EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
MINUTES OF THE MAY 20, 2026 PENSION BOARD MEETING

1. Call to Order

   Chair Lucas called the meeting to order at 8:33 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 9th 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)(for Items 3-12)	

   Others Present

   Erika Bronikowski, Director - Retirement Plan Services
   Annamarie Kirsanoff, Fiscal Officer - Retirement Plan Services
   Judd Taback, Office of Corporation Counsel
   Jennifer Pickett, Office of Corporation Counsel
   Jacob Augustine, Senior Pension Research & Compliance Analyst - Retirement Plan Services
   Dan Laurila, Operating Budget Director – Milwaukee County
   Claire Miller, Interim Chief Human Resources Officer – Milwaukee County
   Christopher Caparelli, Marquette Associates, Inc.
   Michael Snooks, Marquette Associates, Inc.
   Jessica Culotti, Reinhart Boerner Van Deuren s.c.
   Matt Strom, Segal
   Laura Jeske, Segal
   Brian Geib, Assistant Director - Legislative Audit Bureau

3. Chairperson's Report

   Chair Lucas welcomed everyone to the May Pension Board meeting. He stated there are a number of items on the Board's agenda, including an appeal, actuarial reports, and contract approvals.

4. Meeting Minutes – April 14, 2026, and April 22, 2026

Chair Lucas stated the minutes of both April Pension Board meetings were circulated to the Board. He called for any questions or edits.

The Pension Board unanimously voted by voice vote to approve the April 14 and April 22, 2026 Pension Board meeting minutes. Motion by Mr. Abelson, seconded by Mr. Benson.

5. Introduction of Interim Chief Human Resources Officer

Chair Lucas explained that to accommodate schedules and to ensure that the Board has a quorum for the voting items, the Board will take the agenda out of order. He noted the Board will start with the introduction of the Interim Chief Human Resources Officer.

Ms. Miller introduced herself and stated she is serving as the Interim Chief Human Resources Officer. She noted that she has been with the County for 13 years, first in Human Resources and most recently with the Office of Strategy, Budget and Performance. Ms. Miller explained that while the Pension Board works most often with Director Bronikowski, Ms. Miller is available if the Board needs anything during this interim period.

Chair Lucas thanked Ms. Miller for her comments and stated the Board looks forward to working with her.

6. January 1, 2026 Valuation Report Review

Chair Lucas welcomed Mr. Strom to the meeting and noted that the Board heard the preliminary valuation report at its April meeting. Mr. Strom concurred, noting that the Board reviewed the preliminary results at the April meeting. As little has changed since then, Segal's presentation this month would be brief. Mr. Strom then introduced Ms. Geske as one of the public sector actuaries who does a lot of the behind-the-scenes work for the Board.

Mr. Strom next presented the highlights of the January 1, 2026, Actuarial Valuation Report. He directed the Board's attention to a summary comparison of the prior year's results and the current year's results, noting two principal takeaways from the valuation. First, he addressed the reconciliation of contributions. Mr. Strom explained that as part of last year's valuation, a budget contribution for 2026 was calculated at approximately $83.2 million. As part of this year’s valuation, that figure must be reconciled against the actual funding contribution, which came in at just under $80 million. This resulted in an overpayment of approximately $3 million, which, under the Plan's funding methodology, is amortized and recognized as a credit over a five-year period. Mr. Strom described this as a self-correcting mechanism. He then reported that, using the current year's data and reflecting in part the favorable investment returns as well as the five-year amortization of the contribution variance, the projected

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budget contribution for 2027 is approximately $77.7 million. Mr. Strom stated that this reduction in the budget contribution represents one of the key takeaways from the valuation.

Mr. Strom next discussed the funded ratio, which he identified as the second significant measure. He reported that on a market value basis, ERS' funded ratio increased from 71.6% to 76.8%, driven by strong investment returns in 2025. He noted, however, that for actuarial purposes, only one-tenth of the investment gain is recognized in the current year under the Plan's ten-year asset smoothing methodology. The remaining gain is deferred and will be recognized gradually over the next nine years, providing a potential offset against future adverse experience. Even with the smoothing, Mr. Strom reported that the funded ratio on an actuarial basis improved by approximately one percentage point, increasing from 70.36% to 71.36%.

Mr. Strom then addressed the differences between the preliminary asset figures presented at the April Pension Board meeting and the figures reflected in the final report. He reported that the market value of assets increased by approximately $1.44 million between the preliminary and final figures. As a result, the actuarial value of assets increased by one-tenth of that amount, or approximately $144,000. The funded percentage on a market value basis increased by six basis points, while the funded percentage on an actuarial basis increased by only one basis point due to the smoothing methodology. The actual funding contribution decreased by approximately $13,000, and the budget contribution decreased by approximately $30,000 compared to the figures presented at the April meeting. Mr. Strom stated that the changes from preliminary to final were very minor this year, noting that in some prior years there have been more material changes in final asset figures, but this year's adjustments were very small and did not result in significant movement in the valuation results.

Mr. Grady commented that at the April meeting, Mr. Laurila raised the issue of the variance between the budgeted contribution and the actual contribution, given that it has been $3-$4 million apart. Mr. Laurila questioned whether there was a way to tighten that up. Mr. Grady noted his assumption that this variance is due primarily to the investment returns, but he asked whether there are other factors driving this variability. Mr. Strom explained that the issue relates to the open plan basis. He stated that, going back a few years, on an open plan basis, when moving from calculating the actual funding contribution to projecting out the budget contribution amount, the normal cost in a stable population theoretically increases with payroll growth. Mr. Strom noted that, assuming payroll growth of approximately 3%, the normal cost value would increase by a corresponding 3%. However, Mr. Strom explained that ERS no longer has a stable population because of the Plan freeze, although salaries continue to increase for the individuals who remain in ERS. Mr. Strom stated that the initial theory was that there would be some offsetting effect, but rather than speculating, the assumption was made that the normal cost would not increase, effectively assuming 0% growth. Mr. Strom further explained that, in projecting out to the next year, in this case 2027, or as was done last year in projecting from 2025 to 2026, the assumption was that the normal cost would remain flat year over year. Mr. Strom then noted that what actually occurred was that the headcount declined, and the decrease in the normal cost attributable to the reduction in the number of individuals driving the normal cost was greater than the increase resulting from rising salaries. As a result, there was a net downward impact, which is why the actual funding contribution came in lower than projected. Mr. Strom stated that the question raised was whether there is a way to tighten that projection. Mr. Strom indicated that, because this was the first year of experience with the closed group's impact on normal cost, and the normal cost had decreased by some percentage, he believed it would be prudent to allow for additional experience before making any formal adjustments. Mr. Strom noted that with an experience study coming up in a year or two, the best course of action would be to accumulate two or three years of experience and then, at the time of the next experience study, review the actual experience over that period to determine whether the normal cost had averaged a decline of, for example, 1%, 4%, or 3%. Mr. Strom explained that this approach would provide a factual basis upon which to make a recommendation as to how to calculate that adjustment, which would essentially constitute a new assumption change to be incorporated with the rest of the package of assumptions adopted through the experience study. Mr. Strom further noted that, in the meantime, the current approach functions as a self-correcting mechanism over a five-year period. Mr. Strom concluded by noting that the intent is to proceed in that manner.

Mr. Grady commented that ERS is in a transition period with the active membership declining. He noted that while ERS has been doing experience studies every 5 years, it may be preferable to consider doing experience studies every 3 years. Mr. Strom stated that 5 years used to be the normal cadence for experience studies, but some plans have moved to 3 years, including the Wisconsin Retirement System (“WRS”). Given that trend, it would not be uncommon for ERS to consider a 3-year cycle, especially given the reasons noted by Mr. Grady.

Ms. Best commented that the most significant factor is the resulting impact due to changes in the number of participants and retirees. She noted that an experience study is a time intensive process and expensive. Ms. Best questioned whether there would be an option to have some flexibility and potentially scenario testing rather than simply moving to a 3-year experience study cadence. Mr. Strom agreed that scenario testing may be a good option. He stated that while it is good to have a study cadence, ERS could stay on the 5-year cadence, but if something comes up in the middle of a cycle, advance the timing of the next study. Ms. Best thanked Mr. Strom and noted that she wants to identify if there are options to have flexibility and not add additional costs to a closed plan.

Mr. Benson agreed and questioned how much it would cost to accelerate an experience study or do testing outside of the cycle. Mr. Strom stated that he would estimate the experience study is approximately $50,000 every five years. He explained that the Board can still make adjustments to the assumptions outside of the 5-year cycle. While the study informs the assumptions based on the actual previous experience, as ERS gains more experience based on the closed plan dynamics, the assumptions could be adjusted as makes sense.

In response to a question from Mr. Benson, Mr. Strom confirmed that the next experience study is scheduled for 2027.

In response to a question from Mr. Grady, Ms. Bronikowski stated that the current actuarial contract had been extended for an additional year through the end of 2027, and that the experience study would begin in mid-2027. She noted that this was the last available contract extension option, so Retirement Plan Services ("RPS") plans to issue an RFP at the beginning of 2027. Because the Audit Committee meets in June and October, she confirmed there would be time to discuss the experience study cadence before the RFP. Mr. Grady stated that it would make sense to add this topic to the Audit Committee agenda and consider adjusting the experience study cadence or reviewing limited scenario studies.

Chair Lucas thanked everyone for their questions and asked Mr. Strom if there were any changes to the OBRA valuation. Mr. Strom stated that there were not changes to the OBRA information presented at the April meeting. He noted there was a question that came up about why the OBRA budget contribution increased if there was an investment gain. Mr. Strom explained that the change resulted from two factors. First, the membership increased by approximately 10%, which drove up the normal cost. The second, and likely more important, was that there was a contribution variance credit that rolled off this year. Mr. Strom clarified that there was an overpayment made several years ago, and it was reflected over the 5-year period. That credit was around $100,000 and it rolled off this year. Therefore, in the background, that was like losing $100,000, which was primarily responsible for the increase.

In response to a question from Mr. Grady, Mr. Strom confirmed that the increase of ERS vested members was a result of the autovesting of certain members due to the Plan freeze. In response to a follow-up question from Mr. Grady, Ms. Bronikowski confirmed that there are not active members remaining with voluntary contributions. She clarified that she would need to confirm whether there were any retirees from that time period, but there are no actives with that type of contribution.

The Pension Board unanimously voted to approve the 2025 Valuation Reports for ERS and OBRA, including the recommended contribution rates for employees and Milwaukee County. Motion by Mr. Benson, seconded by Mr. Grady.

7. Investment Consultant Report

Chair Lucas welcomed Mr. Caparelli to the meeting and invited him to present his report. Mr. Caparelli introduced his colleague Michael Snooks who will be

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assisting Mr. Caparelli with the work for ERS. Mr. Caparelli stated that, as usual, they will review the overall markets and then discuss the ERS Portfolio.

Mr. Snooks reported on recent market performance, noting that March had been a volatile month with downside movement, while April experienced a strong rebound. He stated that U.S. Equities increased by more than 10% in April, with the Russell 3000 up 10.2% for the month and 5.8% year to date. Non-U.S. Equities also performed strongly, increasing 9.7% in April and approximately 8.9% year to date. Mr. Snooks noted that global events, particularly in the Middle East, continued to contribute to market volatility, but that stronger-than-expected or in-line earnings reports, particularly from large technology companies, helped drive the rebound in equity markets.

Mr. Snooks then reviewed Fixed Income returns, explaining that it had been a challenging year for bonds, due in part to inflationary pressures. He noted that inflation for April was reported at 3.8%, with energy prices, particularly gasoline, contributing significantly to recent inflation. As a result, Fixed Income returns had been more modest, with the broad aggregate Fixed Income index up only 10 basis points year to date through the end of April. High yield bonds increased 1.7% in April and were up 1.2% year to date. Mr. Snooks also reviewed sector and commodity returns, noting that energy continued to lead sector performance. He then asked whether there were any broad questions regarding the markets and seeing none noted that Mr. Caparelli would continue with a review of the ERS Portfolio.

Mr. Caparelli referred the Board to the April 30 flash report and provided an update on Portfolio activity, market values, and performance. He first addressed redemption activity, noting that only two redemptions remained in queue with Real Estate managers. Mr. Caparelli explained that, as the Real Estate market begins to normalize, the pace of outstanding redemptions is expected to improve, although the UBS redemption may still take additional time before it is fully completed.

Mr. Caparelli then reviewed the summary performance information, noting that April was a strong month for the Portfolio. He stated that the total Portfolio was up more than 4% for the month, which brought year-to-date results back into positive territory after modestly negative results at the end of the first quarter. He reported that the Portfolio was up 3.9% year to date and 17.5% over the trailing one-year period. He attributed the strength in capital markets over the past year in part to significant momentum in the technology sector, including strong year-over-year earnings growth and continued market enthusiasm regarding Artificial Intelligence. Mr. Caparelli also noted that, over the seven- and ten-year periods, the Portfolio had earned approximately 9% per year, driven largely by strong global equity returns, particularly in the U.S. Equity market. He cautioned that the approximately 15% annualized return generated by U.S. Equities over the prior decade was not expected to persist indefinitely, given longer-term historical averages.

Mr. Caparelli next reviewed the Portfolio's asset allocation relative to the targets. He noted that the Portfolio remained underweight in Fixed Income and overweight in Private Equity, although both positions had moved closer to the targets due to recent rebalancing activity and increased Private Equity distributions. He stated that the Portfolio began the calendar year with a market value of approximately $1.849 billion, experienced a little less than $60 million in net cash outflows, and gained approximately $72 million from market performance, resulting in modest total Portfolio growth after cash flows. Mr. Caparelli further noted that substantially all of the year-to-date returns had occurred in April and described the recent market movement as a short and sharp V-shaped recovery, with the Portfolio moving from a February high to a March low and then back near prior levels in April. As of April 30, the total market value was approximately $1.864 billion.

Mr. Caparelli next discussed Portfolio allocations compared to policy targets in more detail. He stated that Fixed Income was 19.5% of the Portfolio compared to a 25% target, while most other asset classes were close to their target allocations. U.S. Equities and International Equities were each within approximately one percentage point of their targets, the Hedge composite and Volatility Risk Premium allocations were similarly close to the targets, and Real Estate and Infrastructure were generally aligned with their policy targets. Private Equity remained overweight at 12.4% compared to a 9% target, although Mr. Caparelli noted that the overweight had declined meaningfully over the last few years.

Turning to performance, Mr. Caparelli reported that the Portfolio was up 4.2% for April and 3.9% year to date. He noted that the Fixed Income markets had been relatively flat, but that the Portfolio had generated some excess return due to Emerging Market Debt. He also addressed Private Debt, noting that the asset class had been the subject of recent market attention and was discussed at the Committee level. Marquette remains comfortable with the Portfolio's positions and managers in the asset class, and there has not been meaningful negative performance within the Portfolio. He reported that Private Debt had generated an approximately 0.9% year-to-date return. Mr. Caparelli stated that U.S. Equities were up 6.8% year to date, and International Equities were up 9.5% year to date, continuing the trend of the International markets outpacing U.S. markets. He also noted that alternative asset classes, including Volatility Risk Premium, Real Estate, Infrastructure, and Private Equity, contributed positively to performance and helped provide stability during the March market volatility.

At the manager level, Mr. Caparelli stated that there was not much to highlight among the bond managers but noted stronger year-to-date results from TCW in Emerging Markets Debt. In U.S. Equities, he discussed Boston Partners and Silvercrest, noting that Silvercrest had experienced underperformance over the prior year in a challenging small-cap environment, but that its year-to-date results had improved and were lagging the benchmark by a smaller margin. Mr. Caparelli stated that Marquette was not overly concerned with the underperformance given Silvercrest's long tenure in the Portfolio and prior performance cycles, and that

Marquette expected the quality differential to return to the market over time. On the International side, he noted that QMA had performed well, returning approximately 15% year to date compared to a benchmark return of approximately 12%. He also reported that Parametric and Neuberger Berman had performed well in the Volatility Risk Premium allocation, declining less than equity markets in March and rebounding in April, thereby providing a smoother return profile during the volatile period.

Mr. Caparelli concluded with comments on Real Estate and Infrastructure. He noted that because those assets are valued quarterly, April returns were not yet available, but first-quarter performance had been positive. He stated that Real Estate appeared to be normalizing after a difficult period following the COVID cycle, and that Infrastructure continued to be a strong, stable, and consistent contributor to the Portfolio. Mr. Caparelli stated that there were no action items for the Board. He concluded by noting that April had been a much stronger month than March. Mr. Caparelli then called for questions, and seeing none, stated that concluded Marquette's report. Chair Lucas then thanked Mr. Caparelli and Mr. Snooks for their report.

Chair Lucas stated he was going to take some additional items out of order to ensure the Board is able to review a few items that have been on prior agendas. He explained that the Board needed to go into closed session. Chair Lucas noted that the Board will be discussing the appeal in closed session and asked whether Mr. Martin had called into the meeting and would like to make comments. Seeing that he had not, Chair Lucas asked whether any of the Trustees had questions for Ms. Bronikowski regarding the appeal because RPS will not be in closed session for the discussion related to Mr. Martin's appeal. No questions were asked, but Mr. Grady noted that he would be recusing himself from Mr. Martin's appeal and would not participate in that portion of closed session. Chair Lucas stated that the Board could proceed with moving to closed session.

Mr. Benson then moved that the Pension Board adjourn into closed session under Wisconsin Statutes section 19.85(1)(g) with regard to Items 8 through 9(a) for the purpose of the Board receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning these matters.

The Pension Board unanimously agreed by voice vote to enter into closed session to discuss Items 8 through 9(a). Motion by Mr. Benson, seconded by Mr. Abelson.

8. <u>OBRA Annuitant Rehires</u>

The Pension Board discussed this item in closed session and upon returning to open session took no action.

9. <u>Appeals and Rules Committee Closed Session Item(s) – Appeal Hearings</u>

(a) <u>J. Martin</u>

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The Pension Board discussed this item in closed session.

The Pension Board agreed by voice vote to return to open session.

After returning to open session, the Pension Board had the following discussions and made the following motions.

(a) J. Martin Appeal

Chair Lucas stated that Mr. Martin's appeal is complicated with a lot of moving pieces due to the Plan terms and Act 12. He explained that the Board had a healthy discussion about the appeal in closed session.

The Pension Board voted, with Mr. Grady abstaining, to confirm the Appeals and Rules Committee's recommendation to deny Mr. Martin'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. Abelson, seconded by Mr. Benson.

10. Investment Consultant Contract

Ms. Bronikowski reported that the Board had previously authorized the preparation of a Request for Proposal ("RFP") for investment consulting services. She stated that the RFP was reviewed, approved, and issued in November, and that responses were received during December and January. Following receipt of a recommendation from the RFP evaluation panel, the Board awarded the RFP to Marquette in March. Ms. Bronikowski explained that the draft contract had been prepared with the assistance of internal and external counsel and was included in the meeting materials for the Board's review. Ms. Bronikowski noted that the Investment Committee had reviewed the contract at its May meeting and recommended that the Board approve the contract as presented.

The Pension Board unanimously voted to approve the contract with Marquette Associates as presented. Motion by Vice Chair Johnson, seconded by Mr. Grady.

11. Appeals and Rules Committee May 6, 2026

(a) Committee Report

Mr. Abelson reported that the Appeals and Rules Committee met earlier in May. He noted that most of the items discussed are on the Board's agenda. He explained that the Committee did hear one appeal, but because of the short time frame between the Committee meeting and the Board meeting, the Board will hear that appeal in June. Additionally, the Committee received education from counsel, specifically background on the Internal Revenue Code, Wisconsin law, and Ordinances that affect ERS.

(b) OBRA Rule 104 Regarding Calculation of Service Credit

Ms. Bronikowski presented the resolution proposing amendments to OBRA Rule 104. She explained that Milwaukee County enrolled as an employer under the WRS last year in accordance with 2023 Wisconsin Act 12. Under the WRS eligibility rules, individuals who are expected to work at least one year and at least 1,200 hours per year are enrolled in the WRS upon hire. Individuals who are not expected to meet those criteria are not enrolled in the WRS upon hire but are enrolled if they later reach the 1,200-hour threshold.

Ms. Bronikowski explained that the County now has its first group of individuals hired in 2025 as seasonal employees who are reaching 1,200 hours and moving from seasonal OBRA coverage into the WRS. She noted that, under OBRA, a full year of service is generally granted for each year in which an individual works. However, there is a carve-out for years in which an individual moves from OBRA coverage to coverage under a plan that provides for Social Security, in which case a partial year of service is granted. Because these OBRA-eligible employees are now reaching 1,200 hours, enrolling in the WRS, and becoming covered by Social Security, RPS needs a method to determine their OBRA service credit for the year in which they move from OBRA to the WRS.

Ms. Bronikowski stated that, in the past, this issue has been addressed for ERS by first granting one year of OBRA credit to members who work any day during the year and then subtracting the service earned in ERS. She explained that RPS considered a similar approach for WRS service, but that it would be administratively challenging because the County would need to wait until the WRS certifies service credit before applying the offset to OBRA. She further noted that certain OBRA benefits are required by Ordinance to be paid in January, and it may not be feasible to obtain the WRS service credit amounts in time to finalize the OBRA service credit and distribute the benefit.

Ms. Bronikowski explained that, to ensure service is prorated correctly for individuals who move from OBRA to the WRS, the proposed amendments to Rule 104 would establish a method for calculating OBRA service that does not require input from the WRS. The proposed amendment would calculate prorated service using a fraction in which the numerator is the number of OBRA hours worked and the denominator is 2,080. She noted that this is the same methodology used for ERS employees.

Ms. Bronikowski stated that the Appeals and Rules Committee discussed the proposed Rule amendments. A question was raised regarding how the WRS calculates service credit, and Ms. Bronikowski passed that question along to the WRS agent at Milwaukee County, who has not yet been able to provide a response. Based on her review of information available online, it appears that WRS service credit is calculated by dividing hours worked by 1,904. Ms. Bronikowski noted that, as a result, there is a possibility that an individual could work for a few weeks in OBRA, then move to the WRS, and have total service credit between the two systems that slightly exceeds one year. She stated that she was not sure there was a way to prevent that result unless RPS waited until the WRS calculated service credit each year. Therefore, Ms. Bronikowski recommended calculating OBRA service credit using the hours-divided-by-2,080 methodology, with the OBRA system effectively administered on its own.

In response to a question from Mr. Grady regarding duplicating service, Ms. Bronikowski explained that the WRS would not grant service credit for any hours worked under OBRA. The individual would begin accumulating WRS credit when they move to the WRS. She used an example of someone who works 1,200 hours under OBRA and then works another 800 hours under the WRS. OBRA would grant them service credit in OBRA for those 1,200 hours, and then the WRS would grant them service credit for the 800 hours in WRS. Ms. Bronikowski confirmed that while it is possible a member has slightly more than 1.0 service credits between the systems, the systems do not duplicate credit for the same period of service.

In response to a question from Chair Lucas, Ms. Bronikowski stated that the 1,200-hour limit is not an OBRA limit but a WRS eligibility requirement. While under OBRA, a member could earn more than 1,200 hours, WRS requires that OBRA members be enrolled in WRS if they meet the eligibility requirements.

In response to a question from Mr. Grady, Ms. Bronikowski confirmed that an OBRA member could earn a portion of the year in OBRA and then switch jobs and earn additional credit in WRS for the remainder of the year.

The Pension Board unanimously voted to approve the amendments to OBRA Rule 104 attached as Exhibit A. Motion by Mr. Benson, seconded by Mr. Grady.

12. Investment Committee Report May 12, 2026

Vice Chair Johnson stated that the Investment Committee met in May. He explained that the Committee received an update from Mr. Caparelli regarding the markets and the Portfolio similar to what the Board heard earlier. The Committee also reviewed the contract for the Investment Consultant.

Vice Chair Johnson stated that Blue Owl, part of the Private Debt Composite, also presented to the Committee. He explained that the companies that Blue Owl has in their portfolio are strong, which is good to hear from the manager, given the recent media attention regarding Private Credit.

Chair Lucas thanked Vice Chair Johnson for his report and stated that Vice Chair Johnson will be acting as Chair for the remainder of the meeting as Chair Lucas needed to leave.

13. RPS Reports

(a) <u>RPS Director Report</u>

Vice Chair Johnson asked Ms. Bronikowski to present the RPS Director Report.

Ms. Bronikowski began with an update regarding Pension Board elections. She reported that the Pension Board is currently in the midst of a special member election to fill the seat vacated by Mr. Tenjum last year. She stated that there are four candidates for the election and that the primary election is scheduled for June 3 through June 10. If none of the candidates receives 55% of the vote, a final election will be held at the end of June. Ms. Bronikowski stated that staff has contacted the election administrator, built the voting site, and is currently testing it. Staff has also begun communicating with ERS and OBRA employees to make them aware of the election and encouraging them to vote. Based on the current timeline, Ms. Bronikowski stated that a final candidate should be selected no later than June 30, with the new trustee to be sworn in and onboarded shortly thereafter.

Ms. Bronikowski also reported that the July Appeals and Rules Committee meeting has been rescheduled from July 22 to July 29. She stated that the meeting invite has been updated and that staff are working to update the Board calendar accordingly.

Ms. Bronikowski further advised the Board that, given the vacancies that have existed on the Board for several years and recent challenges in obtaining a quorum for certain meetings, she is reviewing the structure of the Pension Board related to peer funds. She noted that the structure of the Pension Board was established by Milwaukee County Ordinance, so the County Board will be the ultimate decision-maker in any changes. To receive Pension Board input, Ms. Bronikowski intends to bring this matter to an upcoming Governance Committee. She stated that she hopes to address the Pension Board makeup with the County Board later this year.

In response to a question from Mr. Abelson, Ms. Bronikowski stated that there are some general changes she would like the County Board to consider, such as having an odd number of Pension Board members, expanding the term limit to three terms instead of two, and having an ex officio member of the Board. She explained she is reviewing a number of different options so that the County Board can consider and make decisions.

In response to a question from Mr. Benson, Ms. Bronikowski stated that logistically, the recommendation for the Ordinance changes can come from the Pension Board or the Department of Human Resources. Once there is a better idea of what changes may be useful, the Board can discuss further. Ms. Bronikowski confirmed that any changes would have to be approved by the County Board through Ordinance amendment.

Ms. Bronikowski next provided an update on the RPS team. She reported that the team currently has two vacancies: a Member Engagement Project Manager and a Retirement Assistant. With respect to the Member Engagement Project Manager position, which is responsible for the team's communications and communication strategy, Ms. Bronikowski stated that a verbal offer has been made and that a follow-up meeting with the candidate is scheduled. She indicated that she hopes to be able to announce the candidate's start date soon. With respect to the Retirement Assistant position, Ms. Bronikowski reported that there was significant interest in the role, with 72 qualified applicants, and that the team has begun the interview process for the top candidates. She stated that she hopes both positions will be filled during the month of June.

Ms. Bronikowski reported that the team is coming out of its busiest season, noting that many mass mailings are sent during the first five months of the year. She stated that the team is looking forward to a somewhat slower summer, while also continuing work on several ongoing projects. She reported that the team is currently responding to audit requests and preparing the Annual Report of the Pension Board, which is expected to be presented at the next Pension Board meeting.

Ms. Bronikowski also reported that the team is completing its initial work related to the upcoming functional upgrade of the pension administration system. She stated that the team is working closely with Vitech on the project plan and hopes to begin testing shortly.

Ms. Bronikowski stated that the team is in the initial phases of planning for its relocation. She reported that there is not yet a confirmed move date or final location, but that the County's Investing in Justice project is proceeding, with a proposed lease expected to go to the County Board in the next month or two. She stated that she expects to have a final location soon, which will allow RPS to begin communication and planning efforts related to the relocation. Ms. Bronikowski further stated that, based on the information she has received, the move may occur at the end of the year or early next year.

Ms. Bronikowski reported that the team has begun initial work related to changes in the Form 1099-R filing process for next year. She explained that the federal government is changing the system used for tax filings, including 1099-R filings, and that the team is working on a solution to revise its process to accommodate those changes.

Ms. Bronikowski also reported that the team has been working closely with the Comptroller's Office over the last several months regarding a request to expedite issuance of the Annual Report so that Milwaukee County can meet its annual comprehensive financial report deadline, which is in June of each year. She stated that the team will bring proposed ideas to the Pension Board at an upcoming meeting to discuss its research on how to expedite issuance of the Pension Board's Annual Report by approximately one month.

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 with a review of the retirements and disability applications processed report.

With respect to the April 2026 retirements processed, Ms. Bronikowski stated that thirteen retirements commenced during the month. Of these, ten were deferred retirements and three were active retirements. Among the three active retirements, one included a backDROP distribution of approximately $92,000.

Ms. Bronikowski next provided an update on May 2026 retirements, noting that RPS will process 9 retirements in the month of May.

Ms. Bronikowski then reviewed the disability applications processed. She stated that she provided a report again this month that outlined the disability applications processed by RPS. She clarified that the Board delegated approval of disability applications to her a couple of years ago. As an update for April, Ms. Bronikowski stated that there were no new disability applications, and the one that was in process is waiting on payment under the payment schedule.

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

(c) Fiscal Reports

Vice Chair Johnson asked Ms. Kirsanoff to provide the Fiscal Reports. Ms. Kirsanoff reported that she provided the final Balance Sheets and Income Statements for ERS and OBRA as of December 31, 2025, the final Budget vs Actual as of December 31, 2025 and the preliminary Budget vs Actual as of March 31, 2026. She noted that the first quarter financials for 2026 will be provided at the June Board meeting. Ms. Kirsanoff also noted that the preliminary Budget vs Actual is very preliminary and includes only those expenses that are not paid for by the County. Ms. Kirsanoff stated she also provided the Portfolio Activity Report for April and the Funds Approved Report.

Ms. Kirsanoff stated that net Plan assets held in trust for pension benefits as of April 30 were approximately $1.86 billion. She noted that the ERS Fund experienced an overall increase of approximately $68 million over the one-month period from March 31 through April 30, including increases in U.S. Equity, International Equity, Hedged Equity, Infrastructure, Fixed Income, Private Equity, and Private Debt. She reported declines in Cash Equivalents and Real Estate.

She noted that due to available cash, it was not necessary to raise other funds to meet April 2026 disbursement and capital needs.

Ms. Kirsanoff next reviewed distributions in April. She reported that in April there were three distributions totaling approximately $2.4 million, including $1.55 million from Mesirow.

Ms. Kirsanoff also noted that two capital calls occurred in April in the amount of approximately $1.56 million, including a little over $1 million for BPEA VI, LP.

With respect to previously approved funding, Ms. Kirsanoff stated that at the December 2025 Pension Board meeting, $110 million had been approved for estimated first-half 2026 funding needs, together with a surplus of approximately $9.35 million from the second half of the prior period, for a total of approximately $119.3 million available. She reported that $18 million was required in January, $16 million in February, $17 million in March, $15.5 million in April and $17.5 million is anticipated for May. Together with the estimated $20 million required for June, ERS has sufficient funds for the expected remaining first half of 2026 funding needs.

Ms. Kirsanoff stated that she does have a funding request but called for questions on the Fiscal Report.

Mr. Grady noted that, in reviewing the budget, investment manager fees were significantly under budget in 2025, yet the same amount was included in the 2026 budget. He questioned why the estimates were so high. Ms. Kirsanoff stated that she would look into the matter and consult with Marquette. She clarified that manager fee estimates typically come from Marquette and that she would research the issue further. Mr. Grady acknowledged that it was too late to revise the 2026 budget but emphasized that the figures should be reviewed in advance of the 2027 budget.

In response to a question from Mr. Benson, Ms. Kirsanoff confirmed that these expenses are paid from the ERS Fund and are not supported by an additional tax levy or other charge. Ms. Bronikowski explained that every six months, RPS estimates the amount needed from the ERS Fund to cover benefit payments and expenses. While Ms. Kirsanoff requests a specified amount from the Board on a semiannual basis, those funds remain in place until needed. She further clarified that when funds must be raised to pay benefits or expenses, Ms. Kirsanoff works with Marquette to determine the appropriate source of funds. In the case of overbudgeted investment fees, the excess amounts remain in the pension fund and are not reallocated. Mr. Benson observed that, while maintaining a sound budget is important, whether the budget is $1 million or $10 million under does not affect the overall financial position of the ERS Fund. Ms. Bronikowski agreed.

Vice Chair Johnson thanked Ms. Kirsanoff for her report and stated they could move to the funding request.

14. Administrative Matters

(a) Funding Request for Second Half of 2026

Ms. Kirsanoff stated that she was requesting authorization for $100 million for the second half of 2026 funding needs.

The Pension Board unanimously voted to approve the liquidation of assets to fund cash flow of $100 million for the second half of 2026 funding needs. The amounts should be withdrawn from investments designated by Marquette Associates. Motion by Mr. Grady, seconded by Mr. Benson.

(b) Future Agenda Topics

Ms. Bronikowski stated that the final agenda item is future agenda topics and asked if there were any topics to be added. Mr. Benson noted that as was mentioned earlier, it would be helpful for the Audit Committee to discuss the experience study and whether moving to a three-year cadence makes sense. Ms. Bronikowski stated she will include that on a future agenda.

Mr. Grady noted that, as this was Mr. Taback's last meeting, he wanted to thank him for his service and wish him well in Washington, DC. Ms. Best and Vice Chair Johnson echoed those comments and wished Mr. Taback safe travels.

15. Adjournment

The meeting adjourned at 10:34 a.m.

Submitted by Erika Bronikowski,
Secretary of the Pension Board

EXHIBIT A

AMENDMENTS TO THE RULES OF THE 1990 OBRA EMPLOYEES' RETIREMENT SYSTEM

RECITALS

1. Section 203(5.2) of the Milwaukee County Code of General Ordinances (the "Ordinances") authorizes the Pension Board of the Employees' Retirement System of the County of Milwaukee (the "Pension Board") to establish rules for the administration of OBRA.

2. Beginning in 2025, all newly hired Milwaukee County employees who are eligible for the Wisconsin Retirement System ("WRS") must be enrolled in WRS rather than in one of the County's retirement systems. This requirement applies to OBRA employees who work sufficient hours and otherwise meet the eligibility requirements for WRS.

3. Because OBRA employees are generally part-time and seasonal, many who become eligible for WRS are likely to do so mid-year.

4. Accordingly, the Pension Board wishes to adopt a Rule clarifying how partial years of service credit will be calculated for OBRA members who participate in OBRA for only a portion of a plan year and then transition to WRS.

RESOLUTIONS

Effective January 1, 2026, the Pension Board hereby amends Rule 104 to read as follows:

104. Determination of compensation and service.

a) *Reliance on Information Provided by County.* The amount of a member's pension benefit is based on his compensation and service with the county. For purposes of calculating the amount of a member's pension benefit, the board will rely on the compensation and service information provided by the county, and shall not independently verify a member's compensation or service for any periods of county employment.

b) *Calculation of Partial Year of Service.* Ordinance section 203(2.12) provides that a member receives a pro rata portion of a year of service if the member is covered by Social Security for only a portion of a plan year. For purposes of calculating this pro rata portion for OBRA members who are transferred to the Wisconsin Retirement System, Retirement Plan Services shall determine the number of hours worked by the member in OBRA service during the plan year and divide that number by 2,080. The resulting fraction represents the service credit earned by the member for that year with respect to OBRA service.