

**CITY OF KALAMAZOO
PERPETUAL CARE INVESTMENT COMMITTEE MINUTES
WEDNESDAY, AUGUST 18, 2010**

A meeting of the City of Kalamazoo Perpetual Care Investment Committee was held on Wednesday, August 18, 2010, in Room 207-A of the Kalamazoo County Administration Building. Chair Bob Salisbury called the meeting to order.

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

A motion was made and seconded to excuse Randy Eberts. The motion passed by voice vote.

Others present: Tom Skrobola, Jenny Spears, Chris Ruppel, Commissioner Barbara Miller, Jeff Bye, Randy Schau, Kathy Nelson and Dean Burgee(as guest)

A motion was made and seconded to approve the minutes of the May 19, 2010 meeting. Motion passed by voice vote.

Investment Portfolio

As of June 30, 2010, total U.S. equities were \$1,374,309 totaling 39.40% of the fund. Total international equities were \$1,009,132 totaling 28.93% of the total. Total equities were \$2,383,441 or 68.34% of the total. Fixed income was \$1,098,708 comprising 31.50% of the total. The sweep account was \$5,527. Fund total at 06/30/2010 was \$3,487,677.

Investment Performance

During the second quarter, the assets decreased from \$3,820,697 to \$3,487,677, a decrease of \$333,020 or 8.6%. There was a withdrawal of \$45,025 and no contributions during this period.

At the end of the second quarter of 2010 equities comprised 68.3% of the assets with 31.5% in fixed income. The target is 70% in equities, 30% fixed income and 0% cash.

All equity managers posted negative returns for the quarter and positive returns at the one year mark. Fixed income gained 2.8% for the quarter and 13.3% year-on-year.

The portfolio investments returned -7.5% for the quarter and 17.9% 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 -0.7% nominal and -2.9% real.

Reconciliation

The quarter began with \$3,820,697.08. Dividends and interest were \$22,271.01 and an unrealized gain of (\$305,266.18) for total receipts of (\$282,995.17). The Schwab assets at the end of the period were \$3,487,676.91 and the Schwab Investment at Market was \$3,775,697.08, a difference of (\$288,020.17). Second quarter activity journal not post (\$288,020.17).

Cash Flow/Liquidation Needs

Tom Skrobola reported as follows: Throughout the second quarter actual and projected, there was a sale of lots with revenue of \$7,303 and no miscellaneous revenue. Additionally, Cemetery Operation Subside of \$60,036, audit fees of \$1,125 and miscellaneous expenses of \$345 with no outside contractual services. Contributed from Managers \$45,000. For the end of the quarter, cash on hand is \$102,779.

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Expenses

Expenses are: the Cemetery Operation subsidy of \$45,000. Merion Capital fees of \$5,000 and no capital improvements projects. Audit fees of \$1,125. Wire fee of \$25.

Motion to accept made and seconded. Roll call vote:

**Ayes: Chair Bob Salisbury, Jan Van Der Kley, Dan DeMent, Tom Ponto,
LaJune MontgomeryTabron**

Nays: None

The motion passed.

Audit

The audit firm of Abraham and Gaffney, P.C., has provided excellent auditing services for the City. The City had a clean audit. A special thank you was given to Jan Van Der Kley for her assistance in the audit.

Old/New Business

The Board is working on the relocation of the Perpetual Care assets to a single trust. This would eliminate a separate Perpetual Care meeting.

Closing Items

Chris Ruppel and Kathy Nelson commented that the beginning and ending balance on the Performance Summary Report pages provided no actual math. The DFA large cap of the retail fund was discontinued and merged with an institutional portfolio causing the accounting for that transaction to be incorrect. This now has been resolved.

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

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

There being no further business, Chair Bob Salisbury adjourned the meeting.

Respectfully submitted,



Thomas C. Skrobola
Secretary