

CITY OF MILWAUKEE
MINUTES OF THE DEFERRED COMPENSATION BOARD
MEETING OF THURSDAY, NOVEMBER 20, 2025
1:30 P.M.

MEMBERS/DESIGNEES PRESENT:

Mr. Jerry Allen
Mr. Richard Bare
Ms. Jackie Q Carter
Ms. Molly Christianson, Board Vice Chair – arrived at 1:34 pm
Mr. James Klajbor, Board Chair
Mr. Steven Mahan – arrived at 1:37 pm
Mr. Stuart Mukamal
Ms. Tea Norfolk *attended virtually*
Mr. Robin Pederson

EXCUSED/ABSENT:

Assistant Chief Joshua Parish - Excused

OTHER PLAN PROVIDERS and STAFF PRESENT:

Ms. Adria Campbell, Voya Financial
Ms. Beth Conradson Cleary, Executive Director, Deferred Compensation
Mr. Jeff Deetsch, Invesco
Mr. Lendall Goff, Voya Financial *attended virtually*
Mr. Travis Gresham, Assistant City Attorney
Mr. Mike Joecken, Callan LLC
Ms. Kimberly Kuehn, Plan Coordinator, Deferred Compensation *attended virtually*
Mr. Jack Malone, Callan LLC
Ms. Charmaine Martin, Voya Financial
Mr. Jake Recker, JP Morgan *attended virtually*
Ms. Carli Turriffin, JP Morgan *attended virtually*
Ms. Dawn Conlin, Voya Financial
Mr. Greg Ungerman, Callan LLC
Ms. Deborah Whitfield, DCP Services Assistant, Deferred Compensation

1:30 p.m. A quorum being present, Mr. Klajbor, Chair of the Deferred Compensation Board, called the meeting to order.

1. Roll call and Introductions [01:11]

2. Approval of Fiduciary Training Minutes of August 21,2025 [01:55]

Motion by Ms. Carter to approve the Fiduciary Training Minutes of August 21,2025 with one correction (*i.e.*, Mr. Allen was incorrectly referenced as Board Chair; the minutes will be edited to reflect Mr. Klajbor as Board Chair). No objections.

3. Approval of Board Meeting Minutes of August 21, 2025 [02:35]

Motion by Mr. Mukamal to approve the meeting minutes of August 21, 2025. No objections.

4. Assessing the Role of Alternatives in Modern DC Plan Design Presented by Callan, LLC [03:00]

Mr. Joecken introduced Greg Ungerman, who is the head of Callan’s DC Practice. Mr. Ungerman has joined the City of Milwaukee Deferred Compensation Plan team along with Mr. Joecken and Mr. Malone. Mr. Ungerman and the team shared an educational presentation meant to cover a very broad, high-level overview of alternatives in the DC market. The presentation reviewed the evolution of defined contribution (DC) plans over the past five decades and the key themes shaping modern plan design, including the continued growth and maturation of the DC market, increased fee and governance scrutiny, and ongoing innovations such as target date funds (TDFs), institutional investment structures, and retirement income solutions.

Mr. Ungerman summarized where “alternatives” may realistically fit within a DC plan ecosystem and described potential access points ranging from customized structures (*e.g.*, unitized DB sleeves or custom TDF glidepaths) to more limited off-the-shelf solutions. Mr. Ungerman emphasized a core question—what problem a plan is trying to solve—and noted that diversified TDFs have generally performed well, raising the question of whether additional complexity is warranted. He also outlined governance and fiduciary considerations associated with alternatives, including liquidity constraints, valuation practices (and valuation lags), operational complexity, monitoring requirements, and exit/termination scenarios.

The presentation provided a high-level overview of key alternative asset categories (including real assets such as private real estate and infrastructure, as well as private equity and private credit), and reviewed common investment structures used to access private markets. Mr. Ungerman discussed a “suitability framework” for DC plans—focused on liquidity, fiduciary defensibility, daily valuation feasibility, portfolio fit, and alignment with DC operations—and explained why, if used, alternatives are generally better “nested” within diversified solutions (such as TDFs or multi-asset funds) rather than offered as stand-alone menu options. Benefits and tradeoffs were identified, including diversification and potential return enhancement, balanced against illiquidity, higher costs, and operational and participant-level complexity. Discussion ensued.

5. Resolution of Appreciation for Mr. Bernard J. Allen [33:33]

Ms. Cleary read the resolution verbatim. Whereas Bernard J. Allen, member of the Deferred Compensation Board, served conscientiously in the above capacity for 14 years, from 2012 to 2025 and represented the Plan during his tenure of office; and whereas, Bernard J. Allen received his bachelor's degree in Economics & Political Science from the University of Illinois at Champaign–Urbana in 1971 and earned his master's degree in Public Law and Administration from the Northern Illinois University at DeKalb in 1973; and whereas, prior to his service with the City of Milwaukee, Bernard J. Allen worked as Assistant Corporate Secretary at the Chicago and North Western Transportation Company from 1974 to 1980; as Director of Pension and Benefits at Martin Brower from 1980 to 1988; as Director of Pension and Benefits at Fort Howard—later Fort James—from 1988 to 2001; and as Director of Global Benefit Investments at Stora Enso from 2001 to 2008; and whereas, Bernard J. Allen dutifully served as Executive Director for the City of Milwaukee's Employees' Retirement System from 2008 through 2026; and whereas, Bernard J. Allen served diligently as a trustee of the City of Milwaukee's Deferred Compensation Board in his ex officio capacity, including 12 years as the Board Chair, and as a member of the Executive Finance Committee and Personnel Committee contributing his knowledge and expertise to the betterment of the Plan and its participants, helping the Plan successfully implement significant new design and investment changes which resulted in increased retirement security for thousands of City of Milwaukee employees; and whereas, Bernard J. Allen's departure will be a great loss to the Deferred Compensation Board and the members of the City of Milwaukee Deferred Compensation Plan; now, therefore, be it resolved, by the Deferred Compensation Board that it hereby expresses its sincere appreciation for the valuable and conscientious service of Bernard J. Allen; and, be it further resolved, that this resolution be recorded in the permanent records of this Board and that a suitably engrossed copy be forwarded to Bernard J. Allen, an outstanding member of the Deferred Compensation Board.

Motion by Mr. Klajbor to approve adoption of the Resolution of Appreciation for Mr. Bernard Allen. Seconded by Mr. Mukamal. No objections.

6. EFC Report

a. Recommend Approval of Proposed 2026 Board/EFC Meeting Schedule [38:18]

Motion by Ms. Christianson to approve the 2026 Board/EFC Meeting Dates. No objections.

b. Summary of Investment Management and Services Presentations [38:58]

- Northern Trust Asset Management

- Schroders

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

7. Executive Director Report [39:23]

a. 2026 DCP Budget Hearing Presentation [39:33]

Ms. Cleary reported that she presented the 2026 MDCP budget to the Finance & Personnel Committee, which appeared to be well received. Ms. Cleary presented on the Plan's highlights, updates on the financial wellness components and the Plan's benchmarked results. A few Committee members had detailed questions about the Plan and its trends, which required some follow-up responses from Ms. Cleary.

b. NAGDCA 2025 Conference Overview [40:13]

Ms. Cleary reported on the 2025 National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference and referenced the memo to the Board that summarized the conference and her experience. She noted that the conference was well attended and highly informative and that the general sessions addressed timely topics including the use of artificial intelligence in participant engagement, effective cybersecurity practices, governance and fiduciary oversight, retirement readiness trends, and legislative updates affecting public-sector defined contribution plans. She added that breakout sessions focused on practical areas such as plan administration, participant communication strategies, investment trends (particularly related to private markets), and contracting best practices. Ms. Cleary further reported that, as in prior years, the City's Plan was referenced as a model among peers for its work in participant engagement, disparity-gap reduction, and thoughtful plan design improvements; and that Mellody Hobson of Ariel Investments—an extremely well-received keynote speaker and the catalyst for the Plan's initial examination of disparity-gap issues—acknowledged the Plan's design changes during her keynote presentation. Ms. Cleary stated that the conference continues to be a valuable opportunity to learn from industry experts, network with peers, and stay current on best practices in public-sector defined contribution plan administration.

c. 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) [41:23]

Ms. Cleary reported on a resolution that was passed by the Common Council to amend the Master Agreement to allow for special disaster-related distributions. This is an optional plan amendment permitted by SECURE 2.0 related to FEMA-approved special disasters, such as the floods that occurred last August. Alderman Spiker, the sponsor of this Resolution, stressed that he hoped that our employees who were impacted by the flood were aware of other resources that were available to them and that they sought distributions from the Plan as a last resort.

d. SECURE 2.0 [44:10]

Ms. Cleary presented a SECURE 2.0 implementation update and highlighted an upcoming change that will affect a subset of participants beginning next year: certain age 50+ catch-up contributions will be subject to mandatory Roth treatment for individuals whose prior-year compensation exceeds the applicable threshold. She noted that this applies only to eligible participants who meet specific requirements. Ms. Cleary explained that the compensation threshold is based on 2025 FICA wages and is indexed for inflation; she noted the threshold recently increased from \$145,000 to \$150,000. She further reported that staff will coordinate with the Comptroller's Office after year-end to generate a list of individuals at or above the threshold and will work with Voya to confirm impacted participants, and develop a targeted communication campaign to notify those individuals.

e. Financial Wellness Updates [46:48]

Ms. Cleary provided an update on the Plan's Financial Wellness program and expressed appreciation for the local team's continued efforts and strong engagement across City departments. She noted that the team actively supported open enrollment fairs and employee health assessments, and continues to conduct on-site presentations for various departments. Ms. Cleary reported that the recent open enrollment events generated a record number of follow-up appointments, and she attributed the strong participation in part to effective coordination with DER's "passport" program. The program helped motivate employees to complete their passport stamps and engage with Voya's resource table, which led to additional booked Financial Wellness consultations.

f. Personnel Update – Welcome Deborah Whitfield [47:28]

Ms. Cleary provided a personnel update and welcomed Deborah Whitfield, who joined the Deferred Compensation Plan team at the beginning of November. She noted that Ms. Whitfield comes to the Plan from the Medical College of Wisconsin, where she served for approximately 18 years, and brings extensive experience in customer service and working with a variety of stakeholders. Ms. Cleary expressed appreciation and welcomed Ms. Whitfield to the team.

8. Vendor Reports

a. Callan Associates Inc. Performance Report [48:53]

Mr. Joecken offered a brief recap of the markets. Domestic small caps led the way in the third quarter. He reported that U.S. equities delivered another strong quarter, with small caps leading large caps (Russell 2000 up 12.4% and the S&P 500 up 8.1%). Mr. Joecken also noted positive performance in non-U.S. markets, including emerging markets (MSCI Emerging Markets up 10.6%) and developed international stocks (MSCI EAFE up 4.8%). He discussed notable market dynamics, including the recent "risk-on" rally and the leadership of lower-quality/non-earning stocks, which can create headwinds for fundamental active managers.

Mr. Joecken reviewed plan-level asset allocation and participation trends, noting that total plan assets increased to approximately \$1.371 billion as of September 30, 2025. He reported that the Plan's largest holding remained the NT Russell 3000 Index Fund at 30.40% of total assets, followed by Target Date Funds at 19.62%, and the Stable Value option at 14.24%; other allocations were also reviewed.

Mr. Malone then summarized investment performance for the remaining accounts. The Actively Managed Equity Account (AMEA) returned 6.59% for the quarter, compared to its policy benchmark return of 7.73%. Callan attributed the relative underperformance primarily to recent market leadership by more speculative/non-earning stocks. The Actively Managed Income Account (AMIA) returned 1.90% for the quarter and modestly outperformed its policy benchmark (1.67%). Mr. Malone reviewed that the Passively Managed U.S. Equity Account returned 8.17% (closely tracking the Russell 3000 Index at 8.18%), the Passively Managed International Equity option returned 7.05% (vs. 6.89% for MSCI ACWI ex U.S.), and the Stable Value Account returned 0.77% for the quarter. Mr. Malone noted that the AMEA has about a 60% U.S. equity to 40% non-us equity split. The recent strong performance outside of the U.S. has really benefited this fund, which is a bit more non-U.S. heavy than a lot of members in the peer group. Discussion ensued.

b. Charles Schwab PCRA Report

Report accepted and placed on file.

c. Invesco Advisers, Inc. (SVA) Performance Report [1:11:48]

Mr. Deetsch provided an update on Invesco and noted continued growth in the firm's stable value business. He reported that stable value remains a significant component of the defined contribution marketplace—approximately \$858 billion in assets as of June 30, 2025—and is offered in roughly 70% of DC plans. Invesco's stable value assets were reported at \$68.1 billion as of September 30, 2025. He also shared that participant-directed cash flows across the stable value market were modestly negative (approximately -1%) during the quarter, though this was offset by the funding of new separate accounts, and that new business activity remains strong.

Mr. Deetsch provided a brief market and portfolio context, noting the Federal Reserve reduced the Fed Funds rate by 25 basis points in September and that market consensus expected two additional rate cuts in 2025; he added that while spreads tightened during the quarter, the extra yield available for taking on additional credit risk remains relatively low compared to history, contributing to a generally neutral risk posture across credit sectors.

He further noted that stable value crediting rates continue to rise toward higher market yields and that wrap capacity remains healthy even as market-to-book ratios remain below par. As of September 30, 2025, the Plan's Stable Value Account reported a Q3 return of

0.77% and a one-year return of 3.00% (annualized), while Invesco book value performance was shown at 0.80% for the quarter and 3.13% for the trailing one-year period (annualized).

d. JP Morgan SmartRetirement Funds [133:33]

Ms. Turrittin provided a brief introduction. Mr. Recker delivered an overview of the glide path for the benefit of the Board. Mr. Recker reviewed how the target date series is designed to support participants across the retirement lifecycle. He reiterated that the two primary design levers are (1) the glide path's stock/bond mix over time and (2) the diversification and implementation choices within that glide path—illustrating that younger participants generally have higher equity exposure that becomes more conservative as participants approach and enter retirement.

Mr. Recker summarized third quarter 2025 market conditions and fund positioning, noting broad-based positive performance across major asset classes during the quarter, including strong equity results (with emerging markets outperforming developed markets and the S&P 500 returning 8.1%). He reviewed performance and peer positioning for the vintages, reporting that, on average, the vintages ranked above median within the Morningstar peer universe and that the Income fund delivered top decile performance for participants in retirement. He further noted that nine out of ten vintages outperformed their custom benchmark and performed in line with the S&P Target Date Fund Indices.

Mr. Recker also discussed the sources of relative performance (“value add”) during the quarter, emphasizing the roles of manager selection and active asset allocation. For the third quarter, he reported that manager selection and active positioning were neutral overall, with the U.S. core fixed income platform adding value while the EAFE equity index fund detracted. From an active allocation standpoint, he noted the portfolios held overweights to high yield (funded from core fixed income) and direct real estate (funded from cash), and that while direct real estate detracted versus the S&P Target Date Indices during the quarter, it behaved as expected by helping to protect capital and smooth returns amid periods of market volatility. Discussion ensued.

e. Northern Trust Performance Report [1:40:54]

Report accepted and placed on file.

e. Voya Financial Report(s) [1:41:14]

Ms. Campbell provided an update on Voya's organizational culture and participant-facing financial wellness resources. She emphasized that a key element of the organization's approach is not only the services delivered, but also how they are delivered, including a strong commitment to community engagement and charitable giving. Ms. Campbell highlighted a continued focus on equity and inclusion initiatives, including efforts to

support individuals with disabilities and to recognize the broader needs of families and caregivers. She also summarized philanthropic and employee engagement programs, including charitable contributions and matching-gift support, as well as paid volunteer time and organization-wide volunteer participation.

Ms. Campbell also reviewed participant engagement with the Financial Wellness Survey tool available on the website, which provides a personalized snapshot of an individual's financial wellness across six pillars (including protection/insurance, spending and saving, emergency funds, retirement planning, debt, and other goals such as home or education savings). She reported that, to date, 898 participants have started the survey, 784 have completed it, and 647 have accessed the dashboard to view their results—representing an 83% completion-to-dashboard follow-through rate, which she noted is higher than the overall experience across the broader book of business. Ms. Campbell added that emergency savings and retirement readiness continue to be among the most common areas of focus for participants.

Mr. Pederson asked how the Plan compares nationally to other plans with respect to the default rate. Ms. Campbell responded that many plans still default participants at 3% , but noted that she has increasingly seen plan sponsors adopt automatic escalation features to help increase participant savings rates over time. Based on the Board's interest reflected in the discussion, Mr. Klajbor indicated he would like this item placed on the agenda for further discussion and possible action at the February Board meeting.

Please be advised that the Committee may vote to convene in closed session on the following Items 9, 10 and 11 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.

Motion by Mr. Allen to convene in closed session. No objections.

Roll call vote taken.

4:01 p.m. Committee enters closed session.

Motion by Mr. Mukamal to reconvene in open session at 4:16 pm. Seconded by Ms. Christianson. No objections.

9. Discussion and Approval Regarding Assessment of Recordkeeping Services

Assistant City Attorney Gresham reported that the Board unanimously approved option two, as presented by Callan, regarding how to proceed with assessing Recordkeeping Services, in the amount of \$40,000. Ms. Cleary stated that the motion was to 1) delegate authority to staff to produce an LOU or similar document to present to the EFC for approval and 2) to delegate authority from the Board to the EFC to approve such document.

10. Discussion and Approval of Financial Statement Preparation Services

Assistant City Attorney Gresham reported that the Board voted to approve a contract extension with Experis for Financial Statement Preparation Services for five years at the price of \$10,000 per year.

11. Discussion and Approval of Financial Audit Services

Assistant City Attorney Gresham reported that Board voted to approve a contract extension with Baker Tilly for five years at the prices outlined per the email presented by Ms. Cleary.

12. Informational

a. City of Milwaukee Executive Leadership Program

Ms. Cleary recognized Ms. Kuehn for her participation in and graduation of the COM Executive Leadership Program. She noted Ms. Kuehn's dedication to the Program and how it resulted in noticeable personal and professional growth.

b. MDCP 3Q25 Newsletter

c. 2026 IRS Contribution Limits

Ms. Cleary reviewed the 2026 IRS Contribution Limits.

4:21 p.m. Meeting adjourned