CITY OF KALAMAZOO
PERPETUAL CARE INVESTMENT COMMITTEE MINUTES
WEDNESDAY, FEBRUARY 17, 2010

A meeting of the City of Kalamazoo Perpetual Care Investment Committee was held on
Wednesday, February 17, 2010, in Room 207-A of the Kalamazoo County Administration Building.
Acting Chair Jan Van Der Kley called the meeting to order.

Members Present: Acting Chair Jan Van Der Kley, Robert Salisbury (by conference phone), Dan
DeMent, LaJune Montgomery Tabron, Tom Ponto

A motion was made and seconded to excuse Randy Eberts and Chuck Elliott. The motion
passed by voice vote. Member LaJune Montgomery Tabron was excused from the meeting
at 10:30 a.m.

Others present: Tom Skrobola, Jenny Spears, Chris Ruppel, Barbara Miller and Jeff Bye

A motion was made and seconded to approve the minutes of the November 18, 2009
meeting. Motion passed by voice vote.

Investment Portfolio

As of December 31, 2009, total U.S. equities were $1,561,669 totaling 41.96% of the fund. Total
international equities were $1,215,969 totaling 32.67% of the total. Total equities were $2,777,638
or 74.63% of the total. Fixed income was $944,041 comprising 25.36% of the total. The sweep
account was $418. Fund total at 12/31/2009 was $3,722,097.

Investment Performance

During the fourth quarter, the assets increased from $3,636,280 to $3,772,097, an increase of
$85,817 or 2.4%. There were no contributions or withdrawals during the period.

At the end of the fourth quarter of 2009 equities comprised 74.6% of the assets with 25.4% in fixed
income. The target is 70% in equities, 30% fixed income and 0% cash.

Most asset managers posted positive returns for the quarter. For the full year, all equity managers
recorded positive double-digit returns with Emerging Markets leading the way at 74.7%. Fixed
income gained 1.0% for the quarter and 13.8% for the year.

The portfolio investments returned 2.4% for the quarter and 31.8% 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 -0.2% nominal and -2.36% real.

Reconciliation

The quarter began with $3,636,280.27. Dividends and interest were $21,606.92 and an
unrealized gain of $69,209.64 for total receipts of $90,816.56. The Schwab assets at the end of
the period were $33,722,096.83 and the Schwab Investment at Market was $3,636,280.27, a
difference of $85,816.56. Fourth quarter activity journal not post $85,816.56.
Cash Flow/Liquidation Needs

Tom reported that the $60,000 YE balance out of $170,000 contributed from Manager’s for 2009 will be pulled over. Chris Ruppel and Tom are working with 1st quarter for operations simultaneously, so that fund will be replenished.

Tom Skrobla reported as follows: Throughout the fourth quarter actual and projected, there was a sale of lots with revenue of $29,779 and miscellaneous revenue of $200. The 2008 expenditures for the subsidy balance cleared in 2009, as well as the capital improvement project amounts. Additionally, audit fees of $1,575 and outside contractual services were $15,000. Contributed from Managers $110,000. For the end of the quarter, cash on hand is $21,565.

Tom Ponto asked if the cemetery subsidy of $15,000 a month would continue.

Tom stated: It would be reasonable to assume for the next 5 years that there would be a steady operational subsidy for the cemeteries. If anything, it may go up over the long term as the cemeteries become more and more filled to capacity, and less space over the long term. This is not impacting the City now. Jeff Bye stated that the City is working on a plan to recover properties purchased years ago and unused.

Expenses

Expenses are: the Cemetery subsidy which is $15,009 per month 4th quarter pending. Merion Capital fees of $5,000, no capital improvement projects and audit fees.

Motion to accept made and seconded. Roll call vote:

Ayes: Acting Chair Jan Van Der Kley, Dan DeMent, LaJune Montgomery Tabron, Tom Ponto, Bob Salisbury

Nays: None

The motion passed.

Audit

The City Commission approved Abraham and Gaffney, P.C., East Lansing, for a five-year contract for external auditing services. The firm specializes entirely in governmental accounting and auditing. They will conduct an internal control revenue this year.

Old/New Business

The Board welcomed Tom Ponto to the committee.

Bob Salisbury is targeting a new member to the committee, Dean Bergy, former CFO of Stryker. Dean will attend the May 19 meeting as an observer.

Bob is requesting on behalf of Randy Eberts to move the May 19 meeting either to the day before or the day after. Please check your calendars and communicate with Chris Ruppel whether to move the meeting.
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Closing Items

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

Wednesday, May 19, 2010 8:00 a.m.
Wednesday, August 18, 2010 10:00 a.m.
Wednesday, November 17, 2010 8:00 a.m.
Wednesday, February 16, 2011 10:00 a.m.

There being no further business, Acting Chair Van Der Kley adjourned the meeting.

Respectfully submitted,

[Signature]

Thomas C. Skrobola
Secretary