

**CITY OF OWOSSO  
EMPLOYEES RETIREMENT SYSTEM BOARD  
OWOSSO CITY HALL COUNCIL CHAMBER**

**DECEMBER 18, 2014**

**7:15 AM**

**CALL MEETING TO ORDER:**

Chairperson Farrell called the meeting to order at 7:20 a.m.

**ROLL CALL:**

**PRESENT:** Trustees Richard Brewbaker, Burton Fox, Elaine Greenway, Paul Kleeman, Bobbi Jo Perry, Vice Chairperson Mark Sedlak, and Chairperson Wilfred Farrell.

**ABSENT:** None.

**ALSO**

**PRESENT:** City Attorney William C. Brown; System Member Tim Hill; City Clerk Amy K. Kirkland; System Member Mark Mitchell; Merrill Lynch Advisor Maral Thomas; City Treasurer Ronald J. Tobey; and Merrill Lynch Consultant Marie Vanerian.

**APPROVE AGENDA:**

Motion by Trustee Foxt to approve the Agenda as presented.

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

**APPROVE MINUTES OF OCTOBER 16, 2014 REGULAR MEETING:**

Motion by Vice Chairperson Sedlak to accept the minutes of the October 16, 2014 Regular Meeting as presented.

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

**CITIZEN COMMENTS:**

There were no citizen comments.

**CONSENT AGENDA:**

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

1. Approve Pension Check Reports:

- |                  |               |
|------------------|---------------|
| a. October 2014  | \$ 203,548.08 |
| b. November 2014 | \$ 202,949.92 |

2. Approve Statements:

- a. Atlanta Capital  
As of September 30, 2014
- b. Franklin Templeton Investments  
As of September 30, 2014

- c. Loomis Sayles  
As of September 30, 2014
- d. MD Sass  
As of September 30, 2014
- e. NFJ/Allianz  
As of September 30, 2014
- f. WHV  
As of September 30, 2014
- g. Russell Investments  
As of September 30, 2014
- h. City of Owosso Employees Retirement Fund  
October 31, 2014
- i. City of Owosso Employees Retirement Fund  
November 30, 2014

3. Payment Authorizations:

- a. Atlanta Capital  
For period 10/01/14 through 12/31/14 \$ 2,923.78
- b. Franklin Templeton Investments  
For period 07/01/14 through 09/30/14 \$ 7,350.34
- c. Franklin Templeton Investments – former Fifth Third equities  
For period 07/01/14 through 09/30/14 \$ 300.00
- d. Ronald J. Tobey, City Treasurer  
Report of Checks Written – October 2014 \$244,101.00
- e. Ronald J. Tobey, City Treasurer  
Report of Checks Written – November 2014 \$204,207.52

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

**COMMUNICATIONS:**

- o Richard C. Williams, Finance Director - *Smoothing the Smoothing Study PowerPoint*. (This item will be distributed at the meeting.)
- o Rodwan Consulting - *Maximum Benefit and Contribution Limits for 2013*
- o Merrill Lynch – *Market Focus 3<sup>rd</sup> Quarter 2014*
- o Gabriel Roeder & Smith – *NewsScan October 23, 2014*
- o Gabriel Roeder & Smith – *NewsScan November 6, 2014*
- o Gabriel Roeder & Smith – *NewsScan November 20, 2014*
- o Gabriel Roeder & Smith – *NewsScan December 5, 2014*

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

- Gabriel Roeder Smith: *GRS Insight, GASB changes to postemployment benefits reporting - October 2014*

**OLD BUSINESS:**

None.

**NEW BUSINESS:**

**CONSULTANT SEARCH**

Discuss the process and RFP for new consulting services and set special meeting(s) as necessary.

There was extensive discussion regarding why Merrill Lynch was getting out of the municipal pension consulting market, specific details within the RFP, the technique of forcing potential consultants to ask for the Investment Policy instead of providing it directly to gauge their level of interest, separating the consulting contract from the custody arrangements to prevent the new consultant from suffering from the same conflict as Merrill Lynch, trying to keep the current money managers through the transition, and the number of RFP submissions that were anticipated (at least a dozen).

The Board next addressed City Attorney William C. Brown’s issues with the RFP, making changes as the discussion continued.

The Board also addressed the process for evaluation of the RFP’s. City Clerk Amy K. Kirkland suggested a small group evaluate all the RFP’s and recommend the top firms to the Board for interview. The Board approved of the suggestion with the caveat that all the RFP’s be made available to all of the Board members so as not to deprive any firm’s RFP of direct examination by the Board. Small group members were named: Chairperson Farrell, Trustee Fox, City Clerk Amy K. Kirkland, and City Treasurer Ronald Tobey.

The timeline for the process was laid out as follows:

RFP response deadline	January 20, 2015, 3:00 p.m.
Distribution of RFPs to small group members	January 20, 2015
Small group meeting	TBD
RFP responses and recommendations to Board	February 5, 2015
Selection of interviewees	February 19, 2015
Special meeting for interviews	March 5, 2015, 7:15 a.m.

Ms. Vanerian suggested the Board allow approximately 45 minutes for each interview.

**INVESTMENT CONSULTANT REPORT:**

**THIRD QUARTER 2014 EXECUTIVE SUMMARY REPORT**

Ms. Vanerian noted that the recession recovery continues, albeit slowly in comparison to past history. The U.S. economy has remained stable while international economies have again suffered some setbacks. Bonds have continued to surprise investors by going up in value. She expressed her concern that the world economy was slowing, but was buoyed by the decline in oil prices.

She went on to present an overview of the following:

**Total Portfolio Performance Summary for Period Ending 09/30/2014**

<b>Source of Funds Thousands of Dollars</b>	<b>Quarter</b>		<b>Cumulative 9/94-09/14</b>
Beginning Market Value	34,280		18,344
Net Contributions	1		-20,762
Investment Earnings	-888		35,810
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<b>Ending Market Value</b>	<b>33,392</b>		<b>33,392</b>

**CITIZENS COMMENT:**

City Attorney Brown inquired whether the RFP would be sent to local brokers, it was indicated it would. He also inquired whether different brokers from the same firm would receive independent invitations to bid. Ms. Vanerian noted that brokers from a single firm would need to team up to present a single response.

Mark Mitchell, former Board member and Vice Chairperson, inquired whether the Board would be considering banks, as well as credit unions, for custodial services. Merrill Lynch Advisor Thomas indicated that any firm capable of handling custody of the assets would be considered.

**NEXT BOARD MEETING:**

The next regular board meeting is scheduled for February 19, 2015 at 7:15am

A special meeting has been scheduled for March 5, 2015 at 7:15 a.m. to conduct interviews for consulting services.

**ADJOURNMENT:**

The Board adjourned at 9:20 a.m.

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Amy K. Kirkland, City Clerk