CITY OF MILWAUKEE
MINUTES OF THE DEFERRED COMPENSATION BOARD
MEETING OF THURSDAY, MAY 21, 2026
1:30 P.M.

MEMBERS/DESIGNEES PRESENT:
Ms. Kathy Brengosz
Ms. Jackie Q Carter
Ms. Molly Christianson, Board Vice Chair
Mr. James Klajbor, Board Chair
Mr. Steven Mahan
Mr. Patrick McClain
Mr. Stuart Mukamal
Assistant Chief Joshua Parish
Mr. Robin Pederson

EXCUSED/ABSENT:
Mr. Richard Bare – excused

OTHER PLAN PROVIDERS and STAFF PRESENT:
Ms. Dawn Conlin, Voya Financial
Ms. Beth Conradson Cleary, Executive Director, Deferred Compensation
Ms. Sally Corbin, Segal
Mr. Jeff Deetsch, Invesco
Mr. Len Goff, Voya Financial
Mr. Travis Gresham, Assistant City Attorney
Mr. Charles Griffin, Voya Financial
Mr. Mike Joecken, Callan LLC
Ms. Kimberly Kuehn, Plan Coordinator, Deferred Compensation
Mr. Jack Malone, Callan LLC
Ms. Charmaine Martin, Voya Financial
Mr. Chris Martin, Member of the Public
Ms. Sally McNally, Segal
Mr. Brian Merrick, Voya Financial
Mr. Jake Recker, JP Morgan
Ms. Kathy Stevenson, Northern Trust
Ms. Carli Turrittin, JP Morgan
Ms. Deborah Whitfield, Deferred Compensation Plan Assistant

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

2. Approval of Meeting Minutes of February 19, 2026

Motion by Mr. McClain to approve the meeting minutes of February 19, 2026. No objections

3. Approval of the 2027 Budget Request

Ms. Cleary provided a detailed overview of the 2027 budget request which was reviewed and approved by the EFC at the May EFC meeting.

4. Approval of Executive Director's Attendance at the 2026 NAGDCA Conference (comped by NAGDCA due to NAGDCA Board Member status)

Motion by Assistant Chief Parish to approve the Executive Director's Attendance at the 2026 NAGDCA Conference (comped by NAGDCA due to NAGDCA Board Member status). No objections

5. Approval of Patrick McClain's Attendance at the 2026 NAGDCA Conference

Ms. Cleary stated that Ms. Christianson will no longer be attending the conference and provided a brief description of her request.

Motion by Assistant Chief Parish to approve Patrick McClain's Attendance at the 2026 NAGDCA Conference No objections

6. EFC Report

a. NAGDCA 2026 Annual Conference Attendance Request

Mr. Klajbor asked if other members were interested in attending the NAGDCA conference, there were none.

b. Annual Auto-Escalation Update

Ms. Cleary reported that the Board had requested to review draft participant communications focused on explaining how the annual auto-escalation feature will be communicated to employees. Ms. Cleary presented the draft communications to the Board and provided an update on her meeting with the Mayor's Cabinet regarding the upcoming implementation.

Ms. Cleary noted that the initial implementation of auto-escalation will coincide with the Open Enrollment period. The City's transition to Workday has been delayed until January

1, 2027. Once implemented, Workday will provide a single sign-on option allowing employees to access their Voya accounts directly through Workday. Because this functionality will not be available during the initial auto-escalation implementation, there will be a focus on increasing the number of participants with registered Voya accounts and ensuring employees understand how to access their accounts and make changes to their contribution elections. Ms. Cleary reported that approximately 75% of Plan participants currently have a registered Voya account. She noted that increasing account registration will also support the Plan's cybersecurity efforts by encouraging participants to establish secure online access to their accounts.

Discussion ensued. Ms. Cleary stated that the Plan will not provide refunds to employees who miss the auto-escalation deadline and emphasized that employees may decrease their contribution elections at any pay period throughout the year.

Ms. Christianson recommended that staff also meet with the Finance Committee to share the information and draft communications, as Committee members may receive questions regarding the implementation. Mr. Klajbor asked whether Voya could provide a demonstration of the available tools and resources at the August Board meeting. Mr. Merrick confirmed that Voya could provide a demonstration. Discussion ensued.

c. Summary of Investment Management and Services Presentations
- WCM
- Baird

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

7. Executive Director Report

a. Update regarding the 2025 Financial Statements and Audit

Ms. Cleary reported that work on the 2025 financial statements and audit is proceeding on schedule and that staff is working closely with the audit team.

b. Updates regarding 2.0

Ms. Cleary reported that there were no significant updates regarding SECURE 2.0 to report at this time. Discussion ensued.

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

Ms. Cleary presented the annual multi-year comparison of the MDCP budget, including all expenses and revenues. She noted that the comparison provides a side-by-side view of actual results and trends over time. Ms. Cleary highlighted that custodial bank fees decreased during the current year following negotiations, with assistance from Callan,

regarding the fee schedule and the receipt of rebates. Fiduciary insurance costs also decreased approximately 2% from the prior year, following incremental increases in prior years. Other expenses have remained generally consistent, with gradual increases pursuant to contractual agreements. Ms. Cleary stated that she is working with Northern Trust on a proposed strategy for the Plan's Reserve Account.

d. **Financial Wellness Update**
Ms. Cleary provided a brief overview and update on current financial wellness activities.

e. Review and Comments of P&I East Conference, Voya Client Summit and Callan Institute
Ms. Cleary provided the Board with summary memoranda regarding her attendance at the P&I East Conference, Voya Client Summit, and Callan Institute. The memoranda highlighted key sessions, industry developments, and takeaways relevant to the Plan.

f. Review and Comments of NAGDCA Washington DC Board Meeting Attendance Review
Ms. Cleary provided a summary of her NAGDCA Board meeting attendance, including key discussions and updates relevant to NAGDCA and the public-sector retirement plan industry. Discussion ensued.

g. MULS Student Intern Memo Regarding Alternative Investments and DC Plans
Ms. Cleary reported that the MULS student intern's internship with the Plan had concluded with the end of the academic term. Ms. Cleary provided a brief overview of the intern's work and the memorandum regarding alternative investments and defined contribution plans.

h. Other
Mr. Klajbor asked if the fiduciary training will be conducted in August. Mr. Gresham stated yes.

8. Vendor Reports

a. Callan Associates Inc. Performance Report
Mr. Joecken provided an overview of market conditions and investment performance for the first quarter. He noted that most asset classes experienced positive returns early in the quarter, followed by increased market volatility related to geopolitical developments, rising oil prices, inflation concerns, and interest rate movements.

Mr. Joecken reported that U.S. equities declined during the first quarter, with value stocks outperforming growth stocks and small-cap equities outperforming large-cap equities. International equities also declined, although to a lesser extent than U.S. equities. Fixed

income returns were relatively flat, with corporate credit underperforming U.S. Treasuries and global fixed income declining during the quarter.

Mr. Joecken noted that equity markets subsequently experienced strong gains in April and continued to post positive returns in May. He also discussed longer-term investment performance, noting that equity returns over the past five years have exceeded long-term expectations, while fixed income returns have generally been in line with or slightly below long-term expectations.

Mr. Joecken reported that Plan assets declined by approximately $35 million during the quarter, ending the quarter at approximately $1.35 billion. He reviewed the Plan's asset allocation and highlighted the largest investment allocations, including the Passive Russell 3000 Index Fund, target date funds, the actively managed equity account, and the Stable Value Account.

Mr. Joecken briefly reviewed additional performance reporting. Mr. Malone provided a detailed review of the target date fund family analysis. Mr. Joecken noted that Callan also plans to conduct a target date fund suitability study as part of the overall review. Discussion ensued.

Recordkeeper RFI Update

Mr. Joecken provided an update on the Recordkeeper Request for Information (RFI). He reported that Callan had recently received the RFI responses and was in the process of analyzing, comparing, and benchmarking the proposals. Callan expects to present preliminary results to the EFC in June.

b. Charles Schwab PCRA Report

Report accepted and placed on file.

c. Invesco Advisers, Inc. (SVA) Performance Report – Taken out of order

Mr. Deetsch provided an update on the Stable Value Account (SVA), including current market conditions and their impact on stable value investments. He noted that rising interest rates and inflationary pressures related to geopolitical developments have contributed to a decline in the market-to-book ratio, while higher yields may provide support for future crediting rates.

Mr. Deetsch reported that the stable value industry remains relatively stable year over year despite continued outflows. He noted that, unlike previous periods of market uncertainty when participants typically moved assets into stable value investments, the current inflationary environment has not resulted in the same “flight to quality.” The Plan and other stable value products have continued to experience cash outflows, which may

reflect participant distributions, retirements, or participants leaving the Plan. He noted that these cash flows can affect the crediting rate.

Mr. Deetsch reported that the Plan's SVA assets were approximately $198 million. The market-to-book ratio was 96.61%, the crediting rate was 3.25%, and the yield to maturity was 4.54%. He explained that the crediting rate and yield to maturity are expected to converge over time and that the crediting rate is expected to decline as the portfolio continues to adjust to the current interest rate environment.

Mr. Klajbor asked about the change in industry assets year over year. Mr. Deetsch confirmed that the increase was primarily attributable to cash flows rather than investment earnings. Mr. Klajbor also asked about the market-to-book ratio at the end of the prior year. Mr. Deetsch stated that the ratio was somewhat higher at year-end and had declined as interest rates increased.

Mr. Deetsch noted that, over the shorter term, the SVA has continued to underperform money market investments, but the SVA is expected to outperform money market investments over the longer term. Discussion ensued.

d. JP Morgan SmartRetirement Funds

Ms. Turritin provided a brief introduction. Mr. Recker provided an overview of the strategy's glide path and reviewed the primary sources of potential value added, including the glide path, manager selection, and active asset allocation.

Mr. Recker noted that the glide path is evaluated and approved annually and is based on participant behavior data and long-term capital market assumptions. He explained that SmartRetirement maintains predominantly equity exposure for participants with longer investment horizons and takes a more moderate risk posture near retirement. He also discussed participant behavior and retirement trends, including research indicating that most participants retire based on personal circumstances rather than market conditions and that spending is generally higher during the early years of retirement.

Mr. Recker discussed the role of manager selection within the SmartRetirement strategy, noting that active management is concentrated in asset classes where JP Morgan believes active management can add value, particularly fixed income and direct real estate. He highlighted the diversification and risk-adjusted performance benefits of the strategy's direct real estate allocation.

Mr. Recker also reviewed the strategy's active asset allocation process, which permits modest overweight and underweight positions relative to the strategic glide path based on market valuations and fundamental conditions. He noted recent overweight positions in high-yield fixed income and equities based on valuation and economic considerations.

Mr. Recker reviewed recent performance and noted that diversification, manager selection, and active asset allocation contributed positively to results. Discussion ensued.

e. Northern Trust Performance Report

Report accepted and placed on file.

f. Voya Financial Report(s) - Taken out of Order

Mr. Merrick of Voya Financial, who leads the Government Market Client Relationship Team and previously served as the Plan's relationship manager, provided an overview of the materials distributed to the Board. He noted that the presentation included several familiar topics and provided high-level commentary on the key findings.

Mr. Merrick reported on the continued impact of the Plan's automatic enrollment, annual re-enrollment, and automatic escalation features on participation and contribution rates. He noted that the Plan's participation rate is approximately 90%, with an average contribution rate of approximately 7%, which compares favorably with other governmental defined contribution plans.

Mr. Merrick reviewed participation and savings data by demographic characteristics, including race, gender, salary level, and union representation. He noted that the Plan has demonstrated positive savings outcomes across demographic groups.

Mr. Merrick reviewed rollover activity and new analysis regarding the timing of distributions following separation from service. He reported that, as of April, the Plan had approximately 4,136 terminated participant accounts with balances totaling approximately $784 million. During April, approximately 538 distributions totaling $8.3 million were processed, including approximately $5.3 million in rollovers. He noted that rollover activity appears to increase among participants several years after separation from service, potentially reflecting relationships with external financial advisors and consolidation of retirement assets.

Discussion ensued regarding the reasons participants may elect to roll assets out of the Plan despite the Plan's relatively low fees and availability of education and advisory resources. Mr. Merrick explained that external financial advisor relationships, convenience, and marketing by outside financial institutions can influence participant decisions. Discussion also addressed external firms' access to participant information, powers of attorney, and the fiduciary responsibilities of individuals acting under a financial power of attorney. Mr. Merrick noted that guaranteed income products may also contribute to rollover activity in some cases.

Voya representatives provided an update on qualified disaster distributions related to the 2025 Wisconsin floods. They reported that 302 qualified disaster distributions totaling

approximately $3.2 million were processed between August 9, 2025, and March 10, 2026. Average distributions were approximately $10,000 to $11,000, with activity increasing near the applicable deadline.

Mr. Goff reviewed financial wellness engagement data. He reported that the 864 active participants who participated in financial wellness sessions had an average deferral rate of approximately 10% and a participation rate of approximately 94%, compared with 6.1% and 79%, respectively, for the overall participant population. Additional analysis by union status, race, gender, and salary level showed higher contribution rates among participants who engaged in financial wellness programming.

Voya representatives discussed the relationship between financial wellness engagement and positive savings behaviors and highlighted tools such as Voya's "My Orange Money" as resources to help participants understand the potential impact of increased contributions.

Board members discussed Voya's outreach and one-on-one consultation efforts, as well as the importance of proactive communication regarding the Plan's upcoming automatic escalation. Staff noted the importance of coordinating communications with City departments to help employees understand the automatic escalation process.

Mr. Goff stated that additional data will be available following the October automatic escalation cycle and can be analyzed to assess its impact on participant savings behavior. He noted that the updated data is not expected to be available in time for the November Board meeting.

Please be advised that the Board 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)(d), Wisconsin Statute for when governmental bodies consider strategy for crime detection or prevention (Items 9 and 10), and (e), Wisconsin Statute 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 (Item 11). Please note: A roll call is required for the Board to enter closed session. The Board may then vote to reconvene in open session following the closed session.

Motion by Ms. Carter to convene in closed session. No objections.

3:02 p.m. Board enters closed session

9. Voya Cybersecurity Presentation

10. Northern Trust Cybersecurity Presentation

11. Discussion of Fiduciary Insurance Program Review Approval of Brokerage Firm

3:54 p.m. Board entered open session.

12. Informational

a. 1st Quarter Newsletter
b. 2026 P&I Eddy Award
c. Updated Plan Highlights Brochure

Informational only.

4:56 p.m. Meeting adjourned