

**CITY OF OWOSSO
EMPLOYEES RETIREMENT SYSTEM BOARD**

DECEMBER 22, 2005

8:00 A.M.

PRESENT: Chairperson Linda Robertson, Vice Chairperson Frances Kukulis, Trustees William Blanchett, Wilfred A. Farrell, Mark Mitchell, Mark D. Owen and James Treadway.

ABSENT: None.

ALSO

PRESENT: City Attorney William C. Brown; City Manager Gregg G. Guetschow; City Treasurer Ronald J. Tobey; Roger Elford, Retirement Investment Manager; City employees Duane Guenther, Laurie Hendershot, William Horton, Jacqueline Newell, and Rhonda Pritchett.

CALL MEETING TO ORDER

Chairperson Robertson called the meeting to order at 8:00 a.m.

APPROVE AGENDA

Motion by Trustee Owen to approve the Agenda as presented.

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

ITEMS OF BUSINESS

Ordinance Rewrite as it relates to IRS Regulations

City Attorney Brown commented that he was comfortable with the response from Jac Campbell, Miller, Canfield, Paddock and Stone attorney.

He had provided copies to the Board of the response from Mr. Campbell:

"Section 401(a)(9) is not the section of the Code which deals with required minimum distributions after age 70 1/2. Government plans are either qualified under section 401(a) or section 457(b) of the Code.

Without going into a long discussion again about the City's plan, it missed the last 3 required amendments and restatements. Therefore, it was no longer qualified under 401(2) of the Code. As I said in my last email to you, we could have entered the correction program and had the plan requalified for thousands of dollars. A 457(b) plan and the tax effects upon the employees would be the same.

By the way, the 401(a)(9) amendments to the City's plan should have been made back in the 80's with one of the missed amendments and restatements. If this response is not sufficient, please let me know.

J.A. Campbell"

Vice Chairperson Kukulis questioned what changes bring us into compliance with a 457 plan. There was general board discussion regarding the difference between the two types of plans.

Motion by Trustee Owen to close debate.

Motion supported by Trustee Treadway.

Roll Call Vote.

AYES: Trustees Blanchett, Farrell, Mitchell, Owen, and Chairperson Robertson.

NAYS: Trustee Treadway and Vice Chairperson Kukulis.

Motion by Trustee Farrell to accept the proposed ordinance re-write as presented with allowance for clarifications.

Motion supported by Trustee Blanchett.

Roll Call Vote.

AYES: Trustees Blanchett, Farrell, Owen, and Chairperson Robertson.

NAYS: Trustees Mitchell, Treadway, and Vice Chairperson Kukulis.

Motion by Vice Chairperson Kukulis to send the proposed ordinance to City Council for consideration as a re-write as it relates only to IRS regulations to bring us in compliance to make us qualified.

There was discussion regarding the cost that it would be incurred to have further work done on a re-write.

Vice Chairperson Kukulis withdrew her motion.

Chairperson Robertson encouraged Vice Chairperson Kukulis to communicate with City Attorney Brown with questions for Mr. Campbell at Miller, Canfield, Paddock, and Stone. She asked Vice Chairperson Kukulis to share further questions with the Board prior to the February 16, 2006 meeting.

City Clerk Schultz reported that City Treasurer Tobey had received a letter from Fifth Third Asset Management, Inc. regarding Dennis Mullins no longer being employed with them.

As requested by Marie Vanerian at Merrill-Lynch, the Board executed copies of the investment management agreements.

ADJOURNMENT

Motion by Trustee Mitchell to adjourn the meeting at 9:12 a.m.

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

Gail L. Schultz, Owosso City Clerk