

**CITY OF MANISTEE  
OIL AND GAS INVESTMENT BOARD  
MEETING OF OCTOBER 14, 2016**

There will be a meeting of the Oil and Gas Investment Board held on Friday, October 14, 2016 at 12:00 p.m. in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, Michigan 49660.

**AGENDA**

**I. ROLL CALL.**

**II. OLD BUSINESS.**

a.) None

**III. NEW BUSINESS.**

a.) Approval of Minutes from April 15 and July 15, 2016

b.) Investment Advisor Update and Commentary

c.) Discussion on Aztec Producing

d.) Set Meeting Dates for 2017

**IV. PUBLIC COMMENT.**

**VI. ADJOURN.**

c. Colleen Kenny, Chair  
Eric Gustad, Council Representative  
Ed Bradford, Vice-Chair  
Doug Parkes  
Steve Brower  
Thad Taylor, City Manager  
George Saylor, City Attorney  
Woody Uible, Investment Advisor

# OIL AND GAS INVESTMENT BOARD

## MINUTES OF APRIL 15, 2016

The City of Manistee Oil and Gas Investment Board held a regular meeting on Friday, April 15, 2016 in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, Michigan 49660. Meeting was called to order by Chair Colleen Kenny at 12:00 p.m.

**MEMBERS PRESENT:** Colleen Kenny, Steve Brower, Ed Bradford, Eric Gustad, Thad Taylor

**MEMBERS ABSENT:** Doug Parkes

**OTHERS PRESENT:** City Attorney George Saylor

<b>OLD BUSINESS</b>
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None.

<b>NEW BUSINESS</b>
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Minutes - Minutes from the January 15, 2016 meeting were reviewed. **MOTION** by Ed Bradford, second by Eric Gustad to accept the minutes with minor changes by the investment advisor. All in favor - motion carried.

Investment Advisor Update and Commentary – Woody Uible was in attendance and Troy Snider participated via conference call and presented the Investment Update as of March 31, 2016. Information in the report included Market Review, Fed Watch, Bonds & Economic Trends, S&P Valuations, Asset Allocation, Fixed Income Characteristics, Equity Sector Allocation, and Portfolio Performance.

Discussed:

- Federal Reserve interest rate increases are hard to forecast this year because of uncertainty in the strength of the US and global economy.
- Global market malaise with low rates of return.
- Companies buying back their own stock instead of investing in capital expenditures.
- Constant battle on the spending rule, something to keep on the radar. Many endowments are reviewing their policies.
- Bartlett staying a little bit on the conservative side; portfolio is widely diversified.
- Energy including coal, gas and oil production and prices.

Aztec Well Update – Finance Director Ed Bradford provided a memo advising that Aztec Producing has shut down operations of both their wells and processing facility in the City due to low oil and gas prices. The City should be receiving a few residual royalty payments, but then they will cease until production is restarted. Wells might be at the end of their useful life unless oil and gas prices recover significantly.

Straight Talk Article – Finance Director Ed Bradford participated in a Manistee News Advocate column series called Straight Talk regarding the history of the Oil and Gas Investment Fund, the board history, and its functions.

**PUBLIC COMMENTS**

General discussion on presidential candidates and potential political climate after the election.

**ADJOURNMENT / NEXT MEETING**

Next regular meeting is scheduled for Friday, July 15, 2016 at 12 p.m. in the Second Floor Conference Room, City Hall.

**MOTION** to adjourn by Steve Brower, second by Eric Gustad at 1:00 p.m.

*DRAFT* - cl

Cynthia Lokovich, CAP-OM  
Recording Secretary

- c. Manistee City Council  
Board Members  
Thad N. Taylor, City Manager  
George Saylor, City Attorney

**OIL AND GAS INVESTMENT BOARD  
MINUTES OF JULY 15, 2016**

The City of Manistee Oil and Gas Investment Board held a regular meeting on Friday, July 15, 2016 in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, Michigan 49660. Meeting was called to order by Vice-Chair Ed Bradford at 12:10 p.m.

**MEMBERS PRESENT:** Ed Bradford, Doug Parkes

**MEMBERS ABSENT:** Colleen Kenny, Steve Brower, Thad Taylor

**OTHERS PRESENT:** City Attorney George Saylor, Bartlett Portfolio Manager Woody Uible

**QUORUM**

No quorum present, no actions taken.

**NEW BUSINESS**

Investment Advisor Update and Commentary – Woody Uible was in attendance and Troy Snider participated via conference call and presented the Investment Update as of June 30, 2016. Information in the report included Market Review, Interest Rates, Negative Bond Yields, Asset Allocation, U.S. and International Valuations, Fixed Income Characteristics, Equity Sector Allocation, Portfolio Performance and Spending Policy.

Discussion on Aztec Producing – Letter sent to Aztec Producing by Finance Director Ed Bradford; no response received. Assuming no royalties into the future.

**PUBLIC COMMENTS**

None

**ADJOURNMENT / NEXT MEETING**

Next regular meeting is scheduled for Friday, October 14, 2016 at 12 p.m. in the Second Floor Conference Room, City Hall.

Adjourned at 1:05 p.m.

*DRAFT* - cl

Cynthia Lokovich, CAP-OM  
Recording Secretary

- c. Manistee City Council  
Board Members  
Thad N. Taylor, City Manager  
George Saylor, City Attorney

Aztec Producing Company, Inc.

3312 12<sup>TH</sup> STREET  
WAYLAND MI 49348

August 24, 2016

City of Manistee  
Thad Taylor  
70 Maple Street  
Manistee MI 49660

Dear Mr. Taylor,

I would like to address the City's agreement with Aztec regarding their royalty accounts in the Manistee Units. As you may know the City and Aztec have had an agreement regarding the amount of post production cost that can be charged for the gas processing. The agreement is enclosed for your review.

Due to the current price of gas and oil being what it is we can no longer produce the gas at a profit. If we cannot produce the gas, we cannot get to the oil. For these reasons we would like you to review the enclosed agreement dated august 12, 1989.

It has been our practice to charge the production cost that are outlined by the State of Michigan to all the current royalty owners, with the City being the exception. I am enclosing the current agreement with the State of Michigan for your review as well as the audit calculation standards.

The ultimate effect to the City's royalty will be that the gas produced will be at a loss each month but the oil will remain positive revenue with no deduction.

Please review the information and let us know what your thoughts are. We would be happy to meet with you if necessary regarding this issue.

Sincerely,



Aztec Producing Company, Inc.

**CITY OF MANISTEE**  
**70 MAPLE STREET**  
**MANISTEE, MICHIGAN 49660**

To comply with the Michigan Open Meetings Act 267 of 1976, notice is hereby given that the **City of Manistee Oil and Gas Investment Board** will meet on the following dates for 2017. Regular meetings are held quarterly in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee. Interested public is welcome to attend.

Friday, January 20, 2017 @ 12 p.m.  
 Friday, April 21, 2017 @ 12 p.m.

Friday, July 21, 2017 @ 12 p.m.  
 Friday, October 20, 2017 @ 12 p.m.

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Cynthia J. Lokovich, Secretary  
 Oil and Gas Investment Board

# 2017

## JANUARY

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## FEBRUARY

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## MARCH

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## APRIL

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## MAY

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## SEPTEMBER

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## OCTOBER

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## NOVEMBER

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## DECEMBER

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