

**CITY OF MANISTEE
OIL AND GAS INVESTMENT BOARD
MEETING OF AUGUST 19, 2013**

There will be a meeting of the Oil and Gas Investment Board held on Monday, August 19, 2013 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.) Aztec Update – Ed Bradford

III. NEW BUSINESS.

- a.) Approval of Minutes from April 19, 2013
- b.) Bartlett Investment Update
- c.)

IV. COMMUNICATIONS.

V. PUBLIC COMMENT.

VI. ADJOURN.

- c. Colleen Kenny, Chair
Catherine Zaring, Council Representative
Ed Bradford, Vice-Chair
Doug Parkes
Steve Brower
Mitch Deisch, City Manager
George Saylor, City Attorney
Woody Uible, Investment Advisor

OIL AND GAS INVESTMENT BOARD MINUTES OF APRIL 19, 2013

The City of Manistee Oil and Gas Investment Board held a regular meeting on Friday, April 19, 2013 at 11 a.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, Doug Parkes, Mitch Deisch

MEMBERS ABSENT: Steve Brower

OTHERS PRESENT: City Attorney George Saylor

OLD BUSINESS

Aztec Update – Distributed Account Detail Report as of March 31, 2013. Royalties are a little below budgeted amounts.

NEW BUSINESS

Minutes - Minutes from the January 18, 2013 meeting were reviewed. **MOTION** by Doug Parkes, second by Catherine Zaring to accept the minutes and place them on file. All in favor - motion carried.

Investment Advisor Update and Commentary – By conference call Woody Uible and Troy Snider of Bartlett presented the Investment Update as of March 31, 2013. Information in the report includes Market Outlook, Comparison of Indices, Stock Earnings Yield Versus Bond Yield, Asset Allocation, Fixed Income Characteristics, Equity Sector Allocation, and Portfolio Performance. At their meeting of March 19, 2013 City Council took action to ratify changes to the Oil and Gas Investment Policy and Spending Rule as recommended by the Oil and Gas Board; this was reflected in the report. Bartlett noted no exceptions or anything unusual in the report. Questions and comments by Board members and responded to by Bartlett representatives. Next draw is not anticipated until after budget adoption and the new fiscal year begins.

Discussion on Internal Loans. Board discussed a memo received from Finance Director Ed Bradford regarding internal loans in the Water and Sewer Fund and a request to replace these loans from another source. City Attorney questioned Charter provisions that prohibit loans of the fund principal. Charter language and past attorney opinions were reviewed. This request would not be a loan from the principle, rather from investment earnings and would be paid back with 2% interest to the Oil and Gas Fund.

MOTION by Ed Bradford, second by Doug Parkes to authorize a loan from the Oil and Gas Fund investment earnings to cover the internal loans made from the Water and Sewer Fund to finance the Arthur Street boat launch upgrades and the Marina building replacement; with an interest rate of 2% for the respective balances of \$118,539 and \$249,851. The Oil and Gas Fund will receive all principle and interest payments. All voted in favor – motion carried.

Discussion on Proposed Water & Sewer Utility Contribution. Board discussed a memo received from Finance Director Ed Bradford regarding a proposed contribution to the Water and Sewer Fund. Council has discussed financial challenges in the Water and Sewer Fund on several occasions. Council and staff have tried to be proactive on water and sewer rates and see the value in keeping rates down for the consumer.

MOTION by Doug Parkes, second by Ed Bradford to authorize a \$125,000 contribution from the Oil and Gas Fund investment earnings to the Water and Sewer Fund; in addition to the annual 4% spending rule; to help offset the increase in water and sewer rates from 15% to 10% in the 2013-2014 Budget. All voted in favor – Motion carried.

Staff will be clear to Council that if they approve the budget as written; they will be authorizing this contribution.

COMMUNICATIONS

Discussion on Bartlett investment services. Bartlett has been managing the fund for approximately four years now. Staff and the Oil and Gas Board expressed their satisfaction with the services being provided. Bartlett has met or exceeded all of the benchmarks.

PUBLIC COMMENTS

None

ADJOURNMENT / NEXT MEETING

Next regular meeting is scheduled for Friday, August 16, 2013 at 12 p.m. in the Second Floor Conference Room, City Hall. **MOTION** by Doug Parkes, second by Catherine Zaring to adjourn at 12:10 p.m.

Respectfully submitted,

DRAFT - cl

Cynthia Lokovich, Recording Secretary
c. Manistee City Council
Board Members
Mitch Deisch, City Manager
George Saylor, City Attorney