

**CITY OF KALAMAZOO EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT COMMITTEE MINUTES  
Monday, November 23, 2015**

A meeting of the City of Kalamazoo Retirement Investment Committee was held on Monday, November 23, 2015 in the Lawrence Conference Room of the Kalamazoo Community Foundation Building. Chairman Bob Salisbury called the meeting to order at 2:30 p.m.

Members Present: Chair Robert Salisbury (via phone), Acting Chair Randy Eberts, Dean Bergy, Dan DeMent, Jan Van Der Kley and Joel Wittenberg.

Absent: Sandi Doctor.

**Dan DeMent motioned and Jan Van Der Kley supported excusing committee member Sandi Doctor. The motion passed by voice vote.**

Others present: Chris Ruppel, Consultant; Clyde Robinson, City Attorney; Tom Skrobola, Chief Financial Officer; and Patricia Vargas, recording secretary.

### **2015 3rd Quarter Meeting Minutes**

**Joel Wittenberg motioned and Dean Bergy supported approval of the August 26, 2015 meeting minutes. The motion passed by voice vote.**

### **Trip Reports**

Chris Ruppel briefly summarized.

### **Investment Portfolio**

#### **Assets**

Tom Skrobola provided a review of the 2015Q3 Assets report.

#### **Investment Performance Review**

Mr. Ruppel presented. The market value of portfolio assets decreased from \$722.9 million to \$669.0 million during the third quarter of 2015, a decrease of \$53.9 million or 7.46%.

The portfolio weighted average return for the quarter, net of manager fees, was -6.58%. The 1-year net return was -2.19%. The return since October 1982, net of manager fees, through the end of the quarter has been 10.98%.

Equities comprised 68.4% of the City portfolio at the end of the quarter. The equity portion of the City portfolio returned -9.94% for the quarter and -5.19% year-on-year.

Fixed income comprised 26.4% of the City portfolio at the end of the quarter. Total fixed income returned 1.29% for the quarter and 3.29% year-on-year.

At the end of the quarter, real estate investments were 5.1% of the portfolio. Real estate returned 2.93% for the quarter and 11.61% for one year.

The portfolio assets finished the quarter with 70.9% in equities, 24.5% in fixed income, 4.6% in real estate, and 0.10% in cash. The portfolio target allocation is 70% equities, 25% fixed income, and 5% real estate.

The inflation-adjusted, or real return, for the quarter was -6.29% as the inflation rate for the quarter was -0.29%. With a year-on-year inflation rate of -0.04% the one year real return was -2.15%. Since October 1982, the return on the portfolio, net of manager fees, has been 10.98% nominal and 8.25% real.

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**Account Update**

2015 3rd Quarter Cash Flow Report

Tom Skrobola summarized third quarter movement.

2015 3rd Quarter Expense Report

Randy Eberts requested that the committee provide approval for the total miscellaneous expenses.

**Jan Van Der Kley motioned and Dan DeMent supported to accept the 2015 3rd Quarter total miscellaneous expenses by roll vote.**

**Bob Salisbury, Randy Eberts, Dean Bergy, Dan DeMent, Jan Van Der Kley, Joel Wittenberg in favor. MOTION PASSED.**

2015 3rd Quarter Liquidations

Tom Skrobola provided a summary of the 3rd Quarter Liquidations.

**Audit**

CFO Skrobola summarized the typical approach for execution of the external audit, which for FY 2015 would take place in the first half of 2016.

**Due Diligence**

Chris Ruppel provided information on upcoming due diligence meetings, noting that members can register with Chris, Bob or Diane.

**Communications**

Derivatives Report

Mr. Ruppel indicated that derivatives are functioning as they are supposed to.

Articles of Interest

The 3rd Quarter articles of interest were acknowledged.

PCIC Report

Previously reviewed

**New Business**

Committee members asked City staff to address their review of the need for liability coverage for individual investment Committee members in discharging their Committee functions.

**Joel Wittenberg motioned and Dean Bergy supported the hiring of an independent attorney to evaluate liability insurance policy options for individual Committee members. The motion passed by voice vote.**

Attorney Robinson reported that the State of Michigan is considering changes to the Open Meetings Act that may impact the way that the Committee conducts meetings in the future. Attorney Robinson will report back as necessary.

**Future Meetings (all in the Lawrence Conference Room of the Kalamazoo Community Foundation Building)**

Wednesday, May 25, 2016 @ 8:00 a.m.

Wednesday, August 24, 2016 @ 8:45 a.m.

Monday, November 23, 2016 @ 2:30 p.m.

Wednesday, February 22, 2017 @ 8:45 a.m.

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**Around the Table**

**Adjourn**

There being no further business, Chair Salisbury adjourned the meeting at 3:22 p.m.

A handwritten signature in black ink, appearing to read "Thomas Skrobola". The signature is written in a cursive style with a large, stylized initial "T".

Thomas C. Skrobola,  
Secretary