

**EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE**  
**MINUTES OF THE JANUARY 11, 2006 INVESTMENT COMMITTEE**  
**MEETING**

1. Call to Order  
Acting Chairman Michael Ostermeyer called the meeting to order at 10:25 a.m. in Room 210-CA of the Milwaukee County Courthouse.
  
2. Roll Call

<u>Members Present:</u> Michael Ostermeyer Dean Roepke Linda Bedford John Martin	<u>Members Excused:</u> Walter Lanier
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Others Present:  
Mark Grady, Principal Assistant Corporation Counsel  
Patrick Race, Mercer Investment Consulting  
Kristin Finney-Cooke, Mercer Investment Consulting  
Jack Hohrein, ERS Manager
  
3. Cash Liquidity Plan  
The Committee discussed the merits of a quarterly review of cash needs as opposed to a six month review. An agreement was reached to use a quarterly review and that the current policy language on page eight would be recommended as presented to cover rebalancing and liquidity requirements.
  
4. Discussion and Review of Proposed Investment Policy  
The Committee requested that the introduction of the policy include in the opening statement as part of the objectives "to maximize fund returns based on an appropriate level of risk" and to add that the returns which "together with Milwaukee County contribution" will be sufficient for the Fund to pay benefits. The Committee also recommended that the policy statement on diversification be clarified by adding "Consistent with Fiduciary responsibility" to the seventh bullet point on page three. Pat Race stated he would submit revised language for review.
  
5. Investment manager Performance Review  
The Committee discussed benchmark underperformance as presented on page ten of the policy and what functions the investment committee should consider. Mr. Ostermeyer noted that the practices of the Board should follow the policy. It was noted that the flash report review periods should agree with seven year policy. Pat Race stated he would submit revised language for review.

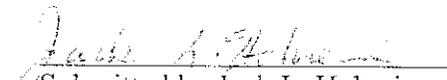
The Committee discussed proxy voting by the investment managers and how the votes should be in the best interests of the plan participants. Mr. Ostermeyer noted that proxy voting review and monitoring should be included in this Committee's discussion points. Mr. Race stated that he would develop some alternatives for the Committee's consideration on how other plans address proxy voting.

The Committee discussed interviews with the investment managers for the year 2006. Mr. Race stated he would set up a proposed review schedule and distribute it. Because of underperformance concerns, the Committee requested that performance reviews be scheduled in March 2006 for Artisan and in April 2006 for Ariel.

The Committee scheduled regular monthly investment committee meetings to be held on the first Thursday of each month at 2:30 PM at the third floor conference room of the City Campus Building beginning with the month of March 2006.

6. Adjournment

The meeting was adjourned at 11:58 AM.

  
Submitted by Jack L. Hohrein  
Pension Board Secretary