

**CITY OF OWOSSO
EMPLOYEES RETIREMENT SYSTEM BOARD**

APRIL 19, 2007

7:00 A.M.

CALL MEETING TO ORDER:

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

ROLL CALL

PRESENT: Vice Chairperson Kukulis, Trustees Wilfred A. Farrell, Mark Mitchell, James R. Treadway and Mark Owen.

ABSENT: Chairperson Linda Robertson

ALSO

PRESENT: City Attorney William C. Brown; City Clerk Amy K. Kohagen; City Treasurer Ronald J. Tobey; Clerk's Assistant Roxane Cramer; Merrill Lynch Consultant Marie Vanerian; Merrill Lynch Advisor Maral Thomas.

APPROVE AGENDA

Motion by Trustee Farrell to approve the agenda as presented with the following addition:

NEW BUSINESS

- 4. Discussion of the MAPERS Conference to be held, June 3-5, 2007.

Motion supported by Trustee Treadway and concurred by unanimous vote.

CONSENT AGENDA:

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

- 1. Approve Pension Check Reports:
 - a. February 2007 \$ 112,449.05
 - b. March 2007 \$ 112,449.05

- 2. Approve Statements:
 - a. City of Owosso Employees Retirement Fund
February 28, 2007 and March 31, 2007

 - b. Merrill Lynch Consulting Services
January 1, 2006 through December 31, 2006,
January 1, 2007 through January 31, 2007, and
January 1, 2007 through February 28, 2007

- 3. Payment Authorizations:
 - a. Rigel Captial, LLC
For period 04/01/07 through 06/30/07 \$14,142.03

- | | | |
|----|--|--------------|
| b. | <u>Ronald J. Tobey, City Treasurer</u>
Report of Checks Written – February 2007 | \$140,219.51 |
| c. | <u>Ronald J. Tobey, City Treasurer</u>
Report of Checks Written – March 2007 | \$113,780.88 |

Motion supported by Trustee Farrell and concurred by unanimous vote.

Trustee Treadway questioned where Anita Kimbrough's defined benefit plan funds were transferred. City Treasurer Ron Tobey explained that it was rolled over to her own plan. Trustee Mitchell and Vice Chairperson Kukulis questioned the Retirement Board's responsibility to guide new hires in their retirement savings and investments. City Attorney William C. Brown will find out information for the next meeting.

APPROVE MINUTES OF FEBRUARY 15, 2007 REGULAR MEETING:

Motion by Trustee Treadway to accept the minutes of the February 15, 2007 regular meeting as presented.

Motion supported by Trustee McClosky and concurred by unanimous vote.

CITIZEN COMMENTS:

None.

COMMUNICATIONS:

- Rigel: News Release April 4, 2007: Letter of Introduction

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: *2006 Executive Summary, CD format*
- Gabriel, Roeder, Smith & Company: *News Scan, January, February, & March 2007.*
- National City: *Financial Market Outlook, February 2007 & March 2007*
- Institutional Investor: *February 2007 & March 2007*
- Plan Sponsor: *February 2007 & March 2007*
- National City: *2006 Annual Report*
- Rigel: Recent personnel changes Memo, presented at meeting. Marie addressed the subject.

The board expressed concern regarding the personnel changes at Rigel. Ms. Vanerian stated the founder of the company is still there. Merrill Lynch is doing due diligence to see if the changes will affect their structure and results. She will report back on this and forward this information to the Clerk when it becomes available.

OLD BUSINESS:

None.

City Attorney William C. Brown explained the situation regarding Robert Speers' factor for retirement pay. The city attorney explained that Mr. Speers had retired from the Fire Department when negotiations were still in progress for a new contract. It was felt by City Manager Gregg Guetschow, Employee Relations Director Stan Jelinek, and Fire Chief John Kenney that if he didn't receive the higher factor he could grieve this and would receive it. This was due to the fact that in 1979, through arbitration, a retired police officer grieved benefits regarding a health related issue, arguing that contract negotiations were still in

progress when he went into retirement, and received the benefit. They felt Mr. Speers would be awarded the factor from the new contract if he grieved it and they felt this would save the city money by awarding it to him without a grievance procedure. Mr. Jelinek informed City Treasurer Margaret Robbins to use the factor of the new contract.

NEW BUSINESS:

1. Application for Retirement. Consider application for retirement pension from Harold Nixon, Sr.

Motion by Trustee Treadway to accept application for retirement pension from Harold Nixon, Sr.

Motion supported by Trustee Farrell and concurred by unanimous vote.

2. Acknowledgement of election of option. Acknowledge election of Option B for Bradley Groll.

There was some discussion regarding the necessity of the action. Vice Chairperson Kukulis questioned if it would go to the spouse even if it isn't noted. City Treasurer Tobey stated that it would go to the spouse but Mr. Groll wanted a formal acknowledgement in place.

Motion by Trustee Mitchell for acknowledgement of election of Option B for Bradley Groll.

Motion supported by Trustee Owen and concurred by unanimous vote.

3. Investment Policy Changes Discussion. Marie Vanerian, Merrill Lynch

Ms. Vanerian commented on the hiring of the new managers and maximizing returns. She indicated a formal review of investment policy would be a good idea at this point.

The process would involve receiving suggestions from the money managers factoring in Public Act 413, City Code and Retirement Board policies. Merrill Lynch would then take the suggestions and analyze for risk. The cost of this would be approximately \$3,500.00. Soft dollars would cover this expense.

Ms. Vanerian explained that the retirement board wouldn't be required to act on the suggestions, but should take them into consideration to maximize returns. She indicated she will bring the report to next meeting.

Motion by Trustee Mitchell to have Merrill Lynch formally review the investment policy.

Supported by Trustee Farrell and concurred by unanimous vote.

4. MAPERS Conference – Representatives for Spring Conference

Vice Chairperson Kukulis commented it is usually the newest members of the retirement board to attend.

Motion by Trustee Mitchell for two board members to attend the MAPERS conference June 3-5, 2007.

Motion supported by Trustee Farrell and concurred by unanimous vote.

INVESTMENT CONSULTANT REPORT:

1. Merrill-Lynch: 1st Quarter 2007 Executive Summary Report

The First Quarter numbers were unavailable and will be presented at the next regular meeting.

There was discussion regarding past investment success with a conservative policy and caution when making changes.

Ms. Vanerian noted general gains in System investments over the quarter. She also indicated on-going difficulty with liquidation of bonds originally purchased by Fifth Third Bank and now handled by Franklin Templeton. She further indicated the bonds were not damaging the value of the portfolio but the awkward denominations made trading difficult. (Trustee McCloskey left at 7:56 am)

Ms. Vanerian noted she would be unavailable for the next regular meeting scheduled for June 21, 2007.

Motion by Trustee Owen to change the next meeting to June 14, 2007.

Motion supported by Trustee Treadway and concurred by unanimous vote.

CITIZEN COMMENTS:

None.

NEXT BOARD MEETING:

Regular – June 21, 2007, rescheduled for June 14, 2007

ADJOURNMENT:

Motion by Trustee Owen to adjourn meeting at 8:07 a.m.

Motion supported by Trustee Treadway and concurred by unanimous vote.

Roxane Cramer