



Commission Agenda Report

City of Kalamazoo

TO: Scott Borling, City Clerk

FROM: Charles Elliott, Investment Committee Chair
Prepared By: Jeanette Meyer, Pension Analyst
Date Prepared: March 1, 2006

SUBJECT: 2005 Annual Report: Perpetual Care Investment Committee

The formal creation of the Perpetual Care Investment Committee occurred in January 2005. The members of this committee also all serve on the City of Kalamazoo Employees' Retirement System Investment Committee. An investment policy and strategy were approved by the City Commission on February 21, 2005. Per this document an Investment Consultant, Merion Capital LLC was hired and a contract entered into which will be reviewed annually. The committee is in the process of setting up a custody arrangement for the assets.

The Perpetual Care Investment Committee held four (4) regular meetings during the year in 2005. At each of these meetings the performance of the funds was reviewed. A recap of the year's results is as follows:

For the period ending December 31, 2005, the ending market value of the fund was \$4.0 million. The total return for the year was 11.8%. Three year and five year returns were 25.1% and 11.2%, respectively. The annualized compounded return for the last ten years was 11.3%.

In conjunction with the City of Kalamazoo Employee's Retirement System Investment Committee two due diligence meetings were held with Dimensional Fund Advisors in 2005 to review asset strategy and management style and to ensure conformity with all applicable laws and regulations.

There were liquidations of assets totaling \$205,788 for cemetery maintenance. An ordinance change in 2005 allowed for these funds to be used for capital improvement for the first time and \$184,000 was provided for those needs.

Due to the death of long- term chairman John Nelson, Charles Elliott has assumed the position of chairman of this Committee.