

**CITY OF OWOSSO  
EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES  
SPECIAL MEETING  
OWOSSO CITY HALL COUNCIL CHAMBER**

**MARCH 11, 2015**

**7:15 AM**

**CALL MEETING TO ORDER:**

Chairperson Farrell called the meeting to order at 7:21 a.m.

**ROLL CALL:**

**PRESENT:** Trustees Richard Brewbaker, Burton Fox, Elaine Greenway (arrived at 8:28), Paul Kleeman, Bobbi Jo Perry, Vice Chairperson Mark Sedlak, and Chairperson Wilfred Farrell.

**ABSENT:** None.

**ALSO**

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

**DISCUSSION:**

**MAPERS SPRING CONFERENCE ATTENDANCE**

City Clerk Kirkland inquired who might be interested in attending the 2015 MAPERS Spring Conference in Mount Pleasant. Trustees Fox and Greenway indicated they were interested. Ms. Kirkland indicated she would seek formal approval for their attendance at the April 16<sup>th</sup> meeting.

**NEW BUSINESS:**

**SELECTION OF INTERVIEW CANDIDATES**

Chairperson Farrell read aloud the list of candidates recommended by the small group which reviewed all of the RFP's in detail as follows:

Asset Strategies Portfolio Services  
The Bogdahn Group  
Graystone Consulting

Noting that all members received copies of all of the RFP's he initiated a conversation to solicit the opinions of the Board members as well as that of current Consultant Vanerian regarding all the submissions and the recommendation of the small group.

Ms. Vanerian offered that she felt that with the level of knowledge of the Trustees and the fact that they continue to have a fiduciary duty to the System that a firm that functions as a full-discretion partner may not be the right fit, though she did not completely dismiss such firms. She went on to say that she felt it was important that a firm have existing exposure to the Michigan public pension market and that they not be an overly large or small firm. Lastly, she noted that she knew all of the managers recommended by the small group and she urged the Board to explore the differences between candidates, examine the work history of the proposed consultants and firms, and be careful to hire a candidate they are comfortable with and one that will value them as a client.

Small group members Farrell, Fox, and Kirkland described how they reached consensus on the recommended firms noting the following: the desire to hire local but concern with the experience level of the local firms; the desire to keep fees reasonable and to maintain the Board's sole discretion in management choices; ensuring selected firms are open to working with our current money managers; priority was given to those firms with significant Michigan public pension experience; the desire for a firm that will work with index funds; and concern that extremely large firms may have underwriting/consulting conflicts or may not see the System as an important client.

During the course of the discussion regarding the candidates it came to light that two of the firms had some potential legal concerns that should be explored. City Attorney Brown presented evidence of a settlement agreement made by Graystone despite the fact that they had indicated in their RFP they had not had any settlements since their inception in 2006. Ms. Vanerian also noted that the proposed consultant for The Bogdahn Group had only recently been hired by the firm and the Board should research potential legal issues with his former firm to ensure he was not involved.

There was further discussion regarding adding more candidates to the interview list so as not to be forced to make a selection based solely on the idea that the Board didn't feel comfortable with the other two based on their explanation of their legal issues. The Board decided to proceed with the interview of three firms, but being prepared to discuss a 4<sup>th</sup> candidate at the March 26<sup>th</sup> meeting.

Motion by Trustee Fox to schedule interviews with Asset Strategies Portfolio Services, Inc., The Bogdahn Group, and Graystone Consulting – Holycross Group.

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

The conversation then moved on to the details of the interview process including: selection criteria, suggested questions, and the length of time allowed for each interview. Ms. Vanerian offered to email a series of questions she felt were important ask. City Attorney Brown indicated there were good questions listed on page 8 of the Bogdahn Group RFP that he would like to see included as well. City Clerk Kirkland said she would email a compiled list of questions to Board members prior to the meeting.

**CITIZENS COMMENT:**

David Hood, local Wells Fargo consultant, indicated he appreciated the diligence of the group during the RFP process.

Trustee Greenway arrived at 8:28 a.m. Chairperson Farrell recapped the meeting for her. She indicated she was ok with the three firms selected for interview.

**NEXT BOARD MEETING:**

The next board meeting is scheduled for March 26, 2015 at 7:15am

**ADJOURNMENT:**

Motion by Vice Chairperson Sedlak for adjournment at 8:31 a.m.

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

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Amy K. Kirkland, City Clerk