

**Milwaukee County Employees' Retirement System (ERS)
Investment Committee**

MINUTES

Call to Order

Pension Board Chairman, John Michael Maier, called the meeting to order at 2:30 p.m. on February 4, 2013 in Room 203-P, Milwaukee County Courthouse, 901 N. 9th Street, Milwaukee, Wisconsin.

Board Members Present:

John Michael Maier
Patricia Van Kampen
Laurie Braun
Dr. Brian Daugherty

Others Present:

Marian Ninneman
Daniel Gopalan
Brett Christenson
Ray Caprio
Tom Salemy

1. Topic: Monthly Report – Marquette

Mr. Christenson discussed the portfolio's return for 2012. We are stilling waiting for the final numbers from a few investment managers, but the pension fund's return should be around 11%. He also discussed how the stock and bond markets were performing.

Ray Caprio explained Marquette's analysis of the pension fund moving away from active investment management and investing in passive index funds. Mr. Caprio indicated that we could save approximately \$3.5 million or 20 basis points per year if we were to switch most of our active managers to index funds. The analysis did not include changing the management of the fund's alternative investments.

The committee discussed the risks of moving to a more passively-managed fund and also talked about which asset classes could potentially realize a greater return if moved into index funds. The committee suggested that when searching for new investment managers a study on index funds is also done.

2. Asset Allocation

Marquette presented three scenarios where the fund would lower the fixed income allocation and allocate the investments in US equities, international equities, infrastructure, and/ or real estate investments. These scenarios will be discussed at the February Board Meeting.

3. K2 Alert Status

K2 was placed on alert due to organizational issues. The Board will discuss taking them off of alert at the February Board meeting.

4. Adjournment: 3:45 PM



Marian Ninneman
ERS Manager