

**EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
ANNUITY AND PENSION BOARD**

Minutes of the Investment Committee Meeting
held November 12, 2010

The meeting was called to order at 10:13 a.m.

Committee Members Present: John Barmore
 Konrad Ellenberger
 W. Martin Morics
 Michael J. Murphy
 Gust Petropoulos

Committee Members Not Present: William C. Carey (excused)
 Larry Holland (excused)
 Ron Walter (excused)

Retirement Staff Present: Bernard J. Allen, Executive Director
 Martin Matson, Deputy Director
 Tom Rick, Chief Investment Officer
 David Silber, Pension Investment Analyst
 Bruce Thomas, Pension Investment Analyst
 Brian Brophy, College Intern
 Suzanne Fortier, Board Stenographer

Others Present: Beth Cleary, City Attorney's Office; Kevin Dolsen and Mike Joecken, Callan Associates; and Lawrence Marino, Seth Almaliah, and Gino Reina, Segal Advisors.

As matter of information, Committee members received a Consultant Finalist Summary prepared by Mr. Silber. Mr. Rick briefly talked about Mercer's decision to resign from their public sector retainer based investment consulting clients. He stated ERS had gone through an RFP process and Callan Associates and Segal Advisors were asked to come and present to this Committee. Brief discussion ensued.

Callan Association Presentation. Mr. Dolsen and Mr. Joecken introduced themselves and handed out a presentation book, dated November 12, 2010. Mr. Dolsen provided an overview of Callan stating they are independent and focused, experienced and fully resourced. He and Mr. Joecken also talked about Callan's beliefs, philosophy and biases; 2010 Client survey; overview of Callan's consulting philosophy; and an overview of Callan's client list. Mr. Dolsen talked in length about Callan's strategic planning: asset allocation, peer comparison; strategic planning: asset allocation analysis; roles of asset classes; and asset mixes by role. Mr. Joecken talked about plan implementation: manager search database, manager search process; and MERS manager visits. He also noted that Callan had included a manager write-up on the BlackRock Alpha Tilts product that their research has done within the past year for Committee members to review. Mr. Dolsen talked about Callan's dedicated private equity and hedge fund teams. Mr. Joecken talked about performance measurement and evaluation. Mr. Dolsen talked about formal educational programs and research. He also talked about the proposed fees. In closing, Mr. Dolsen talked about Callan's pledge to the City of Milwaukee ERS. Discussion ensued throughout the presentation.

Mr. Murphy called for a break at 11:08 a.m. The Committee reconvened at 11:25 a.m.

Segal Advisors Presentation. Mr. Marino introduced himself, Mr. Almaliah, and Mr. Reina. He indicated that he and Mr. Almaliah would be the two people who would be working with ERS' account and provided some background information on Segal Advisors; their representative client list; and professional staff. Mr. Almaliah talked about his background. He also talked about Segal's approach to asset allocation; education; philosophy; pension fund balance sheet; and observations of ERS' asset allocation. Mr. Reina talked about his background and about Segal's research process, including the Investment Committee; Research group, and investment group; and manager search process. He also directed the Committee's attention to the Manager Focus reports that are produced. Mr. Marino talked about what Segal's next steps would be if they were hired by ERS, and investment decisions to consider for the future. Mr. Almaliah talked more about the manager alerts; performance measurement; and Segal's technology advantage. In closing, Mr. Almaliah talked about the proposed fees.

Selection of Investment Consulting Firm. Mr. Murphy advised that the Investment Committee may vote to convene in closed session on the following item, (III.), as provided in Section 19.85 (1) (e), Wisconsin State Statutes, for deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Committee may then reconvene in open session following the closed session. It was moved by Mr. Barmore and seconded by Mr. Morics, that the Committee convene in closed session on this item. The motion prevailed by the following roll call vote: AYES: Messrs. Barmore, Ellenberger, Morics, Petropoulos and Murphy. NOES: None.

The Committee convened in closed session at 12:30 p.m.

There being no further business, Mr. Murphy adjourned the meeting from closed session at 12:43 p.m.

Bernard J. Allen
Secretary and Executive Director

(NOTE: All proceedings of the Annuity and Pension Board Meetings and related Committee Meetings are recorded. All recordings and material mentioned herein are on file in the office of the Employees' Retirement System, 789 N. Water Street, Suite 300.)