

**CITY OF MILWAUKEE  
MINUTES OF THE DEFERRED COMPENSATION  
EXECUTIVE FINANCE COMMITTEE  
MEETING OF THURSDAY, OCTOBER 23, 2025  
1:30 P.M. – VIRTUAL MEETING**

**MEMBERS/DESIGNEES PRESENT:**

Mr. Richard Bare

Ms. Molly Christianson, Arrived at 1:36 p.m. Left at 1:49 p.m.

Mr. James Klajbor, Chair

Mr. Stuart Mukamal

Mr. Robin Pederson

**EXCUSED/ABSENT:**

**OTHER PLAN PROVIDERS and STAFF PRESENT:**

Mr. William Adams, Schroders

Mr. Jerry Allen, MDCP Board Member

Mr. Tyler Calligaro, Budget Department

Ms. Dawn Conlin, Voya Financial

Ms. Beth Conradson Cleary, Executive Director, Deferred Compensation

Mr. Travis Gresham, City Attorney

Mr. Lendall Goff, Voya Financial

Mr. Mike Joecken, Callan LLC

Ms. Kimberly Kuehn, Plan Coordinator, Deferred Compensation

Mr. Jack Malone, Callan LLC

Mr. Christopher Martin, Member of Public

Ms. Cathie Mazza, Schroders

Ms. Tea Norfolk, MDCP Board Member

1:31 p.m. A quorum being present, Mr. Klajbor, Chairman, called the meeting to order.

1. Roll call and Introductions [00:14]

## **2. Approval of Meeting Minutes of September 25, 2025 [01:26]**

Motion by Mr. Mukamal to approve the meeting minutes of September 25, 2025 with one correction. No objections.

## **3. Investment Manager Presentation by Schroders [01:51]**

Mr. Joecken reported that Schroders fulfills the role of international equity value manager within the Actively Managed Equity Account. Schroders is targeted for 17.5% of that portfolio and, as of the end of September, managed approximately \$42 million for the Plan.

Ms. Mazza provided introductory remarks and firm updates. Mr. Adams provided an overview of the team and investment philosophy, followed by a market review. Mr. Adams noted that markets experienced a significant drawdown earlier in the year following the “Liberation Day” announcement, with a notable recovery since that time. He stated that the U.S. dollar has weakened by approximately 10% year-to-date across a basket of currencies, which has benefited U.S.-based investors with international and emerging markets exposure. Mr. Adams noted that bond yields have remained relatively well behaved despite market volatility earlier in the year and have declined more recently as the Federal Reserve began cutting rates. He stated the firm will continue monitoring the pace of future rate cuts and whether lingering inflationary pressures begin to fade. Mr. Adams reviewed key factors driving market performance and provided quarterly performance and attribution details.

Mr. Joecken reported that Callan continues to have a favorable opinion of Schroders. He noted that the firm has navigated periods of underperformance in late 2022 and 2023 and that the team remains strong, stable, and capable following the retirement of the strategy founder in 2022. Mr. Joecken further stated that Schroders complements the Plan’s growth manager, WCM, from both a style diversification and investment process perspective.

Ms. Mazza stated that Schroders did not have a dedicated cybersecurity representative present but highlighted the firm’s cybersecurity materials and noted that cybersecurity remains a significant organizational focus.

#### **4. Economic and Markets Review/Update from Callan LLC [39:40]**

Mr. Malone reported another strong quarter for both equity and fixed income markets. He noted that despite ongoing headlines and macroeconomic risks, markets have continued to look past those concerns and produced strong performance year-to-date. He stated that U.S. equities were up approximately 8% for the quarter, while non-U.S. equities were also strong and continued to lead U.S. markets year-to-date. Mr. Malone noted that much of the year-to-date outperformance for non-U.S. equities has been aided by U.S. dollar weakness, though the dollar strengthened during the third quarter, creating a headwind for non-U.S. returns in U.S. dollar terms despite strong local-currency performance. Mr. Malone noted that market themes related to artificial intelligence and a “risk-on” environment were also present outside the U.S., and that non-U.S. markets have been less concentrated among a small set of the largest names than U.S. equities.

In fixed income, Mr. Malone reported that markets were positive for the quarter. He noted that the Federal Reserve reduced interest rates by 25 basis points at its September meeting. Mr. Malone stated that while inflation measures remain elevated at approximately 3%, the Federal Reserve has indicated increased concern regarding labor market conditions and has used that as justification for easing. He stated that additional rate cuts may occur later this year, noting that unemployment has increased modestly and job creation has softened.

Mr. Malone also commented on the federal government shutdown, noting that it has delayed certain economic data releases and may complicate Federal Reserve decision-making. He noted that the September CPI report was expected to be released the following day and that it would be important to monitor, particularly given data timing and reliability concerns during furlough periods.

Mr. Malone reviewed longer-term return patterns and noted that U.S. equities experienced consecutive years of returns in excess of 25% in 2023 and 2024 and are up nearly 15% year-to-date in 2025. He noted that U.S. equity valuations are currently high based on measures such as price-to-earnings ratios and dividend yields and emphasized the importance of diversification, including the role non-U.S. equities have played during the year.

Mr. Malone reported that fixed income year-to-date returns were approximately 6.1%, and that credit spreads remain very tight, near the narrowest levels observed in approximately 25 years. Discussion ensued.

#### **5. Proposed 2026 Board/EFC Meeting Schedule [48:45]**

Ms. Cleary reported two corrections to the proposed schedule: changing November 17 to November 19, and changing December 18 to December 17. Mr. Bare noted that June 19 is Juneteenth and stated that date should be corrected. Ms. Cleary reported that the 2026 meeting dates will be presented to the Board for approval in November.

**6. 2026 Budget Hearing Presentation [49:55]**

Ms. Cleary referenced the Deferred Compensation budget hearing presentation that took place before the Finance and Personnel Committee earlier in the month. She reported that the presentation, co-presented with the Budget Office, was well received and included several questions that she is following up on. She stated that the presentation included standard annual updates.

**7. Update on Custodial Banking Services Review Update on Common Council File #250942 (Resolution authorizing amendments to the City of Milwaukee Deferred Compensation Plan Master Agreement to allow for special disaster-related distributions and loans, as permitted by SECURE 2.0) [51:16]**

Ms. Cleary reported that the resolution implements SECURE 2.0 provisions commonly referred to as “special disaster-related distributions and loans.” She stated that her recommendation was to focus implementation on distributions and not modify the Plan’s existing loan provisions to avoid complicating administration. Ms. Cleary noted that disaster-related distributions may be repaid within three years, which can function similarly to a loan for participants who choose to repay.

Ms. Cleary reported that because the City experienced a FEMA-declared disaster related to flooding, eligible participants may request a disaster-related distribution within a 180-day window beginning at the start of the FEMA-declared incident period. Ms. Cleary stated that for this event the FEMA incident start date was September 11, and she believed the 180-day window extends to March 10, 2026. She stated that eligibility is tied to need and residence within the FEMA-covered area.

Ms. Cleary reported that Alderman Spiker, the file sponsor, requested that participant communications also reference other available City resources so that participants may consider those options before accessing retirement assets. Mr. Klajbor asked whether an email communication to City employees could be issued to highlight available resources. Ms. Cleary stated she would follow up to identify who is coordinating those efforts. Mr. Mukamal asked about

the maximum disaster-related distribution amount under the provision. Ms. Cleary responded that the maximum is \$22,000 per disaster. Discussion ensued.

#### **8. Update on SECURE 2.0 [57:58]**

Ms. Cleary reported on the SECURE 2.0 catch-up contribution provision effective January 1, 2026, requiring mandatory Roth treatment of age 50+ catch-up contributions for participants whose wages exceed the applicable threshold. She stated that the current wage threshold is \$145,000 based on 2025 FICA wages and is subject to inflation indexing. Ms. Cleary reported that projected indexed threshold information was expected the following day and noted the threshold could change depending on indexing and rounding conventions.

Ms. Cleary stated that the Department will work with the Comptroller's Office to identify impacted participants and will coordinate communications with the Voya team. Ms. Cleary stated she also plans targeted outreach to the Fire and Police unions due to higher wage patterns and earlier retirements within those groups.

Mr. Klajbor asked whether participants' regular contributions would remain pre-tax (if elected) and only catch-up contributions above the limit would be required to be Roth. Ms. Cleary confirmed that is correct. Mr. Goff stated that Voya's local team will provide education for participants impacted by the change and noted that Voya has been preparing system controls for this requirement for the last two years. Mr. Allen asked whether the provision takes effect based on tax year 2025 income. Ms. Cleary responded in the affirmative. Discussion ensued.

#### **9. Personnel Update [1:10:34]**

Ms. Cleary reported that a new employee, Deborah Whitfield, will begin employment on Monday. Ms. Cleary provided a brief background. Mr. Klajbor asked whether the new employee will be enrolled in the Wisconsin Retirement System (WRS) or the Employees' Retirement System (ERS) given her prior City service. Ms. Cleary reported the employee will be enrolled in WRS. Discussion ensued.

#### **10. Voya Report(s) and Update [1:12:59]**

##### **a. Activity Report [1:13:10]**

Mr. Goff reported an upward trend in participant engagement. He stated that scheduled appointments increased from 50 in July to 75 in September, with completed appointments increasing

from 44 to 70, reflecting a 93% completion rate. He reported expanded outreach efforts including 10 outreach appointments and 20 outreach calls. Mr. Goff stated that trends reflect increased demand and more participant contact. Ms. Conlin provided additional information regarding September activity. Discussion ensued.

**b. Rollover Report [1:18:41]**

Mr. Goff reported that September rollovers totaled \$6,731,615, representing an increase from prior months. He noted that approximately 45% of September rollover volume was to Fidelity. Discussion ensued.

**c. VRA Report [1:22:15]**

Mr. Goff reported limited month-to-month change overall. He stated that participant engagement with VRA services increased and that advisor calls rose modestly. He noted that advisor transactions can vary significantly month-to-month. Mr. Goff reported that professional management program metrics remained positive, including increased membership, positive net activity, asset growth of approximately 2%, and an increase in average participant balance of nearly 2% for the month.

**d. Loan Outreach Update [1:23:41]**

Mr. Goff reported that 20 participants were identified for loan outreach. He stated that the outstanding loan balance associated with those participants was \$174,912, representing approximately 1.4% of total loan exposure potentially subject to missed payments. Mr. Goff reported a 90% contact rate (18 of 20 participants reached) and stated that 11 participants committed to catch up on missed payments, which he noted is the highest rate for the year. He reported no loan defaults in September, one default in August, and none in July, and noted the Plan's default rate remains low. Mr. Goff stated that the team will continue to track this information.

**e. 2025 Annual Account Election and Enrollment Period Update [1:27:00]**

Mr. Goff reported that the Annual Account Election and Enrollment Period began on Monday. He stated that 29 participants had opted out to date and noted that the period was still early. Mr. Klajbor asked how many participants were subject to default enrollment. Mr. Goff responded that the figure was close to 400; Ms. Cleary stated it was closer to 340. Mr. Goff stated he would provide final totals at the next meeting.

**11. Informational [1:28:26]**

- a. Charles Schwab – Explanation of Fees and Services
- b. 3Q2025 Newsletter

Please be advised that the Committee may vote to convene in closed session on the following Items 12 and 13 on proper motion and action pursuant to Section 19.85(1)(e), Wisconsin Statutes for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session.

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.

[1:29:40] Motion by Mr. Mukamal to convene in closed session. There were no objections, and the motion carried by roll call vote.

2:30 p.m. The Committee entered closed session

## **12. Discussion Regarding Financial Statement Preparation Services**

## **13. Discussion Regarding Financial Audit Services**

3:12 p.m. Meeting adjourned From Closed Session.