

Employees' Retirement System of the County of Milwaukee
Minutes of the May 4, 2006 Investment Committee Meeting

1. Call to Order
John Martin called the meeting to order at 2:45 p.m. in the third floor conference room of the City Campus Building at 2711 West Wells St., Milwaukee, WI.

2. Roll Call

Members Present:

John Martin
Marilyn Mayr

Members Excused:

Walter Lanier
Michael Ostermeyer
Dean Roepke
Linda Bedford

Others Present:

Michael Howden, Retiree
Jack Hohrein, ERS Manager
Patrick Race, Mercer Investment Consulting
Kristin Finney-Cooke, Mercer Investment Consulting
Chuck McDonald, Mercer Investment Consulting

3. Manager Search for Small Cap Value Alternatives

Mr. Hohrein distributed an email from Mr. Ostermeyer and the manager search report prepared by Mercer Investment Consulting.

The Committee discussed the six managers presented on the Small Cap Value Alternatives. The managers that were reviewed and discussed were AQR Capital Management, Cook- Moyer- Taylor, Integrity Asset Management, Opus Capital Management, Osprey Partners and Steinberg Asset Management. All managers included had the highest rating (A) as provided by Mercer.

Mr. Martin requested information on CMT and Steinberg. Mercer reported that they were not recommended because CMT had sector weighting issues and Steinberg was allocating 20% in foreign investments when our policy only provided a 10% allocation. Mercer also noted that Osprey was excluded because they only ranked forth or fifth on all factors considered.

Mercer recommended the following managers. Opus was ranked number one because of their fundamental style; the portfolio includes 55-70 stock names, and has the highest rating on earnings of cap stocks and price earnings ratio. AQR was ranked second as a quantitative manager with a good benchmark return and sector weighting. Integrity was ranked third as a manager with a blended style of quantitative and fundamental characteristics.

The Committee discussed due diligence and how visiting the manager's office would be better than having the manager's attend a meeting in Milwaukee. Mr. Howden asked if it was common that Fund's our size make visits to managers.

Mercer replied that it was common. The Committee considered narrowing the field to two finalists before making any visits. Mercer agreed to make arrangements for the visits.

Mr. Martin requested that the manager search reports be sent to each member of the pension board and be included for discussion at the next Board meeting.

4. ING Contract Amendment

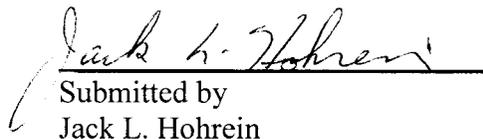
Mercer recommended the benchmark change that was proposed in the amendment. The amendment still requires legal review.

5. Future Topics

Mercer reported that Artisan was making some changes in ownership structure and they would be doing a more in depth review.

6. Adjournment

The meeting was adjourned at 3:30 p.m.


Submitted by
Jack L. Hohrein
Pension Board Secretary