

**CITY OF KALAMAZOO
PERPETUAL CARE INVESTMENT COMMITTEE MINUTES
WEDNESDAY, MAY 21, 2008**

A meeting of the City of Kalamazoo Perpetual Care Investment Committee was held on Wednesday May 21, 2008, in Room 207-A of the Kalamazoo County Administration Building. Chair Bob Salisbury called the meeting to order.

Members Present: Robert Salisbury, Randy Eberts, Chuck Elliott, Ed Edwards, and Dan DeMent

A motion was made and seconded to excuse Jan Van Der Kley.

Motion passed by voice vote.

Others Present: Kathy Nelson, Randy Schau, City Commissioner Barb Miller, Curt Powell, Jim Koss, Tom Skrobola, Chris Ruppel and Jeanette Meyer

Approval of Minutes

A motion was made and seconded to approve the minutes of the February 20, 2008 meeting.

Motion passed by voice vote.

Investment Portfolio

Jeanette Meyer stated that for the period ending March 31, 2008, large cap is \$787,856; small cap \$737,337 for a total of U.S. equities in the amount of \$1,525,193. International stock is \$1,281,116. Total equities are \$2,806,309. Five-year fixed income is \$664,840 and 2-year fixed income is \$666,709. Total fixed income is \$1,331,550. The sweep account has \$50,859. Instructions were sent to Schwab to wire \$50,000 which they did not receive. It has now been wired to the City. Total Perpetual Care Fund at March 31 was \$4,188,717.

Investment Portfolio

Chris Ruppel reported that, in the first quarter of 2008, the assets in the Perpetual Care Fund decreased from \$4,416,371 to \$4,188,717, a decrease of \$227,654 or -5.15%. There were no operating contributions or withdrawals.

The portfolio investments returned -5.2% for the quarter and have returned -3.0% for the year. Since the transfer of custody from a book entry account at DFA to a custodial account at Schwab on December 5, 2006, the assets have returned 0.8%. As of close of business on Monday, May 19, the balance was \$4,349,198, an increase of \$160,481 since the beginning of April so the value is up 5.1% since this report was written.

Mr. Ruppel stated that he thinks fixed income should be moved from DFA to another fund manager, possibly Pimco which seems to be doing better. He will provide a recommendation in August.

As of quarter end, there is no need to rebalance.

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Reconciliation

Jeanette Meyer stated that at the beginning of the period there was a balance of \$4,416,371.97 and dividends and interest and unrealized gains and losses of -\$227,654. The first quarter journals were not yet reflected in the balances of the general ledger. The fourth quarter activity is not reflected in the beginning balance because the books had not been closed for the year. The fund is, however, balanced between Schwab and the general ledger.

Cash Flow/Liquidation Needs

Jeanette Meyer reported as follows: Beginning balance was negative; Cemetery lot sales for the quarter were in the amount of \$6,640. Outside contractual services amounted to \$5,000 to Merion Capital giving a net decrease for the quarter of \$19,360. Cash ending balance is \$24,857.

With regard to upcoming liquidation, there are going to be capital improvements of \$120,000 and there will continue to be the operating subsidy which is \$45,000 a quarter to be liquidated during the second quarter for both the first and second quarters. \$200,000 will need to be liquidated during the second quarter.

Expenses

The subsidy and Merion Capital fees are the only expenses.

There was no discussion about expenses; **motion to accept made and seconded. Roll call vote:**

Ayes: Dan DeMent, Ed Edwards, Jan van Der Kley, Randy Eberts, Bob Salisbury. Chuck Elliott
Nays: None

The motion passed.

Audit

Audit is progressing. Perpetual care will be a stand alone audit. Jan Van Der Kley will review for the Committee. It will be presented at the August meeting.

Old/New Business

None.

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General Closing Items

The schedule for future meetings is as follows:

Wednesday, August 20, 2008 – 9:00 a.m.
Wednesday, November 19, 2008, 8:00 a.m.
Wednesday, February 29, 2009 – 9:00 a.m.
Wednesday, May 20, 2009 – 8:00 a.m.

A motion to adjourn was made and supported and passed by voice vote.

Respectfully submitted,

Thomas C. Skrobola
Secretary