CITY OF MILWAUKEE
MINUTES OF THE DEFERRED COMPENSATION
EXECUTIVE FINANCE COMMITTEE
MEETING OF THURSDAY, SEPTEMBER 24, 2026
1:30 P.M. – VIRTUAL MEETING

MEMBERS/DESIGNEES PRESENT:
Ms. Molly King (arrived at 1:45 PM)
Mr. James Klajbor
Mr. Stuart Mukamal
Mr. Robin Pederson
Ms. Kathy Brengoz

EXCUSED/ABSENT:
Mr. Richard Bare

OTHER PLAN PROVIDERS and STAFF PRESENT:
Ms. Dawn Conlin, Voya Financial
Ms. Beth Conradson Cleary, Executive Director, Deferred Compensation
Mr. Jeff Deetsch, Invesco
Mr. Len Goff, Voya Financial
Mr. Travis Gresham, City Attorney
Mr. Austin Guy, Northern Trust Asset Management
Mr. Mike Joecken, Callan LLC
Mr. Vincent Kensinger, Northern Trust Asset Management
Mr. Jack Malone, Callan LLC
Mr. Brendan McMahon, Northern Trust Asset Management
Ms. Deborah Whitfield, Plan Services Assistant, Deferred Compensation
Mr. Patrick Wisdom, Callan LLC

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

1. Roll call and Introductions

2. Approval of Meeting Minutes of July 23, 2026

Motion by Mr. Mukamal to approve the meeting minutes of July 23, 2026. No objections.

3. Investment Manager Presentation by Northern Trust Asset Management

Mr. Joecken of Callan reviewed Northern Trust Asset Management's roles within the Plan. Northern Trust manages the Plan's standalone passively managed U.S. and international equity accounts, valued at approximately $452 million and $108 million, respectively, as of the end of June. Northern Trust also serves as the passive large-cap domestic equity manager within the actively managed equity account, with a target allocation of 48%, valued at approximately $114 million at the end of June.

Mr. McMahon provided an overview of Northern Trust Asset Management, including its institutional focus, investment capabilities, and continued investment in research and technology. Mr. Guy reviewed the firm's indexing platform and discussed market concentration, including the significant influence of large technology and artificial-intelligence-related companies. He noted that concentration risk remains an important topic for investors and that there is no single solution that eliminates the risk.

Mr. Kensinger reviewed Northern Trust's cybersecurity program. He reported that phishing and other social-engineering attempts remain common, with generative AI making some attacks more convincing and increasing the speed at which vulnerabilities can be identified and exploited. Northern Trust continues to emphasize layered security controls, access management, employee training, threat intelligence sharing, and automation to identify and remediate vulnerabilities.

In response to questions, Mr. Kensinger stated that Northern Trust had not observed a significant increase in direct targeting by foreign actors, but monitors intelligence shared through financial-services and broader cybersecurity organizations. He estimated that preventive controls block approximately 95% or more of malicious email attempts. Mr. Guy discussed market concentration and the risks associated with AI-related market leadership. Callan stated that Northern Trust remains in good standing and is considered a top-tier index provider.

4. Economic and Markets Review/Update from Callan LLC

Mr. Malone reviewed market conditions through August 31, 2026. U.S. equities generally advanced during August, with the Russell 3000 returning 2.74%. International equities also posted positive returns, while fixed-income returns were positive for the month. Callan noted that inflation concerns, higher energy prices, geopolitical tensions, and rising government bond yields contributed to a more cautious market tone late in the month and into September. Callan also discussed continued concentration in technology and AI-related companies and the potential for narrow market leadership to widen performance differences among active managers.

Committee members discussed the effect of persistent inflation and higher fuel prices on consumers and the possibility of a future market correction. Callan noted that corporate earnings

remained relatively resilient, but that valuations were elevated and the timing or cause of any market pullback was difficult to predict.

Mr. Joecken and Mr. Wisdom presented Callan's target date fund suitability study of the Plan's JPMorgan SmartRetirement Passive Blend Direct Real Estate Trusts. Callan concluded that the target date series remains suitable for Plan participants. The study reviewed the investment team, glidepath design, performance, fees, and projected participant outcomes. Callan noted that the series includes a direct real estate allocation, has a 0.22% expense ratio, and has produced above-median risk-adjusted results over five years and since inception. Its projected income replacement ratios were at or above the comparators for each of the four employee cohorts modeled.

Callan explained that the target date glidepath is designed around an assumed retirement age of 65 and generally maintains more growth assets than the industry average when real estate is included. The Committee discussed the 83% income-replacement target used in the projections, the different retirement and pension circumstances of Plan participant groups, and the trade-off between higher projected income replacement and downside risk. Callan clarified that the 83% figure is a broad planning assumption rather than a target that will apply equally to every individual.

The Committee discussed whether a lifetime-income option should be considered. Callan and Voya indicated that such products remain relatively new and may be less necessary for a governmental plan in which participants generally have access to a defined-benefit pension and Social Security. Mr. Joecken confirmed that Callan did not recommend adding such an option at this time. Mr. Klajbor confirmed that the target date funds continue to make sense as the Plan's default investment for automatic enrollment.

Ms. Cleary noted that a participant had raised concerns about JPMorgan as an institution, rather than the target date funds' investment performance. Ms. Cleary stated that she would follow up with Callan regarding an independent review of concerns raised in a congressional memorandum relating to suspicious activity reporting. Ms. Cleary also asked Callan to continue monitoring whether other target date providers introduce comparable real estate allocations and to report on any competitive fee developments. Callan noted that adding alternatives to a glidepath can increase fees and involves trade-offs.

Callan advised that a review of the actively managed equity account and international equity account structures is planned as a subsequent project. Discussion ensued.

5. Update on SECURE 2.0

Ms. Cleary reviewed IRS Notice 2026-49, issued pursuant to SECURE 2.0, which provides voluntary sample forms and a process intended to standardize and streamline direct rollovers between retirement plans and individual retirement accounts. The proposed process emphasizes coordination between receiving and distributing plans, a rollover identification number,

verification of information, protection of participant data, and electronic transactions where possible. Staff will monitor further guidance and assess whether adopting the process could improve participant experience and administrative efficiency. Mr. Goff confirmed that Voya would review the guidance and consider how it may affect current procedures.

Ms. Cleary also provided an update on the Saver's Match scheduled to begin in 2027. NAGDCA is reviewing implementation questions and preparing comments regarding issues such as registration, payment processing, recordkeeping, Roth treatment, withholding, and participant communications. Staff will continue to monitor developments.

Ms. Cleary reported that fewer than a dozen Plan participants had been affected by the mandatory Roth catch-up contribution requirement in 2026 to date. Staff and Voya's local consultants continue to assist affected participants with education and implementation. The 2027 contribution limits were expected to be announced in November.

In response to a question from Mr. Mukamal, Ms. Cleary stated that allowing direct charitable rollovers from governmental 457(b) plans remains among NAGDCA's legislative priorities. She noted that retirees have asked about this option and that advocacy is focused on achieving parity with other retirement arrangements.

6. Voya Report(s) and Update

a. Activity Report

Ms. Conlin reported that the Voya field team scheduled 61 appointments in August and completed 52, including 44 in-person, six telephone, and two virtual consultations. The team also conducted five outreach calls. Outreach included registering 26 fire cadets, adding beneficiary information, and assisting them with contribution elections. Additional visits to City worksites and health-related locations were planned, along with presentations and information for employees and Wellness Champions about the upcoming annual account increase period.

Ms. Conlin reported that the team was preparing for October Open Enrollment fairs and planned additional department outreach. Mr. Goff stated that customized notices regarding the annual account increase were scheduled to be printed and emailed, as applicable, the following week, with additional notices to affected participants as the period began. The Committee thanked Voya for its continued employee outreach.

b. Rollover Report

Mr. Goff reported 19 rollover distributions in August totaling approximately $4.793 million. Charles Schwab received the largest amount, approximately $1.784 million, followed by Fidelity Investments at approximately $973,000 and Edward Jones at approximately $833,000. Of 4,143 terminated participants with balances totaling approximately $786 million, 647 distributions

totaling approximately $9.361 million were processed during August. Approximately 99% of terminated participant assets remained in the Plan, while approximately 1% was distributed. About 51% of the August distribution dollars represented rollovers to other institutions.

c. VRA Usage

Voya Retirement Advisors usage remained generally stable. Through July, 1,135 participants used online advice, 283 advisory calls were recorded, and 1,010 participants used professional management.

d. Loan Outreach Update

Mr. Goff reported approximately 1,092 outstanding active loans with balances totaling just under $12 million. There were 41 defaults at quarter-end and 39 participants missed loan payments in August, representing outstanding loan balances of approximately $464,690. Voya reported that five participants contacted through its outreach efforts planned to make up missed repayments. Missed payments and delinquency notices had declined in July and August following increases earlier in the year.

At Ms. King's request, Mr. Goff reviewed August delinquency data by demographic and employment characteristics. He reported no material differences by gender, age, or salary when compared with the overall population of participants holding loans. Service and maintenance and protective services employees accounted for approximately 66% of the delinquencies in the August sample. Mr. Goff noted the sample was limited and committed to providing a broader year-to-date analysis at a future meeting.

e. 2026 Annual Account Election and Enrollment Period and 2026 Auto Increase Period Update

Ms. Conlin and Mr. Goff reviewed the 2026 Annual Account Elections and Enrollment Period (October 19–November 6) and Annual Account Increase Period (October 20–November 18). The increase period applies to eligible participants contributing 3%–6% of pay, excluding sworn Fire and Police employees. Unless they opt out or make another election, participants' contributions will increase by 1% annually until reaching 7%. Voya was preparing participant communications and outreach. The Committee emphasized clear communications and access to assistance from Voya and Plan staff.

7. Informational

a. Charles Schwab – Explanation of Fees and Expenses

3:16 p.m. Meeting adjourned.