

OIL AND GAS INVESTMENT BOARD MEETING OF JANUARY 17, 2012

The City of Manistee Oil and Gas Investment Board held a regular meeting on Tuesday, January 17, 2012 at 12:00 p.m. in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, Michigan 49660. Meeting was called to order by Chair Colleen Kenny.

MEMBERS PRESENT: Colleen Kenny, Catherine Zaring, Doug Parkes, Ed Bradford, Steve Brower, Mitch Deisch

MEMBERS ABSENT: None

OTHERS PRESENT: City Attorney George Saylor

Old Business.

Aztec Update - Finance Director Ed Bradford had no updates from the last meeting. Royalty payments still coming in at approximately \$8,000 a month.

Investment Policy – The asset allocation table in the investment policy was tweaked last year and adopted by the Oil and Gas Board. Staff recently discovered that this amendment should have been sent to Council for ratification. This will be undertaken at the next available Council meeting.

New Business.

Minutes - Minutes from the October 18, 2011 meeting were reviewed. **MOTION** by Parkes, second by Brower to accept the minutes and place them on file. Motion carried.

Investment Advisor Update and Commentary - Bartlett provided a written commentary dated January 13, 2012. Board participated in a conference call with Bartlett representatives to review the market outlook, asset allocations, fixed income changes/yields, equity allocations and a 4% return for the year. Bartlett was asked to provide reports by email to ensure timely distribution. Board members had questions regarding changes (gains and losses) reported in the portfolio. Bartlett will respond in writing to the board.

Bartlett advised that a change of ownership of the firm is pending and they will be employee owned by the end of February. Should be a positive move for the future and should not change the quality of service. Mr. Snider and Mr. Uible have both bought into the firm and are in it for the long haul; which bodes well for continuity.

Bartlett also requested a change in meeting dates to allow their attendance in June and September and suggested early January, April, early June and September. Staff will check calendars and propose different dates for the board to consider.

Annual Bylaw Review – No proposed amendments, no action taken.

Communications.

An updated member roster was distributed to the board.

Comments.

City Manager Mitch Deisch commented on the economy and the importance of the interest income derived from this fund. Transferring this interest income to the Capital Improvement Fund is the driving force behind recent capital improvement projects. Without this income, many projects would not have been completed. It is his belief that Council made an important decision to protect this fund so that it can continue to serve future generations.

Catherine Zaring asked about pent up demand; Ed Bradford gave an historical review of funds and investment policies in response. Zaring also asked whether there was additional property in the city that could be developed for royalty income. The City's policy is to never relinquish mineral rights.

Adjourn. Next regular meeting is scheduled for April 17, 2012. **MOTION** by Brower, second by Kenny to adjourn at 1:00 p.m.

Respectfully submitted,

Cynthia Lokovich, Recording Secretary

- c. Manistee City Council
Board Members
Mitch Deisch, City Manager
George Saylor, City Attorney