

**CITY OF OWOSSO
EMPLOYEES RETIREMENT SYSTEM BOARD
OWOSSO CITY HALL COUNCIL CHAMBER**

OCTOBER 16, 2014

7:15 AM

CALL MEETING TO ORDER:

Chairperson Farrell called the meeting to order at 7:26 a.m.

ROLL CALL:

PRESENT: Trustees Richard Brewbaker, Elaine Greenway, Paul Kleeman, Bobbi Jo Perry, Vice Chairperson Mark Sedlak, and Chairperson Wilfred Farrell.

ABSENT: Trustee Burton Fox.

ALSO

PRESENT: City Attorney William C. Brown; City Clerk Amy K. Kirkland; Merrill Lynch Advisor Maral Thomas; and Merrill Lynch Consultant Marie Vanerian.

APPROVE AGENDA:

Motion by Vice Chairperson Sedlak to approve the Agenda with the following additions and deletions:

Add

2. Approve Statements:

- c. City of Owosso Employees Retirement Fund
September 30, 2014

3. Payment Authorizations:

- c. Loomis Sayles
For period 10/01/14 through 12/31/14 \$ 12,631.85
- d. M.D. Sass
For period 10/01/14 through 12/31/14 \$ 12,289.49
- e. NFJ Allianz
For period 10/01/14 through 12/31/14 \$ 3,753.68
- f. WHV
For period 10/01/14 through 12/31/14 \$ 4,522.19

Remove

NEW BUSINESS:

1. Return of Funds – M. Kawiecki. Consider authorization of the return of funds to Matthew Kawiecki.

APPROVE MINUTES OF AUGUST 21, 2014 ORGANIZATIONAL MEETING:

Motion by Vice Chairperson Sedlak to accept the minutes of the August 21, 2014 Organizational Meeting as presented.

Motion supported Trustee Perry and concurred in by unanimous vote.

APPROVE MINUTES OF AUGUST 21, 2014 REGULAR MEETING:

Motion by Trustee Brewbaker to accept the minutes of the August 21, 2014 Regular Meeting as presented.

Motion supported by Trustee Perry and concurred in by unanimous vote.

CITIZEN COMMENTS:

There were no citizen comments.

CONSENT AGENDA:

Motion by Trustee Greenway to approve the consent agenda as follows:

1. Approve Pension Check Reports:

- | | |
|-------------------|---------------|
| a. August 2014 | \$ 202,825.86 |
| b. September 2014 | \$ 202,825.86 |

2. Approve Statements:

- a. City of Owosso Employees Retirement Fund
July 31, 2014
- b. City of Owosso Employees Retirement Fund
August 31, 2014
- c. City of Owosso Employees Retirement Fund
September 30, 2014

3. Payment Authorizations:

- | | |
|--|--------------|
| a. <u>Ronald J. Tobey, City Treasurer</u>
Report of Checks Written – August 2014 | \$252,106.07 |
| b. <u>Ronald J. Tobey, City Treasurer</u>
Report of Checks Written – September 2014 | \$204,185.21 |
| c. <u>Loomis Sayles</u>
For period 10/01/14 through 12/31/14 | \$ 12,631.85 |
| d. <u>M.D. Sass</u>
For period 10/01/14 through 12/31/14 | \$ 12,289.49 |
| e. <u>NFJ Allianz</u>
For period 10/01/14 through 12/31/14 | \$ 3,753.68 |
| f. <u>WHV</u>
For period 10/01/14 through 12/31/14 | \$ 4,522.19 |

Motion supported by Trustee Kleeman and concurred in by unanimous vote.

COMMUNICATIONS:

- o Gabriel Roeder & Smith – *NewsScan August 29, 2014*
- o Gabriel Roeder & Smith – *NewsScan September 17, 2014*
- o Gabriel Roeder & Smith – *NewsScan October 1, 2014*

The following communications, publications and conference announcements are on file with the City Clerk – if you would like to read them, please contact her:

- Merrill Lynch: *Comprehensive AIM Report, 2014 Q2 DVD*

OLD BUSINESS:

MERRILL LYNCH STATUS REPORT

Merrill Lynch Investment Consultant Marie Vanerian sadly relayed to the Board the fact that Merrill Lynch has made a decision to remove itself from the public pension consulting business. This decision was made based on recent SEC actions that relayed concern with firms that advise municipalities and also facilitate bond purchases, alluding to a conflict of interest. As such, the Vanerian Group will no longer be providing consulting services for the Employees' Retirement System or any other public pension system. She expressed great distress with this decision saying she personally protested to the top executives in the organization without success. She went on to say that she will do whatever she can to assist the Board in securing the services of a new consultant and recommended the search start immediately as she will no longer be able to work with the System after June 30, 2015.

Chairperson Farrell indicated Marie and her team would be greatly missed and he thanked her for her dedicated service to the System over the past 20+ years. He said he was grateful for Merrill Lynch's decision to allow until June 30, 2015 to complete the transition and said that while he was not ready for such a change the decision has been made and it is time to move forward.

There was significant discussion regarding the development of an RFP, setting a timeline for the search, casting a wide net to ensure the Board gets the best candidates for the job, and required attributes. Ms. Vanerian cautioned the Board to be cognizant of other firms that provide consulting services and facilitate trades as they may find the SEC completely bans firms from performing both services in the future.

There was a brief discussion regarding informing System members and if the Board could function without a consultant. (Ms. Vanerian suggested this was possible, though the Board seemed to be uncomfortable with this idea.)

The Trustees were encouraged to submit the names of potential consultants to the Clerk for inclusion on the RFP list by November 15th. The timeline for the search was suggested as follows:

- Develop and distribute RFP before December 19th meeting
- Schedule special meeting in January to review RFP submissions
- Assemble short list and conduct interviews at February 2015 meeting

NEW BUSINESS:

RETURN OF FUNDS – M. KAWIECKI (This item was removed from the agenda.)

SCHEDULE MONEY MANAGER REVIEW

In light of the news from Merrill Lynch it was agreed the consultant search should take priority. No money manager review will be scheduled for the time being unless an emergent situation arises.

INVESTMENT CONSULTANT REPORT:

None.

CITIZENS COMMENT:

There were no citizen comments.

Trustee Greenway reported that the MAPERS Conference was exciting, intimidating, and very informative, saying she was very happy she went. She encouraged others to attend as well.

Ms. Vanerian reminded Board members to send the names of consultant candidates to the Clerk.

NEXT BOARD MEETING:

The next board meeting is scheduled for December 18, 2014 at 7:15am

ADJOURNMENT:

The Board adjourned at 8:15 a.m.

Amy K. Kirkland, City Clerk