	-	816,789.60
Retiree's Benefit Adjustment	25,000.00	1,144.68	1,144.68	1,144.68	11,794.74	-	13,205.26
Other Classes	\$ 4,239,000.00	339,342.91	338,298.61	328,517.48	\$ 3,399,505.14	\$ -	\$ 839,494.86
<b>Total Dept Appropriations</b>	<b>\$ 28,510,800.00</b>	<b>2,799,361.14</b>	<b>1,242,768.32</b>	<b>2,711,431.60</b>	<b>\$ 17,891,687.17</b>	<b>\$ -</b>	<b>\$ 10,619,112.83</b>

# Monthly Board Report

30-Nov-24

Account number COMALL

CITY OF MILW ALL ACCTS

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-CASH ACCOUNT 2605491	0.00 0.00%	51,740,247.06 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	51,740,247.06 0.85%
MILWAUKEE-THE NORTHERN TRS 2605496	0.00 0.00%	0.00 0.00%	210,813,526.40 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	210,813,526.40 3.47%
MILWAUKEE-ERS EXPENSE FUND 2605504	0.00 0.00%	858,136.13 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	858,136.13 0.01%
MILWAUKEE-PABF BENEFIT PAYMENT 2610128	0.00 0.00%	2,454.71 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	2,454.71 0.00%
MILWAUKEE-DFA INTERNATIONAL 2619838	0.00 0.00%	0.00 0.00%	163,718,747.30 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	163,718,747.30 2.70%
MILWAUKEE-EARNEST -SL 2630942	0.00 0.00%	4,356,055.10 2.32%	183,630,772.10 97.68%	0.00 0.00%	0.00 0.00%	0.00 0.00%	187,986,827.20 3.09%
MILWAUKEE - UBS A&Q 2637239	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	273,387,276.00 100.00%	0.00 0.00%	273,387,276.00 4.50%
MILWAUKEE-DFA 2637848	0.00 0.00%	0.00 0.00%	215,640,388.60 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	215,640,388.60 3.55%
MILWAUKEE-BAIRD 2674604	0.00 0.00%	31,838,312.82 35.68%	0.00 0.00%	59,166,446.22 66.30%	0.00 0.00%	-1,770,732.80 -1.98%	89,234,026.24 1.47%
MILWAUKEE - BLACKROCK R1000V 4472746	0.00 0.00%	0.00 0.00%	210,500,139.80 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	210,500,139.80 3.47%
MILWAUKEE-LOOMIS SAYLE CME01	14,032,160.86 2.90%	0.00 0.00%	4,883,309.47 1.01%	639,517,441.50 131.98%	-170,824,882.90 -35.25%	-3,066,497.66 -0.63%	484,541,531.30 7.98%
MILWAUKEE-BRANDES INT'L EQUITY CME03	8,035,174.05 2.62%	0.00 0.00%	296,283,101.00 96.70%	0.00 0.00%	2,065,617.98 0.67%	0.00 0.00%	306,383,893.00 5.04%
MILWAUKEE-REAMS CME04	110,964,626.70 14.70%	0.00 0.00%	0.00 0.00%	837,201,567.90 110.93%	2,872,696.10 0.38%	-196,353,693.10 -26.02%	754,685,197.60 12.42%
MILWAUKEE-BLAIR CME05	4,983,040.35 2.19%	0.00 0.00%	221,891,685.80 97.38%	0.00 0.00%	997,325.83 0.44%	0.00 0.00%	227,872,052.00 3.75%
MILWAUKEE-MFS CME12	2,981,130.07 1.40%	0.00 0.00%	210,318,711.20 98.42%	0.00 0.00%	394,346.12 0.18%	0.00 0.00%	213,694,187.40 3.52%

# Monthly Board Report

30-Nov-24

Account number COMALL

CITY OF MILW ALL ACCTS

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
MILWAUKEE-POLEN 2644553	0.00 0.00%	1,863,994.59 1.50%	122,125,183.40 98.50%	0.00 0.00%	0.00 0.00%	-2,626.23 0.00%	123,986,551.70 2.04%
MILWAUKEE - PRINCIPAL DRA -SL 2677436	0.00 0.00%	0.00 0.00%	190,320,080.50 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	190,320,080.50 3.13%
MILWAUKEE-BLACKROCK GLOBAL-SL 2683493	0.00 0.00%	0.00 0.00%	258,594,416.20 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	258,594,416.20 4.26%
MILWAUKEE- AQR-SL 4468331	0.00 0.00%	0.00 0.00%	104,813,511.00 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	104,813,511.00 1.73%
MILWAUKEE-APTITUDE / 4479682 4479682	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	188,199,847.90 100.00%	0.00 0.00%	188,199,847.90 3.10%
MILWAUKEE - DFA US LCV CME15	669,916.47 0.43%	0.00 0.00%	154,280,537.10 99.64%	0.00 0.00%	0.00 0.00%	-112,907.15 -0.07%	154,837,546.40 2.55%
MILWAUKEE-REAL ESTATE MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	479,900,547.54 100.00%	0.00 0.00%	479,900,547.54 7.90%
MILWAUKEE-PRIVATE EQUITY MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	759,243,938.00 100.00%	0.00 0.00%	759,243,938.00 12.50%
MILWAUKEE - BLACKROCK US G-SL MULTIPLE	0.00 0.00%	0.00 0.00%	0.00 0.00%	423,340,158.70 100.00%	0.00 0.00%	0.00 0.00%	423,340,158.70 6.97%



# Monthly Board Report

30-Nov-24

Account number COMALL

CITY OF MILW ALL ACCTS

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## Manager Mix Report

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total Market Value/ % of consolidation
<b>Total for consolidation</b>	<b>141,666,048.50</b>	<b>90,659,200.41</b>	<b>2,547,814,109.87</b>	<b>1,959,225,614.32</b>	<b>1,536,236,712.57</b>	<b>-201,306,456.94</b>	<b>6,074,295,228.68</b>
<b>% for consolidation</b>	<b>2.33%</b>	<b>1.49%</b>	<b>41.94%</b>	<b>32.25%</b>	<b>25.29%</b>	<b>-3.31%</b>	<b>100.00%</b>

Please note that this report has been prepared using best available data. This report may also contain information provided by third parties, derived by third parties or derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction - Northern Trust assumes no responsibility for the accuracy, timeliness or completeness of any such information. Northern Trust assumes no responsibility for the consequences of investment decisions made in reliance on information contained in this report. If you have questions regarding third party data or direction as it relates to this report, please contact your Northern Trust relationship team.

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

<b>Date</b>	<b>Income From Lending</b>	<b>Amounts Expended</b>		<b>Balance</b>
		<b>Fees</b>	<b>Administrative Transfers</b>	
<b>Balance 12-31-23</b>				<b>\$852,821.09</b>
<b>Quarter 1 Totals</b>	\$497,937.30	\$97,968.54	\$853,000.00	399,789.85
<b>Quarter 2 Totals</b>	\$238,225.63	\$46,436.75	\$0.00	591,578.73
<b>Quarter 3 Totals</b>	\$176,126.86	\$33,552.99	\$0.00	734,152.60
10/03/24	\$3,017.44	\$0.00	\$0.00	\$737,170.04
10/15/24	\$56,873.84	\$11,369.01	\$0.00	\$782,674.87
11/05/24	\$3,194.77	\$0.00	\$0.00	\$785,869.64
11/15/24	\$86,486.03	\$17,290.81	\$0.00	\$855,064.86
<b>Current Totals</b>	<b>\$1,061,861.87</b>	<b>\$206,618.10</b>	<b>\$853,000.00</b>	<b>\$855,064.86</b>

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

**MERS PERFORMANCE ESTIMATES**  
November 30, 2024

Account	2023 Return	1st Quarter 2024	2nd Quarter 2024	3rd Quarter 2024	Oct 2024	Nov 2024	YTD Thru 11/30/24
<b>Northern Trust S&amp;P 500 Index</b>	26.30%	10.55%	4.28%	5.88%	-0.91%	5.87%	28.06%
S&P 500	<u>26.29%</u>	<u>10.56%</u>	<u>4.28%</u>	<u>5.89%</u>	<u>-0.91%</u>	<u>5.87%</u>	<u>28.07%</u>
Difference	0.01%	-0.01%	0.00%	0.00%	0.00%	0.00%	-0.02%
<b>BlackRock Russell 1000 Value Index</b>	11.51%	8.99%	-2.16%	9.44%	-1.10%	6.39%	22.77%
Russell 1000 Value	<u>11.46%</u>	<u>8.99%</u>	<u>-2.17%</u>	<u>9.43%</u>	<u>-1.10%</u>	<u>6.39%</u>	<u>22.76%</u>
Difference	0.05%	0.00%	0.00%	0.01%	0.00%	0.00%	0.01%
<b>DFA US Large Cap Value</b>	12.49%	11.56%	-3.20%	7.45%	-0.62%	6.73%	23.07%
Russell 1000 Value	<u>11.46%</u>	<u>8.99%</u>	<u>-2.17%</u>	<u>9.43%</u>	<u>-1.10%</u>	<u>6.39%</u>	<u>22.76%</u>
Difference	1.03%	2.58%	-1.04%	-1.98%	0.48%	0.34%	0.31%
<b>Polen</b>	38.59%	7.73%	-0.52%	3.59%	-0.91%	7.78%	18.56%
S&P 500	<u>26.29%</u>	<u>10.56%</u>	<u>4.28%</u>	<u>5.89%</u>	<u>-0.91%</u>	<u>5.87%</u>	<u>28.07%</u>
Difference	12.30%	-2.83%	-4.81%	-2.30%	-0.01%	1.91%	-9.51%
<b>Earnest</b>	17.75%	8.17%	-5.07%	8.44%	-1.82%	5.91%	15.78%
Russell MidCap	<u>17.23%</u>	<u>8.60%</u>	<u>-3.35%</u>	<u>9.21%</u>	<u>-0.54%</u>	<u>8.82%</u>	<u>24.07%</u>
Difference	0.52%	-0.43%	-1.73%	-0.77%	-1.28%	-2.91%	-8.29%
<b>CastleArk</b>	10.67%	8.75%					8.75%
Russell 2000 Growth	<u>18.66%</u>	<u>2.17%</u>					<u>2.17%</u>
Difference	-7.99%	6.58%					6.58%
<b>DFA US Small Cap Value</b>	21.83%	3.61%	-3.34%	7.76%	-1.59%	10.05%	16.88%
Russell 2000 Value	<u>14.65%</u>	<u>2.90%</u>	<u>-3.64%</u>	<u>10.15%</u>	<u>-1.56%</u>	<u>9.65%</u>	<u>17.88%</u>
Difference	7.18%	0.71%	0.30%	-2.39%	-0.02%	0.40%	-1.00%
<b>Brandes</b>	31.52%	5.27%	-0.08%	12.27%	-5.25%	-1.97%	9.69%
MSCI EAFE	<u>18.24%</u>	<u>5.78%</u>	<u>-0.42%</u>	<u>7.26%</u>	<u>-5.44%</u>	<u>-0.57%</u>	<u>6.24%</u>
Difference	13.29%	-0.52%	0.34%	5.01%	0.19%	-1.41%	3.45%
<b>William Blair</b>	15.90%	6.83%	-1.35%	5.10%	-4.70%	0.15%	5.72%
MSCI ACWI ex US	<u>16.21%</u>	<u>4.81%</u>	<u>1.17%</u>	<u>8.17%</u>	<u>-4.86%</u>	<u>-0.89%</u>	<u>8.16%</u>
Difference	-0.31%	2.02%	-2.52%	-3.07%	0.16%	1.03%	-2.44%
<b>DFA Int'l Small Cap Value</b>	17.56%	5.32%	0.98%	8.48%	-5.13%	0.57%	10.08%
MSCI EAFE Small Cap	<u>13.16%</u>	<u>2.40%</u>	<u>-1.84%</u>	<u>10.54%</u>	<u>-6.27%</u>	<u>0.07%</u>	<u>4.21%</u>
Difference	4.40%	2.92%	2.83%	-2.06%	1.13%	0.50%	5.87%
<b>AQR</b>	17.92%	6.14%	5.15%	2.59%	-4.10%	-3.19%	6.31%
MSCI EM	<u>9.83%</u>	<u>2.37%</u>	<u>5.00%</u>	<u>8.72%</u>	<u>-4.45%</u>	<u>-3.59%</u>	<u>7.65%</u>
Difference	8.09%	3.77%	0.16%	-6.13%	0.35%	0.40%	-1.34%
<b>BlackRock Global Alpha Tilts</b>	23.33%	9.12%	4.26%	5.42%	-1.72%	3.89%	22.46%
MSCI ACWI	<u>22.20%</u>	<u>8.20%</u>	<u>2.87%</u>	<u>6.61%</u>	<u>-2.24%</u>	<u>3.74%</u>	<u>20.34%</u>
Difference	1.13%	0.92%	1.39%	-1.20%	0.53%	0.15%	2.12%
<b>MFS</b>	21.34%	6.48%	1.07%	7.29%	-3.63%	3.48%	15.15%
MSCI ACWI	<u>22.20%</u>	<u>8.20%</u>	<u>2.87%</u>	<u>6.61%</u>	<u>-2.24%</u>	<u>3.74%</u>	<u>20.34%</u>
Difference	-0.87%	-1.72%	-1.80%	0.68%	-1.38%	-0.26%	-5.19%
<b>BlackRock Gov't Bond Index</b>	4.26%	-0.90%	0.18%	4.73%	-2.35%	0.85%	2.39%
Bloomberg Gov't Bond	<u>4.09%</u>	<u>-0.93%</u>	<u>0.11%</u>	<u>4.71%</u>	<u>-2.36%</u>	<u>0.77%</u>	<u>2.18%</u>
Difference	0.17%	0.04%	0.07%	0.01%	0.01%	0.08%	0.21%
<b>Reams</b>	6.76%	-0.63%	0.48%	5.11%	-2.50%	1.30%	3.64%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.78%</u>	<u>0.07%</u>	<u>5.20%</u>	<u>-2.48%</u>	<u>1.06%</u>	<u>2.93%</u>
Difference	1.23%	0.14%	0.41%	-0.09%	-0.02%	0.24%	0.71%
<b>Loomis Sayles</b>	8.53%	0.63%	0.24%	6.04%	-1.84%	1.09%	6.13%
Bloomberg US Aggregate	<u>5.53%</u>	<u>-0.78%</u>	<u>0.07%</u>	<u>5.20%</u>	<u>-2.48%</u>	<u>1.06%</u>	<u>2.93%</u>
Difference	3.00%	1.41%	0.17%	0.84%	0.64%	0.04%	3.20%
<b>UBS</b>	6.80%	2.57%	1.93%	2.65%	0.95%	0.91%	9.33%
SOFR + 4%	<u>9.02%</u>	<u>2.31%</u>	<u>2.28%</u>	<u>2.30%</u>	<u>0.72%</u>	<u>0.68%</u>	<u>8.55%</u>
Difference	-2.21%	0.27%	-0.35%	0.35%	0.23%	0.23%	0.78%
<b>Aptitude</b>	5.24%	4.80%	1.43%	2.30%	0.66%	2.18%	11.86%
SOFR + 4%	<u>9.02%</u>	<u>2.31%</u>	<u>2.28%</u>	<u>2.30%</u>	<u>0.72%</u>	<u>0.68%</u>	<u>8.55%</u>
Difference	-3.78%	2.50%	-0.85%	0.00%	-0.06%	1.50%	3.31%
<b>Principal</b>	3.31%	1.68%	-0.36%	7.77%	-2.47%	1.78%	8.39%
Blended Benchmark	<u>4.31%</u>	<u>0.67%</u>	<u>0.40%</u>	<u>9.14%</u>	<u>-2.88%</u>	<u>1.62%</u>	<u>8.87%</u>
Difference	-1.00%	1.01%	-0.76%	-1.37%	0.41%	0.16%	-0.48%
<b>Baird</b>	5.46%	0.96%	1.16%	2.39%	-0.20%	0.46%	4.85%
Bloomberg Govt/Credit 1-3 Year	<u>4.61%</u>	<u>0.42%</u>	<u>0.95%</u>	<u>2.96%</u>	<u>-0.57%</u>	<u>0.34%</u>	<u>4.13%</u>
Difference	0.85%	0.54%	0.20%	-0.56%	0.37%	0.12%	0.72%
<b>Total MERS</b>	<b>9.98%</b>	<b>2.83%</b>	<b>0.69%</b>	<b>4.85%</b>	<b>-1.71%</b>	<b>1.88%</b>	<b>8.70%</b>

The calculation for the Fund's total rate of return is based on the Modified Dietz method. Although periodic cash flows (i.e., contributions, redemptions) are not time weighted, they are accounted for in the Fund's total rate of return. Therefore, this estimated rate of return may vary slightly from the rate of return reported by the custodian.

The returns shown are gross of fees (except Total MERS, DFA International Small Cap Value, William Blair International Growth, AQR, Principal, UBS, and Aptitude) CastleArk performance runs through February 14, 2024.

## ACTUAL ALLOCATIONS

November 30, 2024

		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 210,813,526	3.52%
	BlackRock (Russell 1000 Value)	3.45%	\$ 210,500,140	3.51%
	Sub-Total Passive Large Cap Equity	6.90%	\$ 421,313,666	7.03%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 123,986,552	2.07%
	DFA (Russell 1000 Value)	2.46%	\$ 154,839,870	2.59%
	Sub-Total Active Large Cap Equity	4.40%	\$ 278,826,422	4.66%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	\$ 187,986,827	3.14%
	DFA (Russell 2000 Value)	3.05%	\$ 215,640,389	3.60%
	Sub-Total Active Mid/Small Cap Equity	6.24%	\$ 403,627,216	6.74%
<b>Total Domestic</b>		<b>17.55%</b>	<b>\$ 1,103,767,304</b>	<b>18.43%</b>
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 306,403,340	5.12%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 227,894,667	3.81%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 163,718,747	2.73%
	AQR (MSCI EM)	1.76%	\$ 101,469,029	1.69%
<b>Total International</b>		<b>13.65%</b>	<b>\$ 799,485,783</b>	<b>13.35%</b>
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 258,594,416	4.32%
	MFS (MSCI ACWI)	3.51%	\$ 213,710,085	3.57%
<b>Total Global</b>		<b>7.80%</b>	<b>\$ 472,304,502</b>	<b>7.89%</b>
<b>Total Public Equity</b>		<b>39.00%</b>	<b>\$ 2,375,557,588</b>	<b>39.66%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 297,482,836	4.97%
	Mesirov (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 286,822,122	4.79%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 72,555,111	1.21%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 102,383,869	1.71%
<b>Total Private Equity</b>		<b>12.00%</b>	<b>\$ 759,243,938</b>	<b>12.68%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>51.00%</b>	<b>\$ 3,134,801,526</b>	<b>52.34%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash		1.00%	\$ 52,600,838	0.88%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 423,340,159	7.07%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	\$ 754,685,198	12.60%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 484,587,045	8.09%
	Sub-Total Active Fixed Income	20.78%	\$ 1,239,272,243	20.69%
<b>Total Fixed Income</b>		<b>29.00%</b>	<b>\$ 1,715,213,240</b>	<b>28.64%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 192,309,392	3.21%
	UBS (SOFR + 4%)	4.00%	\$ 275,875,100	4.61%
<b>Total Absolute Return</b>		<b>7.00%</b>	<b>\$ 468,184,492</b>	<b>7.82%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>36.00%</b>	<b>\$ 2,183,397,732</b>	<b>36.46%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 101,387,825	1.69%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 144,412,934	2.41%
	LaSalle (NFI-ODCE)	2.30%	\$ 105,476,770	1.76%
	Prologis (NFI-ODCE)	1.30%	\$ 82,086,006	1.37%
	Harrison Street (NFI-ODCE)	0.90%	\$ 37,202,627	0.62%
	Sub-Total Private Real Estate - Core	9.70%	\$ 470,566,162	7.86%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 9,981,581	0.17%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 190,320,080	3.18%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 670,867,824</b>	<b>11.20%</b>
<b>TOTAL ERS</b>			<b>\$ 5,989,067,082</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>		<b>R. W. Baird</b>	<b>89,234,026</b>	

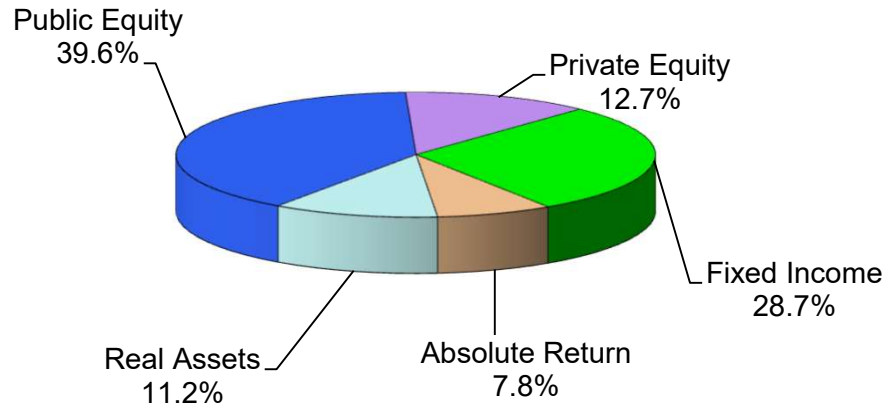
## PROJECTED TARGET ALLOCATIONS

Dec 10, 2024

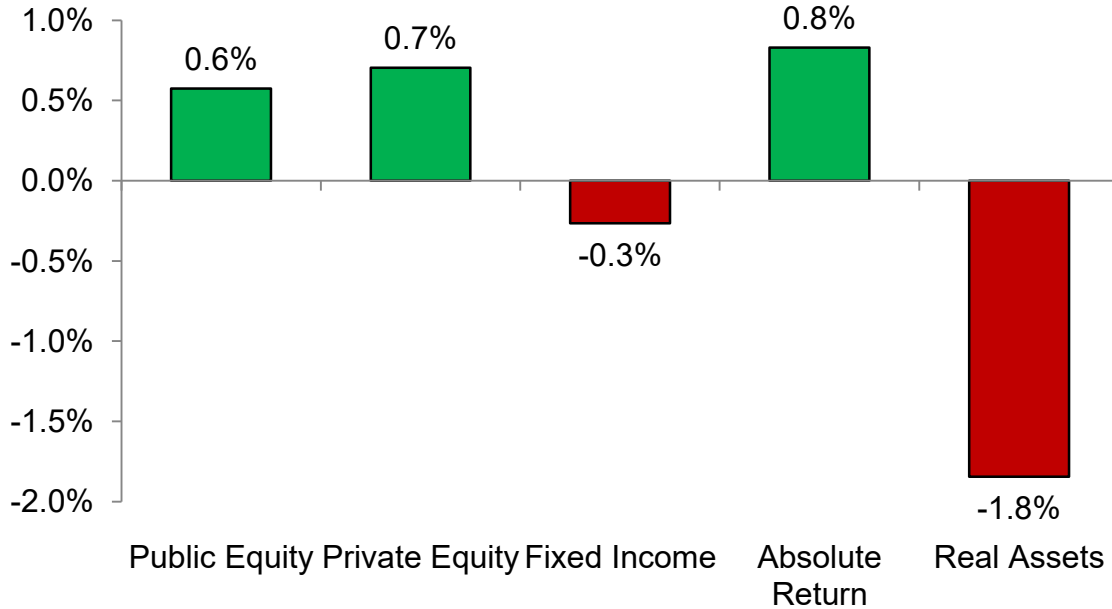
		Target	Market Value	Allocation
<b>EQUITY</b>				
<b>Public Equity</b>				
Domestic				
Passive Large Cap Equity	Northern Trust (S&P 500)	3.45%	\$ 211,004,816	3.53%
	BlackRock (Russell 1000 Value)	3.45%	\$ 204,214,172	3.41%
	Sub-Total Passive Large Cap Equity	6.90%	\$ 415,218,988	6.94%
Active Large Cap Equity	Polen (S&P 500)	1.94%	\$ 126,965,430	2.12%
	DFA (Russell 1000 Value)	2.46%	\$ 149,539,450	2.50%
	Sub-Total Active Large Cap Equity	4.40%	\$ 276,504,880	4.62%
Active Mid/Small Cap Equity	Earnest Partners (Russell MidCap)	3.20%	\$ 183,126,170	3.06%
	DFA (Russell 2000 Value)	3.05%	\$ 210,877,772	3.53%
	Sub-Total Active Mid/Small Cap Equity	6.24%	\$ 394,003,942	6.59%
<b>Total Domestic</b>		<b>17.55%</b>	<b>\$ 1,085,727,811</b>	<b>18.16%</b>
International				
Active International Equity	Brandes (MSCI EAFE)	5.14%	\$ 306,961,828	5.13%
	William Blair (MSCI ACWI ex US)	3.91%	\$ 230,356,442	3.85%
	DFA (MSCI EAFE Small Cap)	2.84%	\$ 164,856,256	2.76%
	AQR (MSCI EM)	1.76%	\$ 104,592,537	1.75%
<b>Total International</b>		<b>13.65%</b>	<b>\$ 806,767,063</b>	<b>13.49%</b>
Global				
Active Global Equity	BlackRock (MSCI ACWI)	4.29%	\$ 259,751,205	4.34%
	MFS (MSCI ACWI)	3.51%	\$ 214,286,096	3.58%
<b>Total Global</b>		<b>7.80%</b>	<b>\$ 474,037,302</b>	<b>7.93%</b>
<b>Total Public Equity</b>		<b>39.00%</b>	<b>\$ 2,366,532,175</b>	<b>39.57%</b>
<b>Private Equity</b>				
	Abbott Capital (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 297,972,836	4.98%
	Mesirow (Russell 3000 Quarter Lag + 2%)	4.20%	\$ 286,822,122	4.80%
	Neuberger Berman (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 72,555,111	1.21%
	Apogem (Russell 3000 Quarter Lag + 2%)	1.80%	\$ 102,383,869	1.71%
<b>Total Private Equity</b>		<b>12.00%</b>	<b>\$ 759,733,938</b>	<b>12.70%</b>
<b>TOTAL EQUITY (Public Equity + Private Equity)</b>		<b>51.00%</b>	<b>\$ 3,126,266,113</b>	<b>52.28%</b>
<b>FIXED INCOME &amp; ABSOLUTE RETURN</b>				
<b>Fixed Income</b>				
Cash				
		1.00%	\$ 53,503,087	0.89%
Passive Fixed Income	BlackRock (Bloomberg US Government)	7.22%	\$ 422,941,813	7.07%
Active Fixed Income	Reams (Bloomberg US Aggregate)	12.83%	\$ 755,471,688	12.63%
	Loomis Sayles (Bloomberg US Aggregate)	7.95%	\$ 486,536,864	8.14%
	Sub-Total Active Fixed Income	20.78%	\$ 1,242,008,553	20.77%
<b>Total Fixed Income</b>		<b>29.00%</b>	<b>\$ 1,718,453,452</b>	<b>28.74%</b>
<b>Absolute Return</b>				
	Aptitude (SOFR + 4%)	3.00%	\$ 192,309,392	3.22%
	UBS (SOFR + 4%)	4.00%	\$ 275,875,100	4.61%
<b>Total Absolute Return</b>		<b>7.00%</b>	<b>\$ 468,184,492</b>	<b>7.83%</b>
<b>TOTAL FIXED INCOME &amp; ABSOLUTE RETURN</b>		<b>36.00%</b>	<b>\$ 2,186,637,945</b>	<b>36.57%</b>
<b>REAL ASSETS</b>				
Private Real Estate - Core	JP Morgan (NFI-ODCE)	2.50%	\$ 101,387,825	1.70%
	Morgan Stanley (NFI-ODCE)	2.70%	\$ 144,412,934	2.41%
	LaSalle (NFI-ODCE)	2.30%	\$ 105,476,770	1.76%
	Prologis (NFI-ODCE)	1.30%	\$ 82,086,006	1.37%
	Harrison Street (NFI-ODCE)	0.90%	\$ 37,202,627	0.62%
	Sub-Total Private Real Estate - Core	9.70%	\$ 470,566,162	7.87%
Private Real Estate - Non-Core	Non-Core Real Estate (NFI-ODCE)	0.00%	\$ 9,977,719	0.17%
Public Real Assets	Principal (Blended Benchmark)	3.30%	\$ 186,608,391	3.12%
<b>TOTAL REAL ASSETS</b>		<b>13.00%</b>	<b>\$ 667,152,272</b>	<b>11.16%</b>
<b>TOTAL ERS</b>			<b>\$ 5,980,056,329</b>	<b>100.00%</b>
<b>Total City Reserve Fund</b>		<b>R. W. Baird</b>	<b>89,391,256</b>	

# PROJECTED VERSUS POLICY ALLOCATIONS

## Asset Mix Using Projected Balances



## Asset Allocation vs. Current Policy Benchmark



## YTD Market Value Change

December 31, 2023 Market Value including City Reserve & PABF Accounts			\$ 5,797,273,012
Monthly Cash Outflows thru	<u>December 10, 2024</u>		
Retiree Payroll Expense		\$ (444,374,034)	
PABF Payroll Expense		\$ (4,000)	
Expenses Paid		\$ (17,700,343)	
GPS Benefit Payments		\$ (6,875,774)	
Sub-Total Monthly Cash Outflows		<u>\$ (468,954,151)</u>	\$ (468,954,151)
Monthly Cash Inflows thru	<u>December 10, 2024</u>		
Contributions		\$ 244,318,833	
PABF Contribution		\$ 4,500	
Sub-Total Monthly Contributions		<u>\$ 244,323,333</u>	\$ 244,323,333
Capital Market Gain/(Loss)			<u>\$ 496,805,391</u>
Value including City Reserve & PABF Accounts as of	<u>December 10, 2024</u>		<u>\$ 6,069,447,585</u>
Less City Reserve Account <sup>1</sup>			\$ 89,391,256
Less PABF Fund <sup>2</sup>			\$ 2,458
Net Projected ERS Fund Value as of	<u>December 10, 2024</u>		<u><u>\$ 5,980,053,871</u></u>

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 12/11/2024

(in 000's)

	<u>12/31/2023</u>	<u>1/31/2024</u>	<u>2/29/2024</u>	<u>3/31/2024</u>	<u>4/30/2024</u>	<u>5/31/2024</u>	<u>6/30/2024</u>	<u>7/31/2024</u>	<u>8/31/2024</u>	<u>9/30/2024</u>	<u>10/31/2024</u>	<u>11/30/2024</u>	
<b>Beginning Cash Account Balance</b>													
Townsend Cash Account	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Contribution Account	-	-	-	-	-	-	-	-	-	-	-	-	
Milwaukee Cash Account	46,059	179,092	167,742	134,564	88,675	79,198	68,983	84,150	100,236	95,711	85,891	51,403	
Total Cash Available	46,059	179,092	167,742	134,564	88,675	79,198	68,983	84,150	100,236	95,711	85,891	51,403	
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	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	46,391	11,903	
<b>For Monthly Cash Outflows of:</b>													
Retiree Payroll Expense	(40,300)	(39,713)	(39,957)	(39,552)	(39,807)	(40,814)	(40,173)	(41,117)	(46,317)	(41,050)	(42,450)	(43,286)	(494,536)
Normal Retirement Payroll	(39,242)	(38,947)	(39,410)	(39,270)	(39,346)	(39,886)	(39,621)	(39,948)	(45,917)	(40,605)	(42,181)	(42,286)	(486,660)
Retiree Lump Sum Payments	(1,058)	(765)	(546)	(282)	(460)	(928)	(552)	(1,169)	(401)	(445)	(269)	(1,000)	(7,876)
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)	(4,716)	(10,576)	(490)	(63,377)
Expenses Paid through City	(2,023)	(2,156)	(1,198)	-	(986)	(2,923)	(856)	(2,646)	(1,726)	(923)	(2,263)	(2,023)	(19,723)
PABF Payroll	(1)	(3)	(1)	(1)	-	-	-	-	-	-	-	-	(4)
<b>Sub-Total Monthly Cash Outflows</b>	<b>(44,472)</b>	<b>(45,336)</b>	<b>(47,351)</b>	<b>(66,085)</b>	<b>(41,406)</b>	<b>(47,718)</b>	<b>(55,932)</b>	<b>(53,329)</b>	<b>(53,301)</b>	<b>(59,209)</b>	<b>(55,289)</b>	<b>(45,799)</b>	<b>(615,228)</b>
<b>For Monthly Cash Inflows:</b>													
Sponsoring Agency and Employee Contribution	2,710	2,721	2,049	3,675	2,708	2,613	2,394	3,622	2,605	2,660	2,654	2,660	33,071
Real Estate Distributions	1,920	-	92	4,428	-	147	3,944	7	354	5,918	59	-	16,870
Private Equity Distributions	904	3,891	11,310	1,935	2,547	8,037	5,361	18,593	9,635	16,116	8,508	1,057	87,894
Miscellaneous Income	163	950	790	755	573	406	445	406	482	496	380	338	6,183
Security Lending Transfer	853	-	-	-	-	-	-	-	-	-	-	-	853
City and Agency Required Contribution	205,954	987	-	-	-	-	5,456	186	-	-	-	-	212,584
PABF Inflow	-	1	-	3.0	1	-	-	-	-	-	-	-	5
<b>Sub-Total Monthly Cash Inflows</b>	<b>212,505</b>	<b>8,551</b>	<b>14,242</b>	<b>10,796</b>	<b>5,829</b>	<b>11,203</b>	<b>17,600</b>	<b>22,815</b>	<b>13,075</b>	<b>25,190</b>	<b>11,600</b>	<b>4,055</b>	<b>357,460</b>
<b>Net Monthly Cash Inflows/(Outflows) Before Withdrawals</b>	<b>168,033</b>	<b>(36,785)</b>	<b>(33,110)</b>	<b>(55,290)</b>	<b>(35,577)</b>	<b>(36,515)</b>	<b>(38,332)</b>	<b>(30,514)</b>	<b>(40,226)</b>	<b>(34,019)</b>	<b>(43,689)</b>	<b>(41,744)</b>	<b>(257,768)</b>
<b>Net Monthly Cash Surplus (Need)</b>	<b>174,592</b>	<b>102,807</b>	<b>95,132</b>	<b>39,775</b>	<b>13,598</b>	<b>3,183</b>	<b>(8,850)</b>	<b>14,136</b>	<b>20,511</b>	<b>22,191</b>	<b>2,703</b>	<b>(29,841)</b>	<b>449,936</b>
<b>Monthly Cash Withdrawals (Additions)</b>													
AQR	-	-	-	-	4,100	4,000	4,000	-	-	-	-	-	12,100
BlackRock Global Alpha Tilts	-	-	9,400	-	9,400	9,300	-	6,600	-	9,200	-	-	43,900
BlackRock Russell 1000 Value Index	-	-	-	-	-	-	7,600	5,300	4,000	7,300	-	-	24,200
BlackRock US Government Bond Index	(54,000)	-	-	-	-	-	-	-	-	-	-	-	(54,000)
Brandes	-	-	-	-	12,400	-	12,100	11,900	11,300	-	-	-	47,700
CastleArk	-	-	-	-	-	-	-	-	-	-	-	-	-
Dimensional Fund Advisors US Large Cap	-	-	-	-	-	5,200	-	3,800	-	5,300	-	-	14,300
Dimensional Fund Advisors International	-	-	-	-	6,200	-	4,400	-	4,300	-	-	-	14,900
Dimensional Fund Advisors US Small Cap	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnest	-	-	-	-	-	-	-	-	-	-	-	-	-
Loomis Sayles	-	-	-	-	-	-	-	-	-	-	-	-	-
MFS	-	-	-	-	7,500	-	-	-	5,200	-	-	-	12,700
Northern Trust S&P 500 Index	-	-	7,400	-	-	7,600	7,500	5,200	-	7,400	-	-	35,100
Polen	-	-	4,500	-	-	-	-	4,400	4,300	4,200	-	-	17,400
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Reams	-	-	-	-	-	-	-	-	-	-	-	-	-
Transition Account	-	25,435	33	0	-	-	-	-	-	-	-	-	25,467
UBS A&Q	19,000	-	-	-	-	-	-	-	-	-	-	-	19,000
Goldman/Aptitude	-	-	(12,000)	-	-	-	-	12,000	-	-	-	-	-
William Blair	-	-	-	-	-	-	8,600	-	-	-	-	-	8,600
<b>Sub-Total Monthly Cash Withdrawals</b>	<b>(35,000)</b>	<b>25,435</b>	<b>9,333</b>	<b>0</b>	<b>39,600</b>	<b>26,100</b>	<b>44,200</b>	<b>49,200</b>	<b>29,100</b>	<b>33,400</b>	<b>-</b>	<b>-</b>	<b>221,367</b>
<b>Estimated Month-End Cash Balance</b>													
Cash Available	139,592	128,242	104,464	39,775	53,198	29,283	35,350	63,336	49,611	55,591	2,703	(29,841)	
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	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	95,091	42,203	9,659	