MINUTES

I. General Opening Items
A. Call meeting to order  B. Salisbury
Chair Bob Salisbury called the meeting to order at 10:00 a.m.
Roll Call

   Members Present  Chair Robert Salisbury, Vice-Chair Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor, Jan Van Der Kley.

   Members Absent  None

B. Introduction of Guests  B. Salisbury
   David Anderson, City Commissioner and Liaison; Chris Ruppel, Merion Capital; James Ritsema City Manager/Interim CFO; Melissa Fuller, Deputy Director of Management Services; Clyde Robinson, City Attorney; Patricia Vargas, Executive Assistant to CMO; Greg Vlietstra from Central County Transportation Authority; Dan Haines from Zhang Financial; and Kelly Campbell and Susan Springgate from Kalamazoo Community Foundation

C. Review, approve and/or accept  B. Salisbury
   Minutes of RIC February 28, 2018 meeting  J. Ritsema
   A motion was made by Mr. Eberts and seconded by Mr. Bergy to approve the minutes of the Investment Committee meeting of February 28, 2018 subject to one minor correction, the motion carried by voice vote.

D. Foundation for Excellence (FFE)  J. Ritsema/B. Salisbury
   Chair Salisbury requested and Mr. Ritsema provided an update on the Foundation for Excellence (FFE), defining the Finance Committee’s advisory role and confirming the completion of the new Investment Policy Statement (IPS) to be presented at the next bi-annual FFE meeting in April/May 2019.

   A motion was made by Ms. Doctor and seconded by Mr. Bergy to appoint Randy Eberts as the FFE sub-committee chair with the discretion to invite other committee members, the motion carried by voice vote.

   Mr. Ruppel will resend confirm investment committee liability insurance coverage for the management of the assets of the Kalamazoo Foundation for Excellence.

II. Employees’ Retirement System
A. Investment Portfolio  J. Ritsema
   1. Assets at March 31, 2018

   Mr. Ritsema reviewed the assets as of March 31, 2018.
2. Investment Performance Report

Mr. Ruppel reviewed the investment performance report.

The market value of portfolio assets decreased from $809.2 million to $791.5 million during the first quarter of 2018, a decrease of $17.7 million or -2.19%.

The portfolio weighted average return for the quarter, net of manager fees, was -1.10%. The 1-year net return was 9.93%. The return since October 1982, net of manager fees, through the end of the quarter has been 11.06%.

Equities comprised 70.7% of the City portfolio at the end of the quarter. The equity portion of the City portfolio returned -0.88% for the quarter and 13.72% year-on-year. Fixed income comprised 24.4% of the City portfolio at the end of the quarter. Total fixed income returned -1.42% for the quarter and 1.34% year-on-year.

At the end of the quarter, real estate investments were 4.8% of the portfolio. Real estate returned -2.92% for the quarter and 1.46% for one year.

The portfolio assets finished the quarter with 70.7% in equities, 24.4% in fixed income, 4.8% in real estate, and 0.03% 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 -2.33% as the inflation rate for the quarter was 1.23%. With a year-on-year inflation rate of 2.36%, the one year real return was 7.57%. Since October 1982, the return on the portfolio, net of manager fees, has been 11.06% nominal and 8.36% real.

B. Account Update

1. 2018 Q1 Cash Flow

Mr. Ritsema presented the newly formatted quarterly cash flow report.

2. 2018 Q1 Review of Misc. Expenses/Approval

Mr. Ritsema reviewed the newly formatted quarterly expenses report and clarified the City Commission approved Ice Miller Drop Study for Public Safety.

A motion was made by Ms. Van Der Kley and seconded by Ms. Doctor to approve the expenses for the 1st quarter. The motion carried by roll call vote as follows:

Ayes: Bob Salisbury, Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor, Jan Van Der Kley
Nays: None
Abstains: None
Absent: None
3. 2018 Q1 Documentation of Liquidations  
   Mr. Ritsema noted nothing unusual to report

C. Audit (Discussion)  
   Mr. Ritsema commented that audit finalized and draft pending. Jan Van Der Kley will review upon completion and presented accordingly.

D. Actuarial Report (Discussion)  
   Mr. Ritsema reported staff and GRS are working collaboratively to ensure a timely process and will be forwarded members when completed.

E. Due Diligence/Education/Governance  
   1. Trip Reports  
      Mr. Ruppel reviewed trip reports.

   2. Future Due Diligence/Education  
      Mr. Ruppel advised nothing planned at the moment, working to distribute calendar.

F. Communications  
   1. Derivatives Reports  
      Mr. Ruppel indicated both Jennison and BlackRock are within parameters.

   2. Article of Interest  
      Mr. Ruppel summarized.

   3. Other  
      None

G. Old/New Business  
   1. RIC & PCIC Resolution – Designated Signatories  
   2. State Street – Incumbency Certificate  

      A motion was made by Ms. Doctor and seconded by Mr. Bergy to accept the City’s recommendation of designated signatories, the motion carried by voice vote.

H. PCIC Report  
   Mr. Ruppel presented.
III. General Closing Items

A. Future Meetings
   2018Q3 Wednesday, November 28, 2018 at 10:00 am
   2018Q4 Wednesday, February 27, 2019 at 10:00am
   2019Q1 Wednesday, May 22, 2019 at 10:00am
   2019Q2 Wednesday, August 28, 2019 at 10:00am

B. “Around the Table”

C. Adjourn

Chair Salisbury adjourned the meeting at 10:56 a.m.

Sincerely,

James Ritsema,
Secretary