

**CITY OF OWOSSO  
EMPLOYEES RETIREMENT SYSTEM BOARD**

**OCTOBER 20, 2011**

**7:15 AM**

**CALL MEETING TO ORDER:**

Chairperson Farrell called the meeting to order at 7:23 a.m.

**ROLL CALL:**

**PRESENT:** Trustees Michael Erfourth, Benjamin Frederick (arrived at 7:30 a.m.), Mark Mitchell, Ronald Pearsall, Vice Chairperson Frances Kukulis, and Chairperson Wilfred Farrell.

**ABSENT:** Trustee Michael McCloskey.

**ALSO**

**PRESENT:** City Attorney William C. Brown; City Clerk Amy K. Kirkland; M.D. Sass Senior Vice President of Equity Jason Rapp; Merrill Lynch Advisor Maral Thomas; and Merrill Lynch Senior Vice President and Resident Director Lewis Walterhouse.

**APPROVE AGENDA:**

Motion by Vice Chairperson Kukulis to approve the Agenda as presented with the addition of the following items:

Consent Agenda

- d. Atlanta Capital  
For period 10/01/11 through 12/31/11 \$ 5,261.66
- e. Franklin Templeton Investments  
For period 07/01/11 through 09/30/11 \$ 9,172.95
- f. Franklin Templeton Investments – former Fifth Third equities  
For period 07/01/11 through 09/30/11 \$ 300.00

New Business

- 2. Application for Retirement. Consider application for retirement from Charles Kincaid II.

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

**APPROVE MINUTES OF JUNE 16, 2011 REGULAR MEETING:**

Motion by Trustee Pearsall to accept the minutes of the meeting of June 16, 2011 meeting as presented.

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

**APPROVE MINUTES OF AUGUST 18, 2011 ORGANIZATIONAL MEETING:**

Motion by Trustee Mitchell to accept the minutes of the meeting of August 18, 2011 organizational meeting as presented.

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

**APPROVE MINUTES OF AUGUST 18, 2011 REGULAR MEETING:**

Motion by Trustee Mitchell to accept the minutes of the meeting of August 18, 2011 meeting as presented.

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

**CITIZEN COMMENTS:**

There were no citizens comments.

**CONSENT AGENDA:**

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

Approve Pension Check Reports:

1. Approve Pension Check Reports:

- |                   |               |
|-------------------|---------------|
| a. August 2011    | \$ 146,984.67 |
| b. September 2011 | \$ 162,744.59 |

2. Approve Statements:

- a. MD Sass  
As of September 30, 2011
- b. Russell Investments  
As of September 30, 2011
- c. Bank of New York – ConvergEx Group  
As of July 31, 2011
- d. Bank of New York – ConvergEx Group  
As of August 31, 2011
- e. City of Owosso Employees Retirement Fund  
August 31, 2011
- f. City of Owosso Employees Retirement Fund  
September 30, 2011

3. Payment Authorizations:

- |  |              |
|--|--------------|
| a. <u>Atlanta Capital</u><br>For period 10/01/11 through 12/31/11  | \$ 5,261.66  |
| b. <u>Franklin Templeton Investments</u><br>For period 07/01/11 through 09/30/11                               | \$ 9,172.95  |
| c. <u>Franklin Templeton Investments – former Fifth Third equities</u><br>For period 07/01/11 through 09/30/11 | \$ 300.00    |
| d. <u>Ronald J. Tobey, City Treasurer</u><br>Report of Checks Written – August 2011                            | \$208,883.96 |

- e. Ronald J. Tobey, City Treasurer  
Report of Checks Written – September 2011 \$164,453.34

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

### **COMMUNICATIONS:**

- o Ronald J. Tobey, City Treasurer – Management Fee Recap, FY 2010-2011
- o Hirayama Investments – Global Commentary

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: *Comprehensive AIM Report, Q2 DVD*
- MAPERS Pension Scope: *Summer 2011*
- Gabriel Roeder Smith & Company: News Scan - July/August, September, & October 2011

### **MONEY MANAGER REPORT:**

#### **M.D. SASS – Jason Rapp, Senior Vice President of Equity**

Jason Rapp, Senior Vice President of the Equity Team for M.D. Sass, was present to provide the Board with a detailed report on the status of the M.D. Sass portfolio. He indicated the portfolio was up 8.06% for the month of October and down 3.24% since inception, despite beating the benchmark rather handily. He said that while the firm had shifted the portfolio slightly toward more conservative stocks paying higher dividends he did not feel the economy would dip back into recession, but rather continue with slow unremarkable growth.

Trustee Frederick arrives at 7:30 a.m.

Mr. Rapp went on to say he felt market volatility regardless of quality, will continue until Europe finds a workable solution to the EU debt crisis. His outlook for the remainder of the year was cautious, though he anticipates a rally should the European Union reach a solution.

### **OLD BUSINESS:**

#### **MERRILL LYNCH STATUS REPORT**

Merrill Lynch Advisor Maral Thomas indicated Bank of America had made some financial adjustments since the last meeting in an effort to shore up its bottom line, including the sale of half of its holdings in China Construction Bank and a major investment by Warren Buffet. Their individual office continues to function as usual.

Ms. Thomas also reported no changes with Aletheia. They will continue to be on the Merrill Lynch watch list until the end of the fourth quarter. The Board will be apprised of any changes in the company or the fund itself.

### **NEW BUSINESS:**

#### **APPLICATION FOR RETIREMENT - RONALD G. BAKER**

Motion by Trustee Frederick to approve the retirement application of Ronald G. Baker effective December 31, 2011.

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

**APPLICATION FOR RETIREMENT – CHARLES KINCAID, II**

Motion by Trustee Frederick to approve the retirement application of Charles Kincaid, II contingent upon the receipt of a proper signed application by the Clerk's Office. (Upon receipt of the application, it was noted the employee requested an effective date of November 17, 2011.)

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

**TRANSFER TO MERS**

There was discussion regarding whether the System was required to take an employee back should they transfer to an eligible unit. It was noted we are required to take any eligible employee.

Motion by Trustee Erfourth to authorize the transfer of \$145,041.00 to MERS on behalf of Jon David Cecil.

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

**CITIZEN COMMENTS:**

Vice Chairperson Kukulis noted the discrepancy between the invoice from Gabriel Roeder Smith and the amount the System was reimbursed by the City. She asked the issue be examined and a report filed at the next meeting.

**NEXT BOARD MEETING:**

The next board meeting is scheduled for December 15, 2011 at 7:15am

**ADJOURNMENT:**

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

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

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Amy K. Kirkland, City Clerk