

OIL AND GAS INVESTMENT BOARD MEETING OF AUGUST 28, 2012

The City of Manistee Oil and Gas Investment Board held a regular meeting on Tuesday, August 28, 2012 at 12 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, Ed Bradford, Mitch Deisch

MEMBERS ABSENT: Doug Parkes, Steve Brower

OTHERS PRESENT: City Attorney George Saylor, Bartlett Investments Woody Uible,
Roger Zielinski

Old Business.

Aztec Update - No contact in recent months. City received approximately \$100,000 last year in royalties.

New Business.

Minutes - Minutes from the May 24, 2012 meeting were reviewed. **MOTION** by Zaring, second by Bradford to accept the minutes and place them on file. Motion carried.

Investment Advisor Update and Commentary – Woody Uible of Bartlett presented the Investment Update as of July 31, 2012. Bartlett’s market outlook: Their approach is dispassionate and objective, guided by realism rather than optimism or pessimism. Bartlett endeavors to secure “all weather” investment performance with the objective of delivering good results in up markets and a margin of safety in down markets. Leading economic indicators are not saying a recession. Right on target with asset allocation goals. General discussion on current financial market. Numerous questions and comments by Board members and responded to by Bartlett representative.

The Investment Advisor would like the Oil and Gas Investment Board to think about two subjects for future discussion:

1. Asset Allocation – Feels the 50/50 mix is too conservative. This investment relationship started out conservative but there are compelling reasons to consider a 60/40 or better mix.
2. Intergenerational Equity – Feels the Spending Rule is a little on the high side which lowers future purchasing power which affects the Capital Improvement Fund. Bradford would also like to reconsider policy language that requires 10% be held in local certificates of deposit; is this still necessary? Better use and returns could be achieved through the investment advisor. Google endowment intergenerational equity to read up

on this subject. Staff and Investment Advisor will work on creating examples and scenarios for the board's consideration at the next meeting.

Communications. None

Public Comments. None

Adjourn. Next regular meeting is scheduled for Tuesday, December 18, 2012. **MOTION** by Bradford, second by Zaring to adjourn at 12:53 p.m.

Respectfully submitted,



Cynthia Lokovich, Recording Secretary

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