

**CITY OF OWOSSO
EMPLOYEES RETIREMENT SYSTEM BOARD**

DECEMBER 21, 2006

7:00 A.M.

CALL MEETING TO ORDER

Chairperson Robertson called the meeting to order at 7:00 a.m.

ROLL CALL

PRESENT: Chairperson Linda Robertson, Trustees Wilfred A. Farrell, Michael C. McCloskey, Mark Mitchell, Mark D. Owen (arrived at 7:03 am), and James R. Treadway (arrived at 7:01 am).

ABSENT: Vice Chairperson Frances Kukulis.

ALSO

PRESENT: City Attorney William C. Brown (arrived at 7:24 am); City Clerk Amy K. Kohagen; and City Treasurer Ronald J. Tobey.

APPROVE AGENDA

Motion by Trustee Farrell to approve the Agenda as presented.

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

APPROVE MINUTES OF OCTOBER 18, 2006 SPECIAL MEETING

Motion by Trustee Mitchell to approve the Minutes of the October 18, 2006 Special Meeting as presented.

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

APPROVE MINUTES OF OCTOBER 19, 2006 REGULAR MEETING

Motion by Trustee Mitchell to approve the Minutes of the October 19, 2006 Regular Meeting as presented with the following correction: add Trustee Michael C. McCloskey to the list of Board members present at the meeting.

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

APPROVE MINUTES OF OCTOBER 25, 2006 SPECIAL MEETING

Motion by Trustee Treadway to approve the Minutes of the October 25, 2006 Special Meeting as presented.

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

APPROVE MINUTES OF NOVEMBER 1, 2006 SPECIAL MEETING

Motion by Trustee Treadway to approve the Minutes of the November 1, 2006 Special Meeting as presented.

Motion supported by Trustee Farrell and concurred in by unanimous vote

CITIZENS COMMENTS

There were no citizen comments.

CONSENT AGENDA

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

Pension Check Reports:

- a. October 2006 \$ 114,403.82
- b. November 2006 \$ 111,824.52

Statements:

- a. Chemical Bank and Trust Company
October and November 2006
- b. City of Owosso Employees Retirement Fund
October 31, 2006 and November 30, 2006.

Payment Authorizations:

Payee	Amount
<u>Chemical Bank and Trust</u> Investment Management Services for period of 09/01/06 through 11/30/2006	\$8,494.14
<u>MAPERS</u> 2007 Annual Dues	\$50.00
<u>Ronald J. Tobey, City Treasurer</u> Report of Checks Written – October, 2006 Report of Checks Written – November, 2006	\$137,633.88 \$218,083.71

Motion supported by Trustee Treadway.

Roll Call Vote.

AYES: Trustees Farrell, McCloskey, Mitchell, Owen, Treadway, and Chairperson Robertson.

NAYS: None.

ABSENT: Vice Chairperson Kukulis.

COMMUNICATIONS

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

- iShares: *Annual Report – July 31, 2006*
- iShares: *Semi-Annual Report – September 30, 2006*
- Merrill Lynch CMA Money Fund: *Semi-Annual Report September 30, 2006*
- Gabriel, Roeder, Smith & Company: *News Scan, October 2006 & November 2006*
- National City: *Financial Market Outlook, October 2006 & November 2006*
- TJIM Quarterly Insight: *3rd Quarter 2006*
- Institutional Investor: *October and November*
- Corporate Governance: *4th Quarter 2006*

OLD BUSINESS

STATUS REPORT - TRANSITION TO NEW MONEY MANAGERS Marie Vanerian, Merrill Lynch

Ms. Vanerian reviewed the progress in the transition to the new money managers for the value, growth, and fixed income sectors of the system, indicating the following: termination letters have been sent to the current money managers, contracts for the new managers have been reviewed and are ready for signatures – the major change involved stipulating arbitration would be held in the State of Michigan, paperwork will be filed naming all current Board members and the City Treasurer as authorized signators, and 2 of the 3 new managers agreed to a reduction in fees (Marie handed out the fee schedule for all three companies). She indicated the fees in general are higher than the current managers have charged but returns should be in line with the new fees. She also indicated the contracts with the new managers are good indefinitely; changes would be handled through renegotiation.

Marie recommended the Board perform an extensive review of managers every five years to make sure they are meeting the needs of the system.

NEW BUSINESS

AUTHORIZATION TO SELL AND ENDORSE SECURITIES

Motion by Trustee Owen to approve the following resolution authorizing Chairperson Robertson, Vice Chairperson Kukulis, and City Treasurer Ronald Tobey as signators to buy, sell, endorse, and transfer securities on behalf of the Retirement System.

MUNICIPAL AUTHORIZATION TO SELL AND ENDORSE SECURITIES

Resolved that, Chairperson Linda L. Robertson, Vice Chairperson Frances M. Kukulis, and City Treasurer Ronald J. Tobey or any of them, be and they are hereby authorized to sell, assign, endorse for transfer, and do all other things necessary to secure the transfer of certificates representing stocks, bonds or other securities now registered or hereafter registered in the name of the City of Owosso.

Motion supported by Trustee Treadway.

Roll Call Vote.

AYES: Trustees Farrell, McCloskey, Mitchell, Owen, Treadway, and Chairperson Robertson.

NAYS: None.

ABSENT: Vice Chairperson Kukulis.

INVESTMENT CONSULTANT REPORT.

Ms. Vanerian presented an overview of the following:

Total Portfolio Performance Summary for Period Ending 09/30/2006

	Source of Funds Thousands of Dollars		
	Quarter		Cumulative 12/91-09/06
Beginning Market Value	30,508		16,702
Net Contributions	-280		-9,988
Investment Earnings	1,177		24,692

Ending Market Value	----- 31,406	----- 31,406
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There was general discussion regarding adjusting asset allocation. Marie indicated the portfolio would be reallocated to the policy set by the Board after the new managers take over the account and make any holdings changes.

She also stated the System would be incurring some trade done away fees in the fixed income sector, indicating it would be too restrictive and costly to limit the fixed income manager to trade at just one desk.

CITIZENS COMMENTS

There were no citizen comments.

MANAGEMENT CONTRACTS – VALUE, GROWTH, AND FIXED INCOME

Motion by Trustee Farrell to approve the contracts with changes with the following money managers: Franklin Templeton Institutional, LLC, M.D. Sass Associates, Inc., and Rigel Capital, LLC and further authorize the Chairperson and all other Board members to execute appropriate documents.

Motion supported by Trustee Owen.

Roll Call Vote.

AYES: Trustees Farrell, McCloskey, Mitchell, Owen, Treadway, and Chairperson Robertson.

NAYS: None.

ABSENT: Vice Chairperson Kukulis.

NEXT BOARD MEETING

The next board meeting is scheduled for February 15, 2007 at 7:00 a.m.

ADJOURNMENT

Motion by Trustee Owen for adjournment at 7:53 a.m.

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

Amy K. Kohagen, Owosso City Clerk