

**CITY OF OWOSSO
EMPLOYEES RETIREMENT SYSTEM BOARD**

OCTOBER 18, 2007

7:04 A.M.

CALL MEETING TO ORDER

Chairperson Farrell called the meeting to order at 7:04 a.m.

ROLL CALL

PRESENT: Councilperson Farrell, Vice Chairperson Kukulis, Trustees McCloskey, Mitchell, Owen, and Treadway.

ABSENT: Trustee Linda Robertson.

ALSO

PRESENT: Merrill Lynch Consultant Marie Vanerian, Merrill Lynch Advisor Maral Thomas, City Attorney William C. Brown, Clerk's Assistant Roxane Cramer, and City Clerk Amy K. Kohagen. City Treasurer Ronald J. Tobey arrived at 7:10 am.

APPROVE AGENDA

Motion by Trustee Treadway to approve the Agenda as presented.

Motion supported by Vice Chairperson Kukulis and concurred in by unanimous vote.

APPROVE MINUTES OF AUGUST 16, 2007 ORGANIZATIONAL MEETING

Motion by Trustee Mitchell to approve the Minutes of the August 16, 2007 Organizational Meeting as presented.

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

APPROVE MINUTES OF AUGUST 16, 2007 REGULAR MEETING

Motion by Vice Chairperson Kukulis to approve the Minutes of the August 16, 2007 Regular Meeting as presented.

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

CITIZENS COMMENTS

There were no citizen comments.

CONSENT AGENDA

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

Pension Check Reports:

- | | |
|-----------------|---------------|
| a. August 2007 | \$ 111,945.85 |
| b. January 2007 | \$ 110,603.71 |

Statements:

- a. City of Owosso Employees Retirement Fund
August 31, 2007 and September 30, 2007

- b. Merrill Lynch Consulting Services
January 1, 2007 through May 31, 2007

Payment Authorizations:

- a. Ronald J. Tobey, City Treasurer
Report of Checks Written – August 2007
- b. Ronald J. Tobey, City Treasurer
Report of Checks Written – September 2007

Payment Authorizations:

Payee	Amount
<u>Ronald J. Tobey, City Treasurer</u> Report of Checks Written – August 2007	\$174,046.97
Report of Checks Written – September 2007	\$126,600.09

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

COMMUNICATIONS

- MD Sass: *Global Credit Panic Communication*
- Rigel Capital: *Announcement of Ownership Succession Plan*

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: *Notice of Tender Offer*
- CMA: *Prospectus, July 27, 2007*
- iShares: *Prospectus, August 1, 2007*
- Merrill Lynch: *2nd Quarter AIM report, CD format*
- Gabriel, Roeder, Smith & Company: *Insight, September 2007*
- Gabriel, Roeder, Smith & Company: *News Scan, August 2007 and September 2007*
- National City: *Financial Market Outlook, August 2007*
- Institutional Investor: *August 2007 and September 2007*
- Plan Sponsor: *September 2007*
- MAPERS: *Pension Scope, Summer 2007*

Vice Chairperson Kukulis inquired about the Rigel succession plan. Ms. Vanerian indicated that she had met with Rigel representatives to discuss the plan. She stated that while the plan was complex, the intention to spread the ownership of the company among key employees was intact.

OLD BUSINESS

MERS TRANSFERS – UPDATE

City Attorney William C. Brown indicated he had reviewed the statutes and they provided no direction to assist in determining how much money to transfer when a member leaves from or returns to the system. He further indicated the system has positioned itself as well as possible by seeing that no member is penalized by their transfer and bringing written attention to possible conflicts. The Board expressed continued concern regarding the possibility of inadvertently pitting one group against another as a result

of transfers to and from the system. City Attorney Brown agreed to send one more written communication on the matter to MERS, with a copy going to Gabriel Roeder to seek their opinion also.

INVESTMENT POLICY REVIEW – UPDATE

City Attorney Brown indicated he and Merrill Lynch Consultant Marie Vanerian would be meeting to review the investment policy. Vice Chairperson Kukulis expressed her concern that the due diligence clause not be removed from the policy. A tentative date was set for November 9th, with all Board members invited to attend.

NEW BUSINESS

MAPERS FALL CONFERENCE

Motion by Trustee Owen to approve the attendance of Chairman Wilfred Farrell to the 2007 MAPERS Fall Conference.

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

SCHEDULE OF MEETINGS FOR NEW MONEY MANAGER SEARCH

Merrill Lynch Consultant Vanerian suggested the Board may need to consider reviewing and adjusting the asset allocation prior to seeking new money managers. There was general discussion regarding the cost of the asset allocation study. Ms. Vanerian handed out a list of prices and indicated she felt the system would generate enough soft dollars prior to the end of the year to cover the cost of the study plus one money manager search.

Motion by Trustee Owen to set a special meeting time of November 27, 2007 at 6:30 p.m. to conduct an analysis of the asset allocation study from Merrill Lynch.

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

Ms Vanerian sought permission for Rigel to view their account on-line. The Board agreed to grant permission.

CITIZENS COMMENTS

There were no citizen comments.

NEXT BOARD MEETING

The next special board meeting is scheduled for November 27, 2007 at 6:30 p.m. for asset allocation study analysis.

The next board meeting is scheduled for December 20, 2007 at 7:00 a.m.

ADJOURNMENT

Motion by Vice Chairperson Kukulis for adjournment at 8:07 a.m.

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

Amy K. Kohagen, Owosso City Clerk