

**CITY OF KALAMAZOO EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT COMMITTEE MINUTES
WEDNESDAY, MAY 22, 2013**

A meeting of the City of Kalamazoo Retirement Investment Committee was held on Wednesday, May 22, 2013 in Room 207-A of the Kalamazoo County Administration Building. Acting Chair Randy Eberts called the meeting to order at 9:42 a.m.

Members Present: Acting Chair/Vice Chair Randy Eberts, Dan DeMent, Jan Van Der Kley, LaJune Montgomery-Tabron, and Robert Salisbury (by speaker phone).

Jan Van Der Kley motioned and LaJune Montgomery-Tabron supported excusing Member Dean Bergy. The motion passed by voice vote.

Others present: Chris Ruppel, Consultant; Barb Miller, City Commissioner; Clyde Robinson, City Attorney; and, Patricia Vargas, recording secretary.

2013 1st Quarter Meeting Minutes

Comment: None

Dan DeMent motioned and LaJune Montgomery-Tabron supported approval of the February 27, 2013 meeting minutes.

Trip Reports

LaJune Montgomery-Tabron motioned and Jan Van Der Kley supported approval of the Trip Reports. Motion passed by voice vote.

Comment: Chris Ruppel will be providing updates for both the May 17th Black Rock and the May 20th GRA reports.

Investment Portfolio

Assets

The absence of Tom Skrobola was duly noted. Reports were reviewed and there were no questions.

Investment Performance Review

Mr. Ruppel presented. The market value of portfolio assets increased from \$530.5 million to \$562.5 million during the first quarter of 2013, an increase of \$32.0 million or 6.0%.

The weighted average return for the quarter net of manager fees was 6.7%. The 1-year return was 11.7%. The return since October 1982, net of manager fees, through the end of the quarter has been 11.4%.

Equities comprised 70.2% of the City portfolio at the end of the quarter. The equity portion of the City portfolio returned 9.3% for the quarter and 14.3% year-on-year.

The portfolio assets finished the quarter with 70.2% in equities, 23.9% in fixed income, 5.2% in real estate, and 0.7% in cash. The portfolio target allocation is 70% equities, 25% fixed income, and 5% real estate.

Comment: Chris Ruppel noted there no need to rebalance as current differentials between account balances and portfolio targets are within policy tolerances.

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Account Update

2013 1st Quarter Cash Flow Report

No discussion.

Comment: Jan Van Der Kley requested it be noted for Tom Skrobola that future (expense) reports, should include repayment information and OPEB cash flow into the Pension Fund.

Comment: Randy Eberts inquired regarding the Commissioners reaction to repayment of the 1st Quarter voluntary payback to the Pension Fund. Barb Miller informed there was no comment from members.

Comment: Chris Ruppel shared some concern about the appointment of a new City Manager in relation to the commitment to payback made by current CMO, Ken Collard. Barb Miller confirmed there was no guarantee.

Comment: Chris Ruppel initiated feedback regarding talk of an asset that may have been for the City's benefit and would have been assigned to the Pension Fund in lieu of "X" amount of cash per year. RIC members indicated by consensus, that the contributions by the City should be made in cash and not by deeding assets or other rights (such as cell towers).

2013 1st Quarter Expense Report

No discussion.

Comment: Randy Eberts noted that the Due Diligence item was fine.

Comment: Chris Ruppel noted the line item where Committee Expenses were paid, were 0.001% of the assets. Budgeted \$25,000 a year for Due Diligence and used only about \$5,000.

LaJune Montgomery-Tabron motioned and Dan DeMent supported to accept the 2013 1st Quarter expense report by roll vote.

**Bob Salisbury, Randy Eberts, Dan DeMent, Jan Van Der Kley, LaJune Montgomery-Tabron in favor.
MOTION PASSED.**

Liquidations

No discussion.

Due Diligence

The cost of Due Diligence was roughly \$5,000 for the 1st Quarter. Randy Eberts encouraged RIC members to express interest in participating in the DFA Conferences as the budgeted amount for Due Diligence totals \$25,000.

Chris Ruppel requested that RIC members inform him if they are interested in attending conferences not listed, as he will coordinate inclusion of said conferences.

Comment: Chris Ruppel noted the RREEF annual Meeting was canceled due to conflict. Trip Reports for the GRS and the Black Rock Meetings will be written (and distributed) at a later time.

Audit

No discussion.

Communications

There were no 1st Quarter articles of interest.

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Old Business

None.

New Business

Actuarial Report

Comments: Randy Eberts noted that the Actuarial Report nicely done, well presented and good discussions were had. Consultant now stationed in Grand Rapids is a positive.

Comment: Chris Ruppel confirmed that there are no changes in assumptions, i.e., no contributions required (none made by the City in 14 years, currently well over-funded), employee contributions vs. City contributions.

Future Meetings (all room 207-A Kalamazoo County Administration Building)

Wednesday, August 28, 2013 @ 8:45 a.m.

Monday, November 25, 2013 @ 4:00 p.m.

Wednesday, February 26, 2014 @ 8:45 a.m.

Around the Table

Barb Miller commented on a newspaper article noting the Trustees of Detroit's Due Diligence Training Conference pending possible attendance in Hawaii at a cost of over \$20,000. Mrs. Miller thanked the RIC members for everything that they do. Barb introduced Clyde Robinson as the City Attorney and new attendee to RIC meetings after Randy Schau's retirement.

Adjourn

There being no further business, Vice Chair Eberts adjourned the meeting at 10:22 a.m.

Respectfully submitted,



Thomas C. Skrobola,
Secretary