CITY OF MILWAUKEE
MINUTES OF THE DEFERRED COMPENSATION BOARD
MEETING OF THURSDAY, AUGUST 20, 2026
1:30 P.M.

MEMBERS/DESIGNEES PRESENT:
Mr. Richard Bare (present virtually)
Ms. Jackie Q Carter
Ms. Molly Christianson, Board Vice Chair
Mr. James Klajbor, Board Chair
Mr. Steven Mahan
Mr. Stuart Mukamal
Ms. Kathy Brengosz
Assistant Chief Joshua Parish (present virtually)
Mr. Robin Pederson

EXCUSED/ABSENT:
Mr. Patrick McClain (temporarily excused at roll call)

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 (present virtually)
Mr. Paul Frantz, Baker Tilly (present virtually)
Mr. Len Goff, Voya Financial
Mr. Travis Gresham, Assistant City Attorney
Mr. Mike Joecken, Callan LLC
Ms. Kimberly Kuehn, Plan Coordinator, Deferred Compensation
Mr. Jack Malone, Callan LLC
Ms. Diane McNally, Segal
Ms. Leighann Parrish, Segal (present virtually)
Mr. Jake Recker, JP Morgan
Ms. Kathy Stevenson, Northern Trust
Ms. Carli Turrittin, JP Morgan
Mr. Greg Ungerman, Callan LLC

1:45 p.m. A quorum being present, Mr. Klajbor, Chair of the Deferred Compensation Board, called the meeting to order.

1. Roll call and Introductions

Roll call was conducted. Mr. Bare was present virtually. Mr. McClain was temporarily excused.

2. Approval of Meeting Minutes of May 21, 2026

The Board reviewed the meeting minutes of May 21, 2026. No additions or corrections were offered. The minutes were approved without objection.

3. Retirement Income Education and Overview Presentation by Callan

Mr. Joecken, Mr. Ungerman and Mr. Malone of Callan LLC provided an educational overview of retirement income solutions and the evolving focus within defined contribution plans on helping participants transition from accumulating retirement savings to generating income during retirement. They emphasized that there is no one-size-fits-all solution and that participant demographics, savings, individual circumstances, and existing sources of retirement income should be considered when evaluating available options.

The presentation reviewed several types of insurance-based guarantees, including single premium immediate annuities (SPIAs), qualified longevity annuity contracts (QLACs), and guaranteed lifetime withdrawal benefits (GLWBs). The presenters discussed differences in the timing of payments, transfer of assets to an insurance company, inflation protection, longevity risk, insurer credit risk, and the potential complexity and limitations associated with these products. They also reviewed approaches available in the marketplace, including annuity shopping services, in-plan annuity distributions, and target date funds with integrated annuity features.

In response to questions, Callan discussed the risks associated with an insurer's insolvency, merger, or change in ownership and noted that protections and participant rights depend on the terms of the particular insurance contract and applicable insurance protections. The presenters also discussed the fiduciary considerations involved in evaluating providers and products, including the importance of understanding fees, guarantees, liquidity, portability, and the insurer's claims-paying ability.

Ms. Cleary noted that the Plan already provides participants with a defined benefit pension, Social Security, stable value, target date funds, managed accounts, retirement income projections, and installment distribution options. She observed that these existing resources address several retirement income needs and that the additional complexity, portability considerations, and potential costs of guaranteed income products warrant careful consideration. The Board discussed the relevance of these products to the Plan's participant population and agreed that continued education and monitoring of industry developments would be appropriate. No action was requested.

4. Approval of Third Amendment to Brandes Investment Management Agreement

Ms. Cleary presented a proposed third amendment to the investment management agreement with Brandes Investment Partners. The amendment would revise the investment guidelines for the International Small Cap Equity strategy by increasing the maximum equity market capitalization of eligible non-U.S. issuers at the time of purchase from $2.5 billion to $7.5 billion.

Callan supported the requested change, explaining that market capitalizations have increased over time, particularly among international small-cap companies, and that the adjustment would reflect the evolution of the market while maintaining the strategy's small-cap focus. In response to questions, Callan explained that individual holdings may exceed certain guideline thresholds, while the overall portfolio is monitored to ensure that the strategy continues to reflect its intended investment characteristics. The Board also discussed the use of the term "typically" in the investment guidelines and the monitoring of portfolio exposures.

Motion by Mr. Mukamal to approve the third amendment to the Brandes Investment Management Agreement. No objections. The amendment was approved.

5. Approval of Temporary Extension of Voya's Agreement

Note: this item was taken out of order and heard after item 10.

6. Review and Approval of 2026–2027 Fiduciary Liability Insurance Program

Ms. Corbin and Ms. McNally of Segal, with Ms. Parrish participating by phone, presented the fiduciary liability insurance renewal options for the policy period beginning September 1, 2026. They reviewed the incumbent renewal and two alternative programs and described the efforts to improve the Plan's coverage and pricing.

Segal reported that the recommended Ullico/Markel-led program maintains the Plan's $40 million aggregate limit while reducing the premium to $146,218 (for a savings of approximately $26,500, as compared to last year's premium). The recommended program provides a $0 retention for covered claims, removes the separate $1 million excessive fee litigation retention, provides drop-down coverage across all layers, and includes a waiver of recourse across all layers. Segal explained that the alternative program also streamlines the carrier structure and provides improved coverage compared with the expiring program.

The Board discussed the reduction in premium and improvements in coverage, including the significance of the drop-down provisions and the elimination of the $100,000 retention applicable to other claims under the alternative Encore/Hudson option. Segal attributed the improved terms in part to presenting the Plan's risk profile and claims history to markets with experience serving public-sector plans. Segal also advised that the carrier currently providing the Markel capacity was expected to transition to Zurich effective January 1, 2027, subject to

formal approval, with no anticipated change to the applicable terms and conditions.

Discussion ensued. Ms. Cleary provided additional detail regarding the City Attorney's opinion.

Motion by Ms. Christianson to approve the alternative Ullico/Markel-led fiduciary liability insurance program. No objections. The 2026–2027 fiduciary liability insurance program was approved.

7. EFC Report

a. Recommend Approval of 2025 Financial Statements and Audit

Mr. Frantz of Baker Tilly joined the meeting virtually and presented the results of the 2025 financial statement audit. He reported that the audit had proceeded smoothly, management was prepared and cooperative, and no journal entries or significant concerns arose during the audit. Baker Tilly completed the planned audit procedures and expected to issue an unmodified opinion.

Mr. Frantz noted that the financial statements had been updated following the EFC's review to include additional detail in the Management's Discussion and Analysis regarding amounts reported within the financial statements. The Board discussed the additional disclosure and the value of providing readers with further explanation of certain items included in benefits paid. Mr. Bare offered no additional comments.

The EFC recommended approval of the 2025 financial statements and audit. Motion by Mr. Bare to approve the 2025 financial statements and audit. No objections. The 2025 financial statements and audit were approved.

b. CCFN 260276 (Communication from the Deferred Compensation Plan relating to the AutoEscalation Program)

Ms. Cleary reported on her appearance before the Finance and Personnel Committee regarding the Plan's annual auto-escalation program. She described the Committee's questions and discussion concerning the timing of the program, the potential impact on employees, and the assumptions used to illustrate the effect of annual increases on retirement savings. Ms. Cleary reviewed examples for employees earning $50,000 and $75,000, using a hypothetical 7% rate of return and different starting ages, and explained the potential impact of compounding over time.

Ms. Cleary reported that staff are developing a broad communication campaign in coordination with Voya and the Department of Employee Relations. To assist employees who may have difficulty accessing or navigating their Voya accounts, the Plan established a dedicated email process through which employees may communicate their intent to opt out. Staff will confirm and process those requests. The Board discussed the importance of making the opt-out process accessible and manageable for employees.

c. Review of Distribution Timeline and Process – Visual Diagram

Ms. Cleary reviewed the visual diagram prepared by Voya showing the steps involved in processing installment distributions by ACH. She explained that participant assets remain invested until the scheduled distribution date and are liquidated at market close. Proceeds are then transferred through the trustee and payment funding bank before taxes and reporting are processed and the ACH file is transmitted. The timing of the deposit depends in part on the receiving financial institution's processing schedule, weekends, and holidays.

The Board discussed the time between a participant's scheduled payment date and receipt of funds, including the possibility that deposits may take approximately five to seven business days. Ms. Cleary clarified that the ACH process does not create a period during which Voya or the Plan earns interest on participant funds. The Board discussed whether additional participant communications could more clearly explain expected payment timing and reduce confusion or complaints.

d. Summary of Investment Management and Services Presentations

Mr. Klajbor noted that investment manager and service provider presentations had been provided to the EFC during the prior quarter and reminded Board members that they are welcome to attend EFC meetings, where these presentations are generally scheduled.

8. Executive Director Report

a. Auto-Increase Communications Update

Ms. Cleary and Voya presented the long-form employee communication video explaining the Plan's 2026 annual account increase period. A shorter video focused on navigating the Voya website and changing contribution elections was also developed. The communications are intended to be distributed through e-notify, email, mailed materials, and links to the videos.

The Board discussed the need to clearly explain that the annual increase applies to eligible General City employees and does not apply to sworn Fire and Police employees. The presentation explained that eligible participants' contribution rates will increase by 1% annually, subject to the program's 7% cap, unless the participant changes their contribution election or opts out during the designated period. The 2026 election period was identified as October 20 through November 18, with changes taking effect beginning with the first pay period after November 18.

The Board discussed how the increase is applied when a participant has both pre-tax and Roth contributions. The approach is to increase the larger of the two elected contribution sources; if the sources are equal, the increase is applied to the pre-tax contribution. Participants may change their contribution elections at any time. The video and related materials explain how to register or log in to a Voya account, update contribution elections,

and cancel the automatic increase. Participants may also contact Voya by telephone or use the Plan's dedicated email process to request an opt-out.

Ms. Cleary reported that staff reviewed a list of approximately 220 participants for whom Voya did not have an email address and were able to identify email addresses for the large majority. The Board discussed the importance of encouraging participants to register for online access and ensuring that employees have clear instructions and assistance.

b. Legislative Updates

Ms. Cleary reported on the proposed bipartisan Charity Parity Act, introduced in May 2026, which would allow qualified charitable distributions (QCDs) to be made directly from employer-sponsored retirement plans rather than requiring participants to first roll assets to an IRA. She noted that the proposal could benefit retirees who wish to satisfy required minimum distribution obligations through charitable giving. Mr. Cleary also noted that the topic of QCDs is popular amongst our Plan's retirees, as several of them have made inquiries wanting to know if our Plan allowed for them.

Ms. Cleary also reported that staff are monitoring implementation guidance for the Saver's Match provisions of SECURE 2.0, which are scheduled to take effect in 2027, and are considering an analysis of the number of City employees who may be eligible. Staff continue to coordinate with the Comptroller's Office regarding mandatory Roth catch-up contributions for certain higher-paid employees.

c. NAGDCA Art Caple Award Update

Ms. Cleary reported that the Plan's financial wellness program had been selected as one of the top three finalists for the NAGDCA Art Capital Award. The submission highlighted the Plan's financial wellness efforts beginning in 2018 through its participation in the City's Healthy Rewards program and the resulting improvements in participation and contribution levels. Ms. Cleary noted that the nomination materials were available for Board members to review.

9. Vendor Reports

a. Callan, LLC Performance Report

Mr. Joecken and Mr. Malone reviewed capital markets and Plan investment performance for the second quarter of 2026. They reported that U.S. equity markets rebounded strongly, with the S&P 500 gaining approximately 15.2% and the Russell 2000 increasing approximately 21.5%. Technology was the strongest U.S. sector, while energy declined. Emerging markets gained approximately 24.1%, supported in part by semiconductor-related companies in South Korea and Taiwan. Fixed income returns were modestly positive, with the Bloomberg U.S. Aggregate returning approximately 0.7%.

Callan discussed the influence of artificial-intelligence-related companies on market returns and the relative performance challenges for active managers that did not hold

certain semiconductor and technology-related securities. Callan noted that the Plan's active small-cap equity managers generally underperformed their benchmarks during the quarter, while fixed income strategies modestly outperformed their benchmarks. The Board also discussed the level of longer-term Treasury yields and the potential implications of persistent inflation and interest rates.

Callan reported that the Plan's stable value option continued to generate positive returns, although it continued to lag money market funds. Crediting rates have been moving closer to money market returns, and market-to-book ratios and crediting rates have been improving. Callan reviewed the performance of the Plan's investment options and target date series, including the impact of market concentration and asset allocation.

b. Charles Schwab PCRA Report

Report accepted and placed on file.

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

Mr. Deetsch of Invesco provided an update on the stable value portfolio. He reported that the portfolio continues to benefit from higher reinvestment yields and gradually increasing crediting rates. He also discussed tighter credit spreads, uncertainty regarding Federal Reserve policy, and continued outflows across the stable value industry. Invesco reported that the broader stable value market remained healthy and that the portfolio was positioned to benefit from the current rate environment.

The Board discussed the relationship between stable value crediting rates and money market yields and the outlook for interest rates.

d. JPMorgan SmartRetirement Funds

Ms. Turrittin provided a brief introduction. Mr. Recker delivered an overview of the glide path for the benefit of the Board. He reported strong performance over the quarter and year, with the funds ranking in the top half of peers. The presentation highlighted the series' 7% allocation to direct real estate as a diversifying asset class and discussed the role of real estate in reducing portfolio concentration and providing a different return profile from publicly traded equities and fixed income.

The Board discussed the potential concentration of technology and artificial-intelligence-related companies across public markets, including the possibility that market enthusiasm could reflect a valuation bubble. Mr. Recker discussed the importance of monitoring consumer and corporate fundamentals, the concentration of market returns, and the diversification benefits of the target date series' asset allocation.

e. Northern Trust Performance Report

Report accepted and placed on file.

f. Voya Financial Report(s)

Mr. Goff provided an update on qualified disaster distributions following the April 2026 Wisconsin floods and severe storms. He reported that, as of the meeting, it had received approximately 140 distribution requests totaling approximately $1 million, with an average distribution of approximately $7,200 and a median distribution of approximately $5,000. The Board discussed the applicable eligibility period and the tax treatment of qualified disaster distributions.

Mr. Goff reported that overall plan activity and reporting trends were generally consistent with prior meetings. Ms. Conlin provided an update on field team activity, including on-site outreach at City health appraisals, participant consultations, a Health Department webinar attended by 57 employees, and planned participation in Open Enrollment fairs and additional department outreach.

Mr. Goff reviewed July loan activity, reporting approximately 1,100 active loans with balances just under $12 million and 403 cumulative deemed defaults with balances just under $3 million. There were 41 defaults at quarter-end and 58 missed payments during the most recent month, representing balances of just under $1 million. He reported that staff contacted 13 participants regarding missed payments, left approximately eight voicemails, and received indications that eight participants intended to make up missed payments.

The Board discussed participant loans, factors contributing to missed payments, and whether future reporting could categorize loan purposes and participant demographics. The Board also discussed comparing loans with qualified disaster distributions and unforeseeable emergency withdrawals. Mr. Goff agreed to consider a supplemental analysis of emergency distributions, qualified disaster distributions, and loans, including trends by age group.

Please be advised that the Committee may vote to convene in closed session on Item 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 (Item 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.

The Chair called a roll-call vote to convene in closed session. No objections.

4:28 p.m. Board enters closed session

10. Recordkeeper RFI Update and Review and Approval of Finalist

5:00 p.m. Board enters open session

Mr. Gresham reported that, during the closed session, the Board took no action on this item.

5. Approval of Temporary Extension of Voya's Agreement

Note: this item was taken out of order The Board considered a temporary extension of the current agreement between the Plan and Voya from October 1, 2026 through March 1, 2027. Motion by Ms. Christianson to approve the temporary extension. Seconded. No objections. The temporary extension was approved.

11. Informational

a. MDCP 2Q26 Newsletter

Informational only.

5:02 p.m. Meeting adjourned from closed session