

Milwaukee County Employees' Retirement System (ERS)

Investment Committee Meeting

MINUTES

Call to Order:

Board Chairman, John Maier called the meeting to order at 2:30 pm, on 11-1-10, in Room 203-P, of the Milwaukee County Courthouse, 901 N. 9th Street, Milwaukee, WI. 53233.

Roll Call:

Board Members Present:

Jeffrey Mawicke
Keith Garland
John Maier
Sarah Peck
Linda Bedford

Others Present

Dale Yerkes
Brett Christenson
Ray Caprio
David Arena
Mark Grady
Tom Rosalanke
Carolyn Van Putten

Three (3) handouts were provided to the Board members and others in attendance:

- GMO presentation
- September 30, 2010 Monthly report from Marquette Associates
- Securities Litigation Services information

1. Topic: **Monthly Flash Report - Marquette**

Ray stated that this report includes rankings for each investment manager and the fund as a whole. He noted that the fund is close to its asset allocation targets. Also, in October some US Equity was sold to fund benefits and expenses.

It was noted that Reinhart Partners performance was below its index and below average when compared to its peers. Some consideration should be made to put Reinhart Partners on notice that its performance is not what ERS requires.

2. Topic: **3rd Quarter Report - Marquette**

This topic will be presented at the November Board meeting.

3. Topic: **International Large Cap & Small Cap (GMO) – Discussion**

Carolyn Van Putten and Tom Rosalanko from GMO discussed their performance and investment philosophy. Carolyn gave a brief introduction to GMO. Tom discussed his firm's investment process and the reasons why GMO has underperformed its benchmark for the last several years.

Attendees noted that GMO's investment methods may yield above average returns over the near future. GMO Large Cap Value fund has beaten its index for the 3rd quarter and YTD. GMO Small Cap Value beat its index for the 3rd quarter.

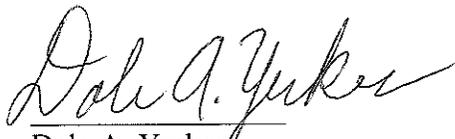
It was also stated that GMO's recent underperformance was due to not beating its index more when the market declined in 2008.

Marquette Associates stated that due to GMO's investment process being similar on both the large cap developed and small cap, the Pension Fund should consider diversifying the international small cap allocation to mitigate the manager and style risk. Also, possibly consider utilizing a passive allocation for developed international equity.

4. Topic: **Securities Litigation Monitoring – Discussion**

Mark Grady discussed the pros and cons of being a lead plaintiff for securities litigation. The main reason to be the lead plaintiff is to reform corporate governance; this a benefit that accrues mostly to very large pension funds is not likely to be appropriate for a fund our size. While the firms providing securities litigation do so at no explicit cost, there would be considerable time costs imposed on staff. Mark would like to get direction from the Board on this issue.

5. Adjournment: **The Investment Committee adjourned at 4:15 pm.**


Dale A. Yerkes
Fiscal Officer ERS