

**EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE  
MINUTES OF THE JUNE 24, 2026 PENSION BOARD MEETING**

1. Call to Order

Chair Lucas called the meeting to order at 8:32 a.m. The meeting was held in a hybrid format with Board members attending remotely as noted and in person at the Milwaukee County Courthouse at 901 North 9<sup>th</sup> Street, Room 203-R, Milwaukee, WI 53233.

2. Roll Call

Members Present

Members Excused

Adam Abelson  
Joshua Benson (remote)  
Nicole Best (remote)  
Mark Grady (remote)  
Montrell Hobbs (remote)  
Anthony Johnson (Vice Chair)(remote)  
Jeremy Lucas (Chair)

Others Present

Erika Bronikowski, Director - Retirement Plan Services  
Annamarie Kirsanoff, Fiscal Officer - Retirement Plan Services  
Jennifer Pickett, Office of Corporation Counsel  
Jacob Augustine, Senior Pension Research & Compliance Analyst - Retirement Plan Services  
Dan Laurila, Operating Budget Director – Milwaukee County  
Jim Moon, Deputy Comptroller – Milwaukee County  
Christopher Caparelli, Marquette Associates, Inc.  
Michael Snooks, Marquette Associates, Inc.  
Jessica Culotti, Reinhart Boerner Van Deuren s.c.  
Kevin Ballaod, With Intelligence  
Gar Chung, FIN News  
Michele Chow-Tai, Fairview Capital  
Gregory Nespole, Levi & Korsinsky, LLP  
Sherry Haakenson, Financial Audit Director - Legislative Audit Bureau

3. Chairperson's Report

Chair Lucas welcomed everyone to the June Pension Board meeting. He stated that the Board's work occurs a lot in Committees and there have been many great conversations in recent Committee meetings. Some of those items are on the

Board's agenda. The Chair concluded by reminding those eligible to vote for the employee Pension Board member.

4. Meeting Minutes – May 20, 2026

Chair Lucas stated the minutes of the May Pension Board meeting were circulated to the Board. He called for any questions or edits.

**The Pension Board unanimously voted by voice vote to approve the May 20, 2026 Pension Board meeting minutes. Motion by Ms. Best, seconded by Mr. Abelson.**

5. Actuarial, Audit and Risk Committee – June 18, 2026

Chair Lucas explained that Marquette had a scheduling conflict, so their report would be heard later in the meeting.

(a) Committee Report

Mr. Benson stated that the Audit Committee had an interesting meeting, and the minutes were circulated to the Board. A few of the items discussed by the Committee are on the Board's agenda. Particularly, the Committee had a robust conversation about the timing of ERS' audit and annual report. Mr. Benson stated that a representative from the Comptroller's Office will be discussing this further with the Board.

(b) Review of Annual Report

Ms. Bronikowski presented the draft 2025 Annual Report of the Pension Board. She reported that the Actuarial, Audit, and Risk Committee reviewed the draft at its meeting and recommended its approval, subject to final review by the Pension Board Chair, Vice Chair, and Actuarial, Audit, and Risk Committee Chair.

Ms. Bronikowski explained that the Annual Report includes the 2025 financial statements and required Governmental Accounting Standards Board ("GASB") reporting and will be incorporated into Milwaukee County's Annual Comprehensive Financial Report. She stated that the version included in the meeting materials was a good draft and reflected auditor comments received following circulation of the materials for the Actuarial, Audit, and Risk Committee meeting. She noted that the text shown in red identified revisions from the prior version and would be reformatted in black in the final report.

Ms. Bronikowski reported that the auditors' review was nearing completion and that a limited number of updates remained. In addition to the formatting revisions, Retirement Plan Services ("RPS") would incorporate any final auditor feedback using tracked changes and provide notice of those changes to the Pension Board Chair, Vice Chair, and Actuarial, Audit, and Risk Committee

Chair, or to the full Board as the Board may direct. RPS would also finalize the subsequent events section to reflect any applicable actions taken at this meeting, add a link to the audit report upon completion of the audit, correct temporary duplicate page numbering, and incorporate any comments provided by the Board.

Ms. Bronikowski recommended that the Board approve the Annual Report, subject to review of any additional changes by the Pension Board Chair, Vice Chair, and Actuarial, Audit, and Risk Committee Chair. She stated that she anticipated that the audit report and final Annual Report would be completed by mid-July. Ms. Bronikowski then invited questions from the Board.

In response to a question from Chair Lucas, Mr. Augustine stated that the historical figures in the report were correct in last year's report even though they are shown in red. He explained that, when updating the report for 2025, the years 2025, 2026, and 2027 were showing as 2026, 2027, and 2028. The error was caught in the most recent review and updated from the draft.

In response to another question from Chair Lucas, Ms. Bronikowski stated that the Legislative Audit Bureau ("LAB") is reviewing this draft, but she does not expect major or unusual changes.

**The Pension Board unanimously voted to approve the Annual Report, subject to the review of any additional information by the Pension Board Chair, Vice Chair, and Chair of the Actuarial, Audit and Risk Committee. Motion by Mr. Grady, seconded by Mr. Benson.**

(c) Financial Statement Estimate Use.

Mr. Moon introduced himself and stated he wanted to discuss the use of estimates in ERS' financial statements. He explained that the request from the Comptroller's Office is intended to improve the timeliness and decision usefulness of ERS' financial reporting in coordination with the County-wide audit and preparation of the County's Annual Comprehensive Financial Report. He emphasized that the proposal would not change the underlying economics or governance. Rather, the proposal would address timing constraints associated with the external audit process and delayed year-end reporting from certain investment managers, which have resulted in the financial reporting process continuing into July and, in some years, mid-July.

Mr. Moon explained that the proposal would establish a structured estimation process consistent with generally accepted accounting principles. He noted that ERS already uses estimated year-end values for certain investment managers whose final reports are not timely available. The proposed process would formalize that existing practice by establishing a clear and controlled framework governing the preparation and use of estimates, including defined variance and

materiality thresholds, variance analysis, documentation requirements, and protocols for reporting material issues to the Board.

Mr. Moon expressed the view that the proposed framework would strengthen, rather than weaken, the integrity of the financial reporting process while allowing the financial statements to be completed earlier. He stated that more timely financial information would enhance public trust and oversight, improve coordination between the Pension Board and the County's accounting staff in the Comptroller's Office, and reinforce stakeholder confidence.

Mr. Moon acknowledged that accelerating the reporting process would involve tradeoffs, including an increased workload for staff, the complexity of developing and implementing the new process, and the need to monitor the accuracy of the estimates carefully. He stated that the controls described in the memorandum, including a post-closing comparison of estimated and audited values, defined materiality thresholds, documentation of variances, and escalation of material issues to the Board, were intended to ensure that estimates remained within acceptable parameters.

Mr. Benson stated that this item was discussed extensively at the Audit Committee meeting. He noted that Mr. Moon had addressed some of the Committee's concerns, including the increased workload for staff. Mr. Benson stated, however, that he remained concerned about the accuracy of the estimates. He acknowledged the importance of timely financial statements but emphasized that accuracy is also a core component of financial reporting.

Mr. Benson explained that, during the Committee's discussion, he had requested a sample analysis showing how the proposed estimates would have compared with actual year-end values in prior years. He noted that Ms. Bronikowski included such a comparison in the meeting materials. Based on his review, Mr. Benson questioned whether the estimates would fall within reasonable materiality thresholds. He specifically cited one manager's figures, for which the estimated value based on September 30 information was approximately \$10.8 million, and the final December 31 value was approximately \$18.2 million, resulting in a variance of approximately \$7.3 million. He characterized that variance as significant. Mr. Benson also noted that the comparison did not reflect estimated September 30 values for another manager in 2022 or 2023, while the final December 31 values were approximately \$13.1 million and \$17.7 million, respectively.

Mr. Benson stated that his overarching concern remained whether the proposed use of estimates would produce sufficiently accurate financial reporting. He indicated that, before he would be comfortable supporting the proposal, he would need to see a more precise process supported by better data and estimates that were materially closer to the final values.

Ms. Best provided additional context based on her prior experience auditing pension plans and 401(k) plans. She stated that adding resources to develop estimates might not be helpful if the estimation process itself introduced additional risk. She noted that the Audit Committee had discussed testing how the proposed estimates would have compared with actual values in prior years. She further noted that, to the extent there was interest in pursuing more timely financial reporting, the estimated and actual reporting processes could be run in parallel for a period of time.

Ms. Best stated that the comparison prepared by Ms. Bronikowski provided additional context regarding the reasons for the reporting delays. She explained that the delays appeared to be attributable, in part, to the types of investments held by ERS. Because certain investments are private and require additional fair-value analysis, the underlying investment managers' audits take longer to complete, which delays the availability of information needed for ERS' audit. She stated that it would be difficult for RPS to develop reliable estimates without the same level of expertise and information available to the auditors and investment managers responsible for valuing the investments. Ms. Best also noted that many of the investments likely were not publicly traded vehicles for which market data could be readily obtained. She stated that contributions, distributions, withdrawal limitations, and other information that might not be available to RPS could materially affect the valuations.

Ms. Best suggested that, if the timing difference was approximately one month, the parties could evaluate other opportunities within the overall reporting and audit process to reduce the timeline rather than relying solely on estimates. She stated that this approach could help move the reporting process in the desired direction while the accuracy of estimates continued to be evaluated.

Ms. Best further stated that any parallel testing of estimates should continue for multiple years before the Board relied on the proposed process. She explained that numerous factors could affect estimated values and that meaningful back-testing would need to encompass different market conditions and potentially a longer period than reflected in the analysis included in the meeting materials. She also noted that the reliability of the estimates could vary depending on the types of investments held by ERS at a particular time.

In response to a question from Chair Lucas, Mr. Moon stated that part of the impetus for the proposal was to make the County's financial statements available earlier to promote public trust and support the County's work with bond rating agencies. He reported that the rating agencies had requested earlier completion of the County-wide audit and that earlier reporting would also align with best practices of the Government Finance Officers Association ("GFOA"). Mr. Moon explained that the applicable reporting deadline generally falls on June 30 or July 1, depending on the calendar, but that the County had consistently submitted its financial statements on July 31 for approximately 45 years because that is when the applicable state report is due.

Mr. Moon stated that the County had undertaken efforts to shorten the County-wide financial closing and audit process by approximately 30 days. He noted that the County had already shortened the departmental closing period and the external auditors' fieldwork period and expected the County's portion of the audit work to be completed shortly. He explained, however, that the County could not submit its financial statements to its external auditors until ERS' financial statements had been audited by the LAB and the resulting audit opinion had been issued.

Mr. Moon acknowledged the concerns raised regarding the proposal and characterized the requested acceleration as a significant undertaking. He stated that the Comptroller's Office understood the magnitude of the request but believed there was a potential path forward.

Ms. Bronikowski then provided additional context regarding the materials provided to the Board. She explained that the materials included the memorandum previously discussed by the Audit Committee, the current-year audit timeline illustrating the numerous components and parties involved in completing the Annual Report and audit, and a preliminary comparison of estimated and actual investment values. She noted that the audit timeline included completion of the actuarial valuation, receipt and review of investment information and service organization control reports, responses to audit requests, and review by the LAB.

Ms. Bronikowski stated that discussions with the Comptroller's Office began late in the prior year and that RPS had prepared the preliminary comparison in approximately April. The analysis focused on a limited number of investment managers whose year-end financial information is typically delayed. She explained that the analysis had been prepared before the Committee's recent discussion and had not yet been updated. RPS expanded the analysis to include additional types of investment managers and prior periods, including 2022, which she identified as the most recent year with negative investment returns. Ms. Bronikowski noted that ERS has multiple investment managers and that staff were concurrently responding to current audit requests. She anticipated that the expanded analysis would be available before the September Board cycle and stated that she would circulate it to the Board to illustrate how variances for other types of investment managers might have appeared under the proposed estimation process.

Ms. Bronikowski stated that the Committee had also discussed possible methodologies for developing estimates. She explained that RPS currently uses estimates for approximately four Private Equity managers each year. Under the existing process, RPS requests estimated values through the investment consultant. She stated that ERS could consider continuing to obtain estimates through the investment consultant rather than establishing a process under which RPS staff independently calculated the estimates.

Ms. Bronikowski also addressed whether other aspects of the process could be modified to accelerate issuance of the Annual Report. She reported that RPS had accelerated the actuarial valuation by approximately three weeks by completing data-cleanup work before January. She stated, however, that the process continued to depend on work performed by several outside parties, including the actuary, investment managers, service providers, and the LAB.

Ms. Bronikowski emphasized that, although RPS and the Comptroller's Office could continue their efforts to shorten the process, they did not fully control the audit timeline and remained dependent on the LAB to complete its work. She noted that RPS had also considered a roll-forward valuation, under which the actuary would complete an earlier valuation or advance the results of a recent valuation using interest and specified assumptions. She stated that this alternative could allow the actuarial work to be completed sooner but would not eliminate ERS' dependence on the LAB's audit schedule.

Ms. Bronikowski stated that RPS was willing to continue expanding the historical analysis and modeling how estimated values would have compared with final values in prior years. She also stated that RPS was open to preparing parallel financial statements for several years to evaluate the proposed process. She cautioned that doing so would likely require contracted support for approximately eight months and that ERS would incur the associated costs. Ms. Bronikowski concluded that RPS would continue pursuing reasonable measures to accommodate the request for more timely financial reporting.

Ms. Bronikowski addressed questions regarding the materiality threshold applicable to the proposed use of estimates in preparing the financial statements. She explained that the auditors apply materiality thresholds, but that RPS does not know the specific threshold the auditors would use or how a variance might affect the auditors' opinion. Ms. Bronikowski acknowledged the approximately \$7 million variance identified in connection with one of the 2025 estimates. She indicated that the variance may have resulted from missing information and stated that RPS would not expect variances of that magnitude to occur regularly. Instead, RPS generally would expect variances to be significantly smaller, potentially in the hundreds of thousands of dollars. Ms. Bronikowski explained that RPS would establish a structured process for developing estimates, including appropriate controls and parameters for determining whether an estimate is reasonable. She further stated that RPS would establish an internal threshold requiring notice to the Pension Board if a variance were unusually large, such as a variance in the millions of dollars, so that RPS could consult with counsel and potentially the auditors regarding the appropriate treatment in the financial statements. Ms. Bronikowski noted that ERS had not conducted a legal analysis of the potential consequences or risks associated with a material variance. She proposed that counsel review that issue and report back to the Pension Board in connection with a more comprehensive historical review identifying the investment managers used during prior years and the estimated

values that would have been reported had the proposed methodology been applied during those years.

Ms. Best then commented that, before the Pension Board considers approving the use of estimates, she would like additional analysis regarding the potential consequences of material variances, including whether the financial statements might need to be restated and how any restatement would be publicly reported. She noted that the Pension Board should consider the potential reputational implications in light of ERS' history and should understand the relevant parameters before making a decision. Ms. Best also asked whether RPS had considered changing the Plan Year to a fiscal year or reporting period to permit the use of quarter-end investment values, including values reported on a lag, while still meeting the County's earlier financial reporting deadline. Ms. Bronikowski noted that there are other public pension systems that use the fiscal year as their plan year. She stated she will review that option and how that would impact reporting and other potential concerns.

Mr. Benson noted his support for efforts to accelerate the financial reporting process, provided the reports could be prepared accurately. He noted that the County has continued to receive recognition from the GFOA for excellence in financial reporting despite submitting its report after June 30 and stated that a delay of several weeks would not necessarily affect the County's credit rating. Mr. Benson emphasized that the current reporting timeline should not prevent the Pension Board from pursuing improvements, but that issuance of the report after the preferred deadline did not diminish the report's overall quality.

Mr. Moon agreed with Mr. Benson but noted that the GFOA has requested information regarding the County's efforts to improve the timing of its financial reporting. He stated that, although the rating agencies were not expected to penalize the County for the current timing, they preferred to receive the financial statements earlier in preparation for August meetings and October bond sales. Mr. Moon explained that the new Comptroller was evaluating opportunities to improve County processes and viewed the proposed initiative as challenging but worthy of consideration.

In response to a question from Chair Lucas, Mr. Moon acknowledged that estimates inherently involve risk but stated that a structured framework, including documented estimation methods, reporting requirements, variance analyses, and input from the LAB, could mitigate that risk. He emphasized that the proposal involved a tradeoff and should not create a material issue for ERS' financial statements. Chair Lucas noted the importance of mechanisms for reporting actual values between annual audits. Ms. Best suggested evaluating historical data over a multi-year period to determine whether annual differences between estimated and actual values remained within a reasonable range across the ERS Portfolio.

Chair Lucas noted that this seems to be largely an issue related to the Private Equity portion of the Portfolio, so as ERS' investment mix changes, earlier reporting may become less of an issue. Vice Chair Johnson also noted that there is draft legislation that would require companies to report on a semi-annual basis. If this was passed, it may also alleviate some of the concerns.

In response to a question from Chair Lucas, Ms. Bronikowski stated that, if the financial statement preparation process is changed for the next audit cycle, the Board would need to finalize its internal procedures and variance tolerance by September so that the LAB could evaluate the process before audit work begins in October. She explained that, because the LAB audits ERS, it could not assist in developing the policy but would receive the final policy if approved. Ms. Bronikowski proposed expanding the historical analysis of estimated investment values, obtaining a legal analysis of the risks associated with variances exceeding the materiality threshold, evaluating a potential change to the Plan Year, and estimating the cost of preparing parallel financial statements. She noted that the Board could consider the additional information at a Committee or special meeting, but that delaying consideration until September would leave limited time to finalize the policy.

Mr. Grady questioned whether it would be helpful to do additional research regarding other public pension systems' use of estimated investment values, including auditors' responses to resulting variances. He emphasized the need to understand how materiality would be assessed and expressed support for using estimates if the resulting financial statements remained accurate. Ms. Bronikowski stated that RPS, the Comptroller's Office, Marquette, and counsel had researched the practices of other public pension systems and identified two systems that used estimates, but neither could provide a documented policy or process. She noted that systems operating on a July 1 through June 30 fiscal year may follow a different process and stated that RPS would continue researching comparable practices.

In response to comments from Ms. Culotti and Mr. Benson, Mr. Moon noted that he could reach out to the County's external auditor to see if they have thoughts. Ms. Best noted that while the County's auditor's comments may be useful, she would not feel more comfortable about proceeding without input from the LAB. The County's auditor may have a very different materiality threshold from the LAB. Ms. Bronikowski stated she can raise the issue of a separate engagement with the LAB to see if that is something they would consider.

(d) Litigation Monitoring Services

Ms. Bronikowski stated that she asked Levi & Korsinsky to join the call and provide an informational update to the Board on the services they provide. She clarified that the Board previously hired them to perform litigation monitoring and class action filing services for ERS. Ms. Bronikowski then introduced Mr. Nespole and invited him to share his presentation with the Board.

Mr. Nespole described his firm's services as securities monitoring counsel, including monitoring ERS' investment portfolio for potential securities fraud and fiduciary breaches, evaluating investment losses, filing claims in settled securities class actions, and advising whether litigation should be pursued based on thresholds established by the client. He explained that the firm's proprietary Core system monitors portfolio activity and provides clients with access to information regarding their holdings, potential losses, claims, and related public filings. Mr. Nespole also discussed the firm's experience pursuing securities class actions and derivative litigation intended to recover losses or promote corporate governance reforms, as well as reviewing Private Equity fees and disclosures for potential recoveries. He stated that monitoring counsel could assist the Pension Board in fulfilling its fiduciary responsibilities.

In response to a question from Vice Chair Johnson, Mr. Nespole stated that his firm does receive threatening and discriminatory communications related to its securities litigation work and had referred such matters to law enforcement when appropriate. Mr. Nespole then provided some additional information about Levi & Korsinsky's costs. He explained that the firm's monitoring services are provided at no cost to the Pension Board. If the Pension Board elected to pursue litigation, the firm would negotiate a fee structure based on the timing and complexity of the matter. Mr. Nespole stated that a negotiated, graduated fee structure would align the interests of the Pension Board and counsel and support the Pension Board's fulfillment of its fiduciary responsibilities. Chair Lucas thanked Mr. Nespole for his comments.

(e) Experience Study Cadence

Ms. Bronikowski reported that the Actuarial, Audit and Risk Committee had discussed the frequency and scope of actuarial experience studies following questions raised during the Board's review of the annual valuation regarding the salary growth assumption and ERS' declining active membership. She explained that ERS currently conducts an experience study every five years, with the next study scheduled for 2027, and that the Committee had considered conducting studies every three years or supplementing the five-year cycle with interim actuarial modeling. The Committee requested additional information regarding industry practices and costs and planned to invite the actuary to a future meeting for further discussion. Ms. Bronikowski stated that a decision regarding the future experience study schedule ideally would be made by year-end so that it could be incorporated into the request for proposals for actuarial services planned for early 2027.

Mr. Grady commented that a three-year study cycle might not be necessary if ERS' closure affected only the salary growth assumption and suggested asking the actuary whether other assumptions warranted more frequent review. He also suggested that the backDROP assumption may warrant review or interim modeling.

Chair Lucas asked whether the next experience study's inclusion of periods before and after ERS' significant changes could affect the usefulness of the results and suggested considering an interim three-year study reflecting experience under the closed Plan before returning to a five-year cycle.

(f) Suspending Disability Retirement Benefits Pursuant to Rule 1010(c)

Ms. Bronikowski reported that the Actuarial, Audit, and Risk Committee had recommended authorizing RPS to suspend accidental disability retirement benefits under Rule 1010(c) for recipients who failed to provide required information regarding earnings from other employment. She explained that RPS had contacted approximately 70 recipients, including two follow-up requests to nonresponders, and that Pension Board Rule 1010 permits the suspension of benefits until the required information is provided, at which time benefits are reinstated and missed payments are issued.

Ms. Bronikowski stated that the sole individual who had not responded as of the Committee meeting had since provided the required information and that no recipients were currently out of compliance. She advised that the Board could either approve the Committee's recommendation, with the understanding that no benefits would presently be affected, or take no action.

In response to a question from Mr. Abelson, Ms. Bronikowski confirmed that this report was limited to 2025 earnings, and RPS would initiate the process again in February.

Mr. Grady questioned whether the Rule could be updated to delegate the authority for these suspensions to the Director of RPS. He noted that the Ordinances and Rules now allow the Director of RPS to make initial decisions related to disability applications, and unless there is a good legal basis for the Board to continue to make these suspension decisions, he would be in favor of considering a Rule change. Ms. Culotti agreed with Mr. Grady's comments and stated she would review the history of the Rule to see if this delegation was previously discussed by the Board, which may help inform this Board's discussions.

6. Appeals and Rules Committee Closed Session Item(s)

(a) M. Thao Appeal

After discussion, the Pension Board determined that it was not necessary to discuss this item in closed session. Chair Lucas stated that this item is with regard to an appeal from an individual who is seeking a survivor benefit after the death of her spouse. The Committee's written recommendation to deny the appeal was provided to the Board.

Chair Lucas asked if the claimant or her representative had called into the meeting and confirmed that she had been sent a letter from the Committee Chair

explaining the Committee's recommendation and providing the Board meeting information. Chair Lucas then called for any questions or comments, and seeing none, stated he would entertain a motion from the Board.

**The Pension Board unanimously voted to affirm the Appeals and Rules Committee's recommendation to deny Ms. Thao's appeal and directed that counsel finalize a decision consistent with the Committee's written recommendation for final approval by Chair Lucas as the written decision of the Board. Motion by Mr. Grady, seconded by Mr. Johnson.**

7. RPS Reports

(a) RPS Director Report

Chair Lucas asked Ms. Bronikowski to present the RPS Director Report.

Ms. Bronikowski provided an update regarding RPS operations and upcoming activities. She reported that the special election for a new employee Trustee would conclude on June 29, after which RPS would proceed with swearing in and onboarding the successful candidate. She noted that this was the final regularly scheduled Board meeting before the August recess and that the Appeals and Rules Committee meeting had been rescheduled from July 22 to July 29 at 8:30 a.m., with a Governance Committee meeting also scheduled for July.

Ms. Bronikowski reported that RPS would have no staff vacancies as of June 29, following the addition of a member engagement project manager and a retirement assistant. She stated that the annual audit was nearing completion, with only a few outstanding requests remaining, and was expected to conclude in early July.

RPS is also working on recalculating affected pensions during the third and fourth quarters after receiving payroll information regarding retroactive wage increases under the collective bargaining agreement between Milwaukee County and the Deputy Sheriffs' Association.

Ms. Bronikowski reported that RPS was expected to relocate in February 2027 while the Safety Building and historic courthouse projects were completed. The temporary location was expected to be within one mile of the courthouse, and RPS would coordinate with the County regarding the secure relocation of Pension Board records, furniture, and other property. She noted that the Pension Board could continue meeting in the courthouse committee room for the foreseeable future.

Ms. Bronikowski also reported that testing had begun for a functional upgrade to the pension administration system, with implementation anticipated in late August. Although no significant process changes were expected, RPS would train staff and communicate any changes to the member self-service portal.

Ms. Bronikowski further reported on a number of reports related to the County Board. She stated that she had provided the County Board with the projected 2027 employer and employee pension contribution information for incorporation into the budget process. General employee contribution rates were expected to remain unchanged, while public safety employee contribution rates were expected to increase to 7.3%. She also reported that an informational report regarding a potential soft closure of OBRA was being finalized in response to a prior County Board budget amendment. Finally, Ms. Bronikowski noted that the County Board had received an informational report from RPS regarding the potential transition of certain departments, including RPS, to the County's Infor financial reporting software. She stated that she had communicated with the Comptroller's Office regarding the Pension Board's governance, fiduciary, and administrative oversight responsibilities in connection with that proposal, including that the Pension Board had recently changed its financial reporting software after an RFP process.

Ms. Bronikowski then asked whether there were any questions, and seeing none, stated she would proceed with the Applications Processed Report.

(b) Retirements and Disability Applications Processed

Ms. Bronikowski continued by presenting the May 2026 retirements and disability applications processed reports.

She reported that nine retirements commenced in May, consisting of one deferred retirement and eight active retirements. Of the active retirements, six did not include a backDROP distribution and two included backDROP distributions of approximately \$43,000 and \$69,000.

Ms. Bronikowski further reported that 18 retirements were being commenced in June and approximately 19 retirements were anticipated in July, reflecting a recent increase in retirement activity. She stated that no new disability retirement applications had been received since the previous Board meeting.

Chair Lucas called for any additional questions, and seeing none, thanked Ms. Bronikowski for her report.

(c) Fiscal Reports

Chair Lucas asked Ms. Kirsanoff to provide the Fiscal Reports.

Ms. Kirsanoff presented the May 2026 fiscal reports, together with the first-quarter financial statements for ERS and OBRA and the first-quarter budget-to-actual report. She reported that net Plan assets held in trust for pension benefits were approximately \$1.89 billion as of May 31, 2026, and that ERS experienced an overall increase of approximately \$25.4 million during May. U.S. Equity, Hedged Equity, Fixed Income, Cash Equivalents, and Infrastructure increased, while International Equity, Private Debt, and Private Equity decreased.

Ms. Kirsanoff reported that \$15 million was requested from the Northern Trust International Index to meet monthly disbursement and capital call needs. She further reported that approximately \$115 million remained available for estimated funding needs for the second half of 2026.

During May, ERS received four distributions totaling approximately \$17.6 million, consisting of \$15 million from the Northern Trust International Index, \$1.3 million from Adams Street, \$1.1 million from Mesirow, and \$189,000 from Siguler Guff. No capital calls occurred during May.

Chair Lucas thanked Ms. Kirsanoff for her report.

8. Investment Consultant Report

Chair Lucas welcomed Mr. Caparelli and Mr. Snooks to the meeting and invited them to present their report. Mr. Caparelli thanked the Board for its flexibility. He reported that overall, after a tough first quarter, there was a strong bounce back in April and May. June was flat, but it appears that it will be a decent first half of 2026. Mr. Caparelli then turned the presentation over to Mr. Snooks to present the market information.

Mr. Snooks reported that capital markets performed strongly in May, with positive returns for both U.S. and non-U.S. equities. He discussed the market implications of the appointment of a new Federal Reserve Chair and noted the Chair's emphasis on price stability. Mr. Snooks stated that inflation remained elevated, driven substantially by energy costs associated with developments in the Middle East. He further reported that discussions between the United States and Iran had contributed to a recent decline in crude oil prices. In light of inflationary conditions, he noted that market expectations for an interest rate reduction had diminished and that the possibility of a rate increase had begun to rise. Mr. Snooks also reported continued strength in employment growth.

Turning to market performance, he stated that the Russell 3000 returned 5.1% in May and 11.2% year-to-date, while the ACWI ex US Index returned 5.0% in May and 14.4% year to date. Mr. Snooks noted that non-U.S. equities continued to outperform U.S. equities for the year and that large-cap value stocks had outperformed large-cap growth stocks. Mr. Snooks further reported that the Aggregate Bond Index returned 0.3% in May and 0.4% year-to-date. Mr. Snooks then called for questions and, seeing none, asked Mr. Caparelli to present the Monthly Flash Report.

Mr. Caparelli reviewed ERS' Portfolio allocation, cash flows, and investment performance as of May 31, 2026. He reported that the Portfolio returned 2.2% in May, 6.2% year to date, and an annualized 9.2% over the ten-year period. The Portfolio ended May with a market value of approximately \$1.89 billion after approximately \$74.4 million in year-to-date net cash outflows and approximately \$113.5 million in investment gains. Mr. Caparelli noted that strong equity returns

in April and May produced a V-shaped recovery following the March decline and that investment gains continued to exceed Portfolio withdrawals over the long term.

Mr. Caparelli reported that the Portfolio remained underweight to Fixed Income, with an allocation of 19.4% compared to the 25% target, and overweight to Private Equity, with an allocation of 12.2% compared to the 9% target. He stated that these allocations had moved closer to their targets and recommended continuing to direct available cash, Private Equity distributions, and amounts trimmed from U.S. Equities toward Fixed Income. He explained that, although recent bond returns had been modest, higher interest rates improved the long-term return prospects for Fixed Income and reduced the return required from other asset classes to achieve the Portfolio's 6.8% target. No immediate rebalancing action was recommended.

Mr. Caparelli reported that all asset classes had positive year-to-date returns. International Equity led the Portfolio with a 14.5% return, followed by U.S. Equity at 11.4%, while Fixed Income returned 1.1%. He stated that global diversification had benefited the Portfolio as international markets outperformed U.S. markets. He also noted that Fixed Income, Real Estate, and Volatility Risk Premium strategies provided diversification and helped moderate losses during the March market decline. Mr. Caparelli stated that the Fixed Income managers and International Equity managers generally performed as expected, and that Emerging Markets Debt continued to provide strong relative performance.

Mr. Caparelli reported that recent weakness in Private Debt primarily reflected valuation changes rather than defaults or realized credit losses and stated that the managers' underwriting remained sound. He noted that Silvercrest underperformed its benchmark due in part to the strength of more speculative small-cap companies, but that its limited Portfolio allocation and Boston Partners' outperformance mitigated the effect on the U.S. Equity composite. Marquette continues to monitor Silvercrest but recommended no action at this time.

Mr. Caparelli further reported that Real Estate performance continued to improve, Infrastructure continued to produce steady positive returns, and limited first-quarter valuation information was available for Private Equity. He stated that Marquette expected the Private Equity allocation to continue declining as the Portfolio moved toward a more conservative allocation. Except for Silvercrest, the investment managers were generally performing as expected, and no action items were presented.

Chair Lucas stated that he needed to leave to attend another meeting and asked Vice Chair Johnson to chair the meeting. Vice Chair Johnson thanked Mr. Caparelli and Mr. Snooks for their presentation.

In response to a question from Vice Chair Johnson, Mr. Caparelli stated that there is not a hard and fast rule with regard to how many quarters of underperformance are advisable before serious consideration is given to next steps. He explained that

generally a good benchmark is three calendar years of underperformance. With regard to Silvercrest specifically, their underperformance is primarily in 2025 and is not unique in that there have been a number of solid fundamental managers that are underperforming. Mr. Caparelli commented that it would be reasonable to continue monitoring them, and if the underperformance continues through the end of the year, it might make sense to consider a change.

Vice Chair Johnson called for any further questions and seeing none, asked Ms. Bronikowski to present the next item.

9. Administrative Matters

(a) Future Agenda Topics

Ms. Bronikowski stated that the final agenda item was future agenda topics and asked if there were any topics to be added. She noted that she would add a review of Rule 1010 to the next Appeals and Rules Committee agenda in accordance with the Board's earlier conversation.

No further agenda items were brought forward for additional review.

10. Adjournment

The meeting adjourned at 10:33 a.m.

Submitted by Erika Bronikowski,  
Secretary of the Pension Board