MINUTES

I. General Opening Items
A. Call meeting to order
   Chair Robert Salisbury called the meeting to order at 10:01 a.m.

B. Roll Call
   Members Present: Chair Robert Salisbury, Manatee County, Florida; Randy Eberts, Kalamazoo County, Michigan; Dean Bergy, Kalamazoo County, Michigan; Dan DeMent, Allegan County, Michigan; Sandi Doctor, Kalamazoo County, Michigan

   Members Absent: None

C. Introduction of Guests
   R. Salisbury / S. Vicenzi
   Steve Vicenzi, CFO/Director Management Services; Chris Ruppel, Merion Capital; Neena Porter, Management Services Coordinator; Clyde Robinson, City of Kalamazoo Attorney; Sean McBride, Executive Director CCTA; Greg Vlietstra, Deputy Director CCTA; David Anderson, City of Kalamazoo Mayor; Rob McDougall, Lynn Zhang, Katie Richards and Rob Nelson, from Zhang Financial; Joshua Sledge and Nick Griffith observed the meeting as potential new Committee Members.

D. Review approve and/or accept Minutes of RIC August 26, 2020 meeting.
   R. Salisbury

   A motion was made by Mr. DeMent and seconded by Ms. Doctor to approve the minutes of the Investment Committee meeting of August 26, 2020. The motion carried by voice vote.

II. Employees’ Retirement System
A. Investment Portfolio
   1. Assets on September 30, 2020
      Mr. Vicenzi reviewed the assets as of September 30, 2020.

   2. Investment Performance Report
      Mr. Ruppel reviewed the investment performance report.

   The market value of portfolio assets increased from $731.1 million to $755.9 million during the third quarter of 2020, an increase of $24.8 million or 3.39%.

   The portfolio weighted average return for the quarter, net of manager fees, was 4.71%. The 1-year net return was 3.07%. The annualized return since October 1982, net of manager fees, through the end of the quarter has been 10.51%.
Equities comprised 68.4% of the City portfolio at the end of the quarter. The equity portion of the City portfolio returned 6.65% for the quarter, -7.84% year-to-date, and 0.96% for one year.

Fixed income comprised 26.7% of the City portfolio at the end of the quarter. Total fixed income returned 0.71% for the quarter, 9.33% year-to-date, and 9.57% for one year.

At the end of the quarter, real estate investments were 5.0% of the portfolio. Total real estate returned 0.62% for the quarter, -6.22% year-to-date, and -5.24% for one year.

The portfolio assets finished the quarter with 68.4% in equities, 26.7% in fixed income, 5.0% in real estate, and less than 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 3.75% as the inflation rate for the quarter was 0.96%. With a year-on-year inflation rate of 1.37%, the one-year real return was 1.70%. Since October 1982, the return on the portfolio, net of manager fees, has been 10.51% nominal and 7.90% real.

A motion was made by Mr. Salisbury and seconded by Ms. Doctor to change the equity and fixed income rebalancing threshold from 5% to 3%. The motion carried by roll call vote as follows:

Ayes:    Bob Salisbury, Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor
Nays:    None
Abstains: None
Absent:  None

Kalamazoo 2020Q3 - Small Value Discussion

Rob McDougall discussed the latest performance of Small Cap Value funds and relative indexes.

B. Account Update
1. 2020Q3 Review Expenses including OPEB/Approval     S. Vicenzi / R. Salisbury

Mr. Vicenzi presented the quarterly expenses.

A motion was made by Mr. Eberts and seconded by Ms. Doctor to approve the expenses for the 3rd quarter. The motion carried by roll call vote as follows:

Ayes:    Bob Salisbury, Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor
Nays:    None
Abstains: None
Absent:  None

2. 2020 Q3 Cash Flow including OPEB     S. Vicenzi

Mr. Vicenzi presented the quarterly cash flow report.
City of Kalamazoo Employees’ Retirement System
Retirement Investment Committee Meeting
Quarter Ending September 30, 2020
Meeting of Wednesday, December 2, 2020 at 10:00am
ZOOM Meeting Hosted by City of Kalamazoo

3. 2020 Q3 Documentation of Liquidations  S. Vicenzi

Mr. Vicenzi noted nothing unusual to report.

C. Audit (Discussion)  S. Vicenzi

Actuarial Reports
Mr. Vicenzi noted nothing to report at this time.

D. Due Diligence/Education/Governance  C. Ruppel

1. Trip Reports  C. Ruppel

Mr. Ruppel noted no trips this quarter

2. Future Due Diligence/Education  C. Ruppel

Mr. Ruppel discussed future due diligence and education meetings. There will be a ZOOM meeting with RREEF before year end.

E. Communications  C. Ruppel

1. Derivatives Reports  C. Ruppel

Mr. Ruppel presented.

2. Jennison Quarterly Overview  C. Ruppel

Mr. Ruppel presented.

3. Articles of Interest  C. Ruppel

Mr. Ruppel presented.

4. Other  C. Ruppel

F. Old/New Business -  R. Salisbury

1. Discuss reallocation
   a. Motion was brought forward, seconded and voted on immediately following the Investment Portfolio Review. (See II. A 2. Above)

2. Nomination of new committee members  R. Salisbury

A motion was made by Mr. Salisbury and seconded by Mr. Bergy to recommend the nomination of Joshua Sledge and Nick Griffith as members of the Retirement Investment Committee. The motion carried by roll call vote as follows:

Ayes: Bob Salisbury, Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor
Nays: None
Abstains: None
City of Kalamazoo Employees’ Retirement System

Retirement Investment Committee Meeting
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Absent: None

3. E & O Insurance
   a. Mr. Vicenzi indicated the City currently has coverage for committee members through Cincinnati Insurance Company. The policy has undergone legal review which resulted in the opinion that the coverage provided by this policy is adequate.
   b. Mr. Salisbury requested that a summary of coverage be provided to the committee members.

G. Structure of future meetings
   S. Vicenzi
   Attorney Clyde Robinson discussed that prior to the pandemic a quorum of attendees was required to be in the same physical location. During the pandemic, a quorum has been allowed via remote participation under the authority granted by Public Act 228 of 2020. Legislation on future remote meetings is currently working through the governmental bodies. When finalized Mr. Robinson will share the decisions made.

H. PCIC Report
   C. Ruppel

   Mr. Ruppel presented.

   A **motion** was made by Mr. Salisbury and seconded by Mr. Eberts to change the signatory on the Schwab Investment account from the current signatories to Mr. Steve Vicenzi and Ms. Melissa Fuller. The **motion carried** by voice vote.

III. General Closing Items

A. Future Meetings
   R. Salisbury

   2020Q4 Wednesday, February 24, 2021 at 10:00 am
   2021Q1 Wednesday, May 26, 2021 at 10:00 am
   2021Q2 Wednesday, August 25, 2021 at 10:00 am
   2021Q3 Wednesday, December 1, 2021 at 10:00 am

   Public Comment

   Mr. Vicenzi noted, there are no public comments for this meeting

B. “Around the Table”
   R. Salisbury

   Mayor Anderson noted the City Manager and Budget Team have completed the 2021 Proposed Budget for the city and expressed thanks to the committee for their work and commitment.

C. Adjourn
   R. Salisbury

   Chair Salisbury adjourned the meeting at 11:02 a.m.
City of Kalamazoo Employees’ Retirement System
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Sincerely,

Steve Vicenzi,
Secretary