



**Milwaukee County Employees' Retirement System Pension Board
May 12, 2026, Investment Committee Meeting**

MINUTES

Call to Order

Investment Committee Chairperson Anthony Johnson called the Investment Committee to order at 10:02 a.m. on Tuesday, May 12, 2026. The meeting was held virtually via Microsoft Teams.

Committee Members Present:

Mark Grady
Anthony Johnson
Jeremy Lucas

Other Board Members Present:

Joshua Benson

Others Present:

Erika Bronikowski, Retirement Plan Services
Annamarie Kirsanoff, Retirement Plan Services
Judd Taback, Milwaukee County Office of Corporation Counsel
Jennifer Pickett, Milwaukee County Office of Corporation Counsel
Chris Caparelli, Marquette Associates Inc.
Michael Snooks, Marquette Associates Inc.
Collin Kroeger, Blue Owl
Pat Linneman, Blue Owl
Colin Vick, Blue Owl
Nathaniel Gallant, Blue Owl

1. Topic: Chairperson's Report

Chair Johnson welcomed everyone to the meeting and stated there was nothing major to report.

2. Topic: Meeting Minutes – February 10, 2026

A motion to approve the February 10, 2026 meeting minutes was made by Trustee Grady and seconded by Trustee Lucas. The motion passed unanimously.

3. Topic: Investment Manager Update

Mr. Caparelli opened the discussion by noting the recent media focus on Private Credit and Blue Owl Capital, stating that the team would provide an update on the broader market and the fund's portfolio, which continues to perform well.

Mr. Gallant introduced the investment team. Mr. Vick explained that recent headlines reflect a disconnect between perception and portfolio fundamentals, describing operations as "business as usual." He reviewed Blue Owl Capital's Private Credit platform and noted that the strategy focuses on lending to large, private equity-backed companies through diversified, institutionally structured portfolios. He stated that Private Credit offers investors a less volatile, floating-rate Fixed Income alternative with an illiquidity premium and historically strong returns.

Mr. Linneman stated that while concerns about the rapid growth of Private Credit have contributed to negative headlines, underlying portfolio fundamentals remain healthy. He noted that first-quarter volatility and spread widening resulted in unrealized markdowns, primarily driven by market conditions rather than borrower deterioration. Despite this, the portfolio generated positive net returns during the quarter, and management expects unrealized losses to recover over time as loans repay at par. He added that the watch list remains stable, and there has been no meaningful increase in underperforming investments.

In response to questions from Chair Johnson regarding underwriting standards and higher interest rates, Mr. Linneman stated that the market had been highly competitive over the past two years, resulting in spread compression, but current conditions are becoming more favorable with wider spreads and fewer competitors. He emphasized the firm's conservative underwriting approach,

including low loan-to-value ratios and diversified exposure. Management also stated that borrowers have generally adapted to the higher-rate environment and that refinancing risk remains manageable given available market liquidity and substantial equity cushions beneath the firm's loans.

The Committee also discussed prior headlines involving a legacy fund structure. Mr. Vick explained that the media attention centered on a separate public business development company -related vehicle launched in 2017 that required a liquidity event. Due to unfavorable public market conditions, the firm elected to return capital directly to investors rather than merge into a public vehicle, which created negative publicity despite investors receiving capital back at par value. He emphasized that the Board's investment is in a different evergreen institutional structure and not the vehicle referenced in media reports.

Mr. Caparelli concluded by reiterating that portfolio credit fundamentals remain healthy, Private Credit continues to provide attractive return potential, and management is not currently seeing signs of broad deterioration in the asset class or underlying borrowers.

4. Topic: Market Update and Report on Plan Assets

Mr. Caparelli reviewed recent market performance, noting that while January and February were positive, March returns were weaker. He stated that markets recovered significantly after March, with the S&P 500 gaining approximately 10.5% in April. Discussion focused on geopolitical developments, including the ceasefire involving Iran and continued disruptions to shipping traffic through a key energy transit route. Mr. Caparelli noted that prolonged disruption could create downstream energy market pressures, contribute to higher fuel prices, and weigh on global economic growth.

Trustee Grady commented that recent market volatility appears to be driven more by political events than by economic fundamentals. Mr. Caparelli agreed, stating that rapid information flow and constant news cycles have accelerated market reactions and contributed to heightened volatility. He also discussed inflation trends, noting that headline inflation increased due largely to energy prices, which may reduce the likelihood of near-term Federal Reserve rate cuts. He added that supply-driven inflationary pressures are less responsive to interest rate policy and that the supportive effect previously provided by falling bond yields has diminished. Despite this, many continue to view the long-term investment environment as constructive and the gradual rebalancing of the Portfolio toward fixed income can continue.

Mr. Caparelli reviewed market conditions across asset classes, including tightening and widening spreads in the high-yield bond market, continued strength in U.S. Equities driven by expanding artificial intelligence-related investment, and generally favorable international market performance over the last 15 months. He noted that energy exporters have generally outperformed energy importers and highlighted the importance of semiconductor production in markets such as Korea and Taiwan. In response to a question from Chair Johnson regarding energy market risks, Mr. Caparelli stated that internal projections suggest unresolved energy disruptions through year-end could reduce global GDP growth by approximately 1.5%.

Mr. Caparelli reviewed the ERS Portfolio and asset allocation, reporting total Plan assets of approximately \$1.863 billion at the end of April. He stated that allocations remain generally aligned with policy targets and that Private Equity exposure has been modestly reduced to help fund benefit payments. The Portfolio returned approximately 4.2% in April and 3.9% year-to-date. In response to a question from Mr. Grady regarding slight underperformance relative to benchmarks, Mr. Caparelli attributed the difference primarily to allocation positioning, including an underweight to Fixed Income during a period of strong bond performance, as well as the aggregate impact of active manager performance. He noted that the Portfolio now relies heavily on indexed equity exposure.

The Committee also discussed active versus passive management within the small-cap allocation. Mr. Caparelli stated that Marquette generally favors active management in small-cap equities because a significant portion of the small-cap universe is unprofitable, creating opportunities for manager selection to add value. Trustee Grady noted that long-term index performance has generally outperformed active managers, while Mr. Caparelli responded that recent market conditions have disproportionately benefited index returns and that active management results should be evaluated over longer time periods.

Mr. Caparelli concluded by noting that Private Equity markets are beginning to normalize and confirmed, in response to a question from Chair Johnson, that approximately \$9.3 million is expected to be returned from an Infrastructure fund redemption.

5. Topic: Reports for Compliance with Investment Policy Statement

Ms. Bronikowski introduced the item, noting that she circulated an explanatory memo as well as the documents from each investment manager.

a) Topic: 2025 Proxy Vote Report

Ms. Bronikowski explained that this is an annual report required by the Investment Policy Statement related to proxy voting. This report must include a formal acknowledgment of the manager's responsibility for proxy voting, a copy of their proxy voting procedures and guidelines, and a detailed record of all proxy votes cast in the previous 12 months. For the 2025 reporting period, these requirements apply specifically to Boston Partners and Silvercrest. Included with this presentation are their acknowledgments, proxy voting guidelines, and voting histories.

Mr. Caparelli noted that both managers certify that they vote in best interests of Milwaukee County and have provided a list of all proxies voted. He added that proxies are technically an asset of the Portfolio and pension system, so this report is intended to help the Committee ensure managers are doing duty in voting on behalf of ERS.

b) Topic: 2025 Brokerage

Ms. Bronikowski explained that this is an annual report to comply with the Investment Policy Statement. Each separately managed account manager reports their brokerage transactions and associated costs. For 2025, this requirement applies specifically to Boston Partners and Silvercrest. Both firms have submitted their reports, which are included as attachments to this item.

Mr. Caparelli explained that this is an annual compliance report intended to ensure these managers are using best execution practices. He added that this folds into performance as well and is a factor Marquette evaluates against along with top line track record. He added that he has no issues to report.

The Committee voted to adjourn into closed session under Section 19.85(1)(e), Wis. Stats., with regard to Item(s) 6 for considering the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require.

6. Topic: Committee Review of Private Debt Program

Item 6 was discussed in closed session. Upon returning to open session, the Committee took no action.

7. Topic: Investment Consultant Contract Review

Ms. Bronikowski explained that in September 2025, the Board authorized Retirement Plan Services to prepare a Request for Proposal (RFP) for Investment Consulting Services. The RFP was reviewed, approved, and issued in November 2025. Responses were collected during December

and January, and after receiving a recommendation from the RFP evaluation panel, the Board awarded the RFP to Marquette Associates in March 2026.

She continued, explaining that the draft contract has been prepared with internal and external counsel and is attached to this file for the Committee's review. She noted that Marquette Associates' contract expires June 30, 2026.

Upon conclusion of the discussion, there was a motion from Chair Johnson to recommend to the Board to approve the Investment Consultant contract as presented. The motion was seconded by Trustee Lucas and passed unanimously.

8. Topic: Adjournment

The meeting ended at 11:47 a.m.