

**CITY OF MILWAUKEE**  
**MINUTES OF THE DEFERRED COMPENSATION BOARD**  
**MEETING OF THURSDAY, MAY 22, 2025**  
**2:00 P.M.**

**MEMBERS/DESIGNEES PRESENT:**

Mr. Jerry Allen,  
Mr. Richard Bare  
Ms. Molly Christianson, Board Vice Chair  
Mr. James Klajbor, Board Chair  
Mr. Steven Mahan  
Mr. Stuart Mukamal  
Ms. Tea Norfolk – left at 2:30 p.m.  
Assistant Chief Joshua Parish  
Mr. Robin Pederson

**EXCUSED/ABSENT:**

Mr. Harper Donahue - excused

**OTHER PLAN PROVIDERS and STAFF PRESENT:**

Mr. Ryan James Boyle, Northern Trust  
Mr. Tyler Calligaro, Budget Department  
Ms. Adria Campbell, Voya Financial  
Ms. Dawn Conlin, Voya Financial  
Ms. Beth Conradson Cleary, Executive Director, Deferred Compensation  
Mr. Jeff Deetsch, Invesco  
Mr. Travis Gresham, Assistant City Attorney  
Mr. Mike Joecken, Callan LLC  
Ms. Kimberly Kuehn, Plan Coordinator, Deferred Compensation  
Mr. Jack Malone, Callan LLC  
Ms. Charmaine Martin, Voya Financial  
Mr. Brendon McMahon, Northern Trust  
Mr. Jake Recker, JP Morgan  
Ms. Kathy Stevenson, Northern Trust  
Mr. Ben Taylor, Callan LLC

2:00 p.m. A quorum being present, Mr. Klajbor, Chair of the Deferred Compensation Board, called the meeting to order.

**1. Roll call and Introductions [00:17]**

**2. Approval of Meeting Minutes of February 20, 2025 [03:46]**

Motion by Mr. Mukamal to approve the meeting minutes of February 22, 2025. No objections

**3. Annual Discussion of Default Annual Percentage Increase**

Ms. Cleary stated that the default percentage is currently at three percent and that the Board has the discretion to increase that up to five percent. She reviewed the memo provided by Voya that provides an update of the plan participants who may be impacted as a result of an increased default annual percentage. Ms. Cleary stated that, previously, the Board has been reluctant to increase the number given the economic impact it would have and in light of other outside economic variables that our employees have faced. After discussion by the Board, no action to increase the default percentage was taken.

**4. Approval of the 2026 Budget Request**

Ms. Cleary reported that the EFC reviewed and approved the documents related to the 2026 budget at its Budget Review meeting earlier in the month. Similar to last year, there are two versions of both the BMD2-a and the BMD10 forms. One reflects a five percent reduction across the top line, as required by the Budget Office under Act 12. There have not been many changes in what has been proposed for next year's requested 2026 budget as compared to the 2025 budget and previous requests. The increases in salary are related to market adjustments and everything is staying on track with what has been requested in past years. Looking at the BMD10, there is comparison across the years as well as performance measures on page two. Ms. Cleary referenced the external budget, which reflects all of the expenses paid directly from the fund (as compared to any expenses paid by and subsequently reimbursed to the City) and lists a combination of external expenditure expenses paid to vendors as well as revenue. Discussion ensued.

Motion by Mr. Bare to approve the 2026 Budget Request. No objections

**5. Discussion Approval of Executive Director's Attendance at the 2025 NAGDCA Conference (comped by NAGDCA due to NAGDCA Board Member status)**

Motion by Mr. Allen to approve the Executive Director's Attendance at the 2025 NAGDCA Conference. No objections.

**6. Approval of Kimberly Kuehn's Attendance at the 2025 NAGDCA Conference**

Motion by Assistant Chief Parish to approve Kimberly Kuehn's Attendance at the 2025 NAGDCA Conference. No objections.

**7. Discussion and Approval to Recommend Master Agreement Edits re. SECURE 2.0 Optional Provision re. Qualified Federally Declared Disasters**

Ms. Cleary referenced her memo to the Board and provided a detail overview of the Qualified Federally Declared Disasters optional provision. Discussion ensued.

Motion by Assistant Chief Parish to approve the Common Council Amendment of the Master Agreement to allow for the SECURE 2.0 Optional Provision regarding Qualified Federally Declared Disasters, seconded by Mr. Bare. No objections.

**8. Discussion and Approval re. Expenditure to Establish Single Sign-on (SSO) with WorkDay Platform**

Ms. Cleary reported that this update would allow employees to sign in to their Voya account via a link located in the new WorkDay platform. If the SSO is established, employees would be authenticated once they sign into their WorkDay account and then be logged in directly to their Voya participant account via a secure link between the two platforms. The SSO option would streamline access (i.e., by eliminating the need for employees to exit and sign in to their Voya account separately) and increase security by encouraging participants to register their Voya accounts if they haven't done so already. Discussion ensued.

Motion by Ms. Christianson to approve Expenditure to Establish Single Sign-on (SSO) with WorkDay Platform.

Please be advised that the Committee may vote to convene in closed session on the following Items 9 and 10 on proper motion and action pursuant to Section 19.85(1)(e), Wisconsin Statue for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting the specified public business, whenever competitive or bargaining reasons require a closed session (Items 9 & 10). Please note: A roll call is required for the Committee to enter closed session. The Committee may then vote to reconvene in open session following the closed session.

[36:32] Motion by Mr. Allen to convene in closed session. No objections.

3:45 p.m. Board enters closed session

## **9. Update and Discussion Regarding Callan's Agreement**

## **10. Update and Discussion Regarding Custodial Banking Services**

4:39 p.m. Board adjourns from closed session.

## **11. EFC Report [26:59]**

### **a. Northern Trust Presentation re. Network Management**

Mr. Klajbor provided a brief overview of the Northern Trust's presentation.

### **b. Discussion regarding EFC & Board Meeting time**

Mr. Klajbor stated that the Board meetings run late in the day and, as a result, proposed starting the EFC and Board meetings at 1:30 p.m. rather than 2:00 p.m. The Board agreed to change the EFC and Board start time to 1:30 p.m. going forward.

### **c. Summary of Investment Management and Services Presentations [58:45] - Brandywine**

**- Northern Trust**

Mr. Klajbor provided a brief overview of the Investment Manager presentations and reminded all Board members they are welcome to attend the EFC meetings.

**12. Executive Director Report [1:00:29]**

**a. Update regarding the 2024 Financial Statements and Audit**

Ms. Cleary reported that the 2024 financial statements and Audit is on track and going well as in past years. The final results on are track to be presented at the August Board meeting.

**b. Update regarding SECURE 2.0 [01:01:49]**

Ms. Cleary reported there are no updates at this time, but she will continue to bring updates to the EFC and Board as they become available.

**c. Multi-year Comparison of MDCP Budgets Inclusive of All Expenses/Revenues**

Ms. Cleary provided a brief overview of the standard report.

**d. Financial Wellness Updates**

Ms. Cleary highlighted the new monthly hybrid presentation Voya is conducting, the first presentation was a success with Stay the Course and they will continue to conduct this monthly presentation for employees.

**e. Report of Voya Client Conference**

Ms. Cleary provided brief highlights from the Voya Client Conference.

**f. Report of NAGDCA Washington DC Board Meeting**

Ms. Cleary provided brief highlights from the NAGDCA Washington DC Board meeting.

**g. Personnel Update**

Ms. Cleary reported she is working with DER on an updated job description for the vacant position, no other updates at this time.

**h. Other**

### **13. Vendor Reports**

#### **a. Callan Associates Inc. Performance Report**

Mr. Joecken provided a detailed overview of the first quarter performance.

#### **b. Charles Schwab PCRA Report**

#### **c. Invesco Advisers, Inc. (SVA) Performance Report**

Mr. Deetsch reported that despite ongoing market volatility, Invesco's capital preservation strategies remain strong, supported by a diversified, high-quality management approach. At a recent industry meeting, insurers reaffirmed their commitment to the stable value business.

He noted that, typically, inflows into stable value funds suggest participant concerns; however, the Plan has instead seen outflows from stable value over the past year, including the most recent quarter. While overall assets under management have remained flat, the firm has expanded its pipeline with new accounts, which should help secure more favorable terms and fee structures over time.

Mr. Deetsch provided an update on crediting rates, explaining that some wrap contract providers have modestly reduced fees, with several now at 14 basis points compared to 15 previously, reflecting incremental but positive progress.

He commented that, from a performance perspective, money market funds are often used as a benchmark for stable value in 401(k)/457 plans. While not a perfect comparison, stable value is better aligned with intermediate fixed income strategies. Accordingly, stable value may underperform money markets in the short term—particularly during periods of a flat or inverted yield curve—but over the long term, it is expected to provide participants with both principal preservation and attractive yields.

#### **d. JP Morgan SmartRetirement Funds**

Mr. Recker provided an overview of the SmartRetirement target date funds, noting that the quarter was generally favorable for diversified portfolios. U.S. equities underperformed relative to international equities, while direct real estate holdings within the funds contributed positively. Overall, diversification continued to enhance performance.

He outlined three key areas where JP Morgan seeks to add value for participants. The first is Glide Path Design, which is the allocation between stocks and bonds across a participant's savings horizon remains the most important driver of returns, accounting for the majority of outcomes. Younger participants are allocated more heavily to equities, while allocations shift toward bonds near retirement. The second is manager selection. Active managers are selected across equity, fixed income, and real estate components to enhance performance potential. And the third is active asset allocation, which involves tactical over- and underweighting of markets when risks or opportunities are identified.

Mr. Recker explained that JP Morgan builds its glide path using real participant data, including savings and spending patterns, much of which is informed by the firm's access to Chase banking data. Annual modeling is conducted to refine the glide path to support long-term retirement outcomes.

In response to a question from Ms. Christianson about why participants may take assets out of the Plan, Mr. Recker noted that many participants are influenced by outside financial advisors or rollover solicitations after separating from service. He emphasized, however, that fees within the Plan are highly competitive compared to external options, and that the funds' income-oriented allocations are designed to remain appropriate for retirees who choose to stay in the Plan. Discussion ensued.

**e. Northern Trust Performance Report**

Mr. Boyle provided an update on the global and U.S. economic outlook, highlighting both recent resilience and emerging risks. He noted that the U.S. economy entered 2025 with strong momentum and has outperformed other developed markets, though growth is expected to moderate after several years of exceptional equity market returns.

A major theme was trade policy uncertainty. Mr. Boyle reviewed recent tariff actions, observing that compared to the prior administration, tariffs have been announced more quickly and applied more broadly, including measures tied to non-trade issues, such as, fentanyl and migration. He cautioned that April's announcement of reciprocal tariffs represented a turning point, though subsequent partial rollbacks eased market fears. He emphasized that markets—and particularly the bond market—are influencing policy shifts, noting that sharp moves in the 10-year Treasury appear to be closely monitored by the administration.

On interest rates and inflation, Mr. Boyle stated that the Federal Reserve remains focused on reaching its 2% inflation target. While inflation has improved significantly from its 2022 peak, tariffs are adding costs that may complicate the Fed's task. He expects the Fed to remain cautious but anticipates the possibility of one more rate cut this year and perhaps two in 2026, consistent with the goal of sustaining a "soft landing."

He also addressed sector-specific risks. Tariff-affected industries, federal employment reductions, and higher education/research institutions could face pressures in the coming quarters. Consumer demand has been strong, particularly in autos, though some giveback is expected in the second half of the year. Globally, Canada appears vulnerable to a mild recession given its trade exposure to the U.S., while the broader world economy is slowing but still resilient.

Mr. Boyle noted that energy and mining remain stable, with oil prices near break-even levels for U.S. production and rare-earth mineral supply still heavily dependent on imports. Potential deregulation could support more domestic mining activity, though environmental concerns remain a barrier.

In the discussion, Mr. Boyle highlighted the importance of cybersecurity as a critical risk. He expressed concern about federal reductions in cybersecurity funding but emphasized that Northern Trust and other large institutions continue to invest heavily in protection, with regulators maintaining high standards.

Overall, Mr. Boyle conveyed a cautiously optimistic outlook, pointing to economic resilience, steady if slowing growth, and the potential for continued adaptation to policy shocks, while acknowledging heightened uncertainty from trade disputes, fiscal deficits, and geopolitical risks.

**f. Voya Financial Report(s)**

Ms. Campbell provided an update on participant sentiment and activity for the quarter. Voya's quarterly survey indicated that overall participant sentiment declined slightly (down ~3% from the prior quarter), with concerns centered on market volatility, inflation, and broader economic conditions. Despite this, participant behavior remained steady. She referenced that 98.6% of participants stayed the course without making investment trades, unchanged from the prior year. Only 1.5% of the population made a future investment allocation change in the first quarter, again unchanged from the same time period last year. Positive trends included that

69% of participants who changed their savings rate chose to increase their contribution rate, though this was slightly lower than the prior year.

Ms. Campbell highlighted Voya's focus on digital engagement and financial wellness. Digital interactions continue to increase, with most participants logging in primarily to check balances rather than transact. The mobile app maintains high satisfaction, with a 4.8 out of 5-star rating from 157,000 users. She also highlighted that there is now a dedicated webpage that provides tools, calculators, and articles addressing market volatility, with messaging reinforcing "stay the course."

She also reported on Voya's Financial Wellness Survey, available to all participants via the website. To date, 765 participants have completed the survey, with 624 returning for follow-up use. The survey measures key financial pillars such as, protection, spending, emergency savings, retirement readiness, and personal goals. Early results show that confidence levels rise with household income, with an overall average confidence score of 6.6 (median 7).

- 14. Informational**
  - a. 1<sup>st</sup> Quarter Newsletter**
  - b. 2025 P&I Eddy Award**
  - c. Press Release re. Baker Tilly and Moss Adams Merger**

Informational only.

4:39 p.m. Meeting adjourned from closed session