A meeting of the City of Kalamazoo Perpetual Care Investment Committee was held on Wednesday, August 19, 2009, in Room 207-A of the Kalamazoo County Administration Building. Chair Robert Salisbury called the meeting to order.

Members Present: Robert Salisbury, Jan Van Der Kley, Chuck Elliott, Dan DeMent and Randy Eberts.

A motion was made and seconded to excuse LaJune Montgomery Tabron. The motion passed by voice vote.

Others present: Tom Ponto, Jeanette Meyer, Tom Skrobola, Chris Ruppel, Randy Schau, Pat Donohoe and Laura Callahan.

A motion was made and seconded to approve the minutes of the May 20, 2009 meeting. Motion passed by voice vote.

**Investment Portfolio**

As of June 30, 2009, total U.S. equities were $1,244,417 totaling 38.94% of the fund. Total international equities were $1,069,251 totaling 33.46% of the total. Total equities were $2,313,668 or 72.40% of the total. Fixed income was $881,508 comprising 27.58% of the total. The sweep account was $574. Fund total at 6/30/09 was $3,195,750.

**Investment Performance**

The ending balance at June 30, 2009, was $3,195,750. As of August 18, 2009, the balance is $3,441,000, a gain of $245,000 since the end of the quarter. During the second quarter, the assets increased from $2,666,707 to $3,195,750, an increase of $529,043 or 19.8%. There were no operating contributions or withdrawals.

At the end of the second quarter of 2009 equities comprised 72.0% of the assets with 27.6% in fixed income. The target is 70% in equities, 30% fixed income and 0% cash.

All asset managers posted positive returns for the quarter and year-to-date. Equity managers recorded positive double-digit returns. Fixed income gained 4.7%.

The portfolio investments returned 19.8% for the quarter, 9.2% year-to-date and -15.1% year-on-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 -6.5% nominal.

**Reconciliation**

The quarter began with $2,666,706.97. Dividends and interest were $28,364.83 and an unrealized gain of $500,678.09 for total receipts of $529,042. The Schwab assets at the end of the period were $3,195,749.88 and the Schwab investment was $2,639,461.61, a difference of...
$556,288.28.

Cash Flow/Liquidation Needs

Jeanette Meyer reported as follows: Throughout the second quarter, there was a sale of lots with revenue of $9,508 and miscellaneous revenue of $200. The 2008 expenditures for the subsidy balance which cleared in the second quarter, as well as the capital improvement project amounts. Additionally, audit fees of $1,575 and outside contractual services were $500,000. For the end of the quarter, cash on hand is $41,849. She asked Chris Ruppel to devise a liquidation strategy for the liquidation of $110,000 by the end of the third quarter.

Expenses

Expenses are: the Cemetery subsidy which is $15,009 per month. Merion Capital fees of $5,000 per quarter, capital improvement projects and audit fees.

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

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

The motion passed.

Audit

Tom Skrobola thanked Jan Van der Kley for her assistance with the audit.

Old/New Business

Robert Salisbury asked for discussion about members attending meetings by telephone. Randy Schau summarized his recommendation: members can attend by telephone; the chair must be physically present.

A motion was made and seconded to approve telephone attendance.

There was some discussion.

The motion passed by voice vote.

Closing Items

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

Wednesday, November 18, 2009  8:00 a.m.
CITY OF KALAMAZOO
PERPETUAL CARE INVESTMENT COMMITTEE MINUTES
WEDNESDAY, AUGUST 19, 2009

Wednesday, February 17, 2010     10:00 a.m.
Wednesday, May 19, 2010       8:00 am.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Thomas C. Skrobola
Secretary