

**CITY OF OWOSSO
EMPLOYEES RETIREMENT SYSTEM BOARD
SPECIAL MEETING**

MARCH 5, 2008

7:04 A.M.

CALL MEETING TO ORDER

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

ROLL CALL

PRESENT: Chairperson Wilfred Farrell, Vice Chairperson Frances Kukulis, Trustees Michael Bruff, Michael McCloskey, Mark Mitchell, Mark Owen, and James Treadway.

ABSENT: None.

ALSO

PRESENT: City Attorney William C. Brown; City Manager Joseph A. Fivas; City Clerk Amy K. Kohagen; and Merrill Lynch Investment Consultant Marie Vanerian, via telephone.

CITIZEN COMMENTS

There were no citizen comments.

REVIEW OF INTERNATIONAL EQUITY MONEY MANAGER SEARCH MATERIALS

Merrill Lynch Investment Consultant Marie Vanerian indicated that while most of the managers listed in the search materials were core managers she felt the Board should interview anyone they have a potential interest in hiring and not choose based on whether the manager leaned toward core, growth, or value.

There was a brief discussion regarding the level of emerging market exposure the various managers have. Ms. Vanerian indicated that the Board needed to be aware that each manager would have a different approach, with some relying heavily on emerging markets and others concentrating on well established areas.

Discussion continued with the naming of four organizations the Board had interest in pursuing: AllianceBernstein L.P., Brandywine Global Investment Management, LLC, Parametric Portfolio Associates, and Wentworth, Hauser and Violich. There was some concern that Parametric's results could be replicated simply by purchasing an index fund and thus would not be worth the expense. Ms. Vanerian encouraged the Board to examine their process before making a decision.

There was further discussion regarding whether our money would be valued in a large organization, concerns about fees, and if they would waive requirements for minimum amounts. Ms. Vanerian indicated that she did not include in the search any firms that would not agree to work with us. She also indicated that the Merrill Lynch organization brings with it economies of scale that make smaller organizations, such as the City, more attractive to the larger investment firms.

After discussion of the aforementioned choices and the other firms included in the search the Board decided to interview the following firms: AllianceBernstein L.P., Brandywine Global Investment Management, LLC, Neuberger Berman, LLC, and Wentworth, Hauser and Violich. It was further agreed to meet again on Tuesday, March 25, 2008 at 5:00 p.m. for the purpose of interviewing candidates.

City Attorney William C. Brown noted that a 5% exposure in any asset class does not help or hurt the portfolio, he then inquired if the Board were to split funds between two managers, effectively giving them each 5%, if the same principle would hold true. Ms. Vanerian indicated the rule applied only to asset

classes not managers. She further indicated it was her desire for the Board to conduct its interviews prior to establishing a schedule for the asset classes.

ADJOURNMENT

Motion by Vice Chairperson Kukulis for adjournment at 7:50 a.m.

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

Amy K. Kohagen, City Clerk