



City of Kalamazoo Employees' Retirement System
Retirement Investment Committee Meeting
Quarter Ending September 30, 2024
Meeting of Wednesday, December 4, 2024, at 11:00 AM
W.E. Upjohn Institute

MINUTES

I. General Opening Items

- A. Vice Chair Randy Eberts called the meeting to order at 11:02am.
- B. Roll Call

Members present: Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor, Joshua Sledge, Nick Griffith, Robert Salisbury (virtual)

Members absent: None

- C. Introduction of Guests

Steve Vicenzi, CFO, City of Kalamazoo; Lora Ross, Accounting Specialist, City of Kalamazoo; Adam Vosburg, Senior Accountant, City of Kalamazoo; Chris Ruppel, Ricky Zheng, Alex Zhang, Tyler Soares, Kyle Mack, Rob McDougall, and Katie Richards from Zhang Financial.

- D. Review and **approve** minutes of August 28, 2024

A motion was made by Dan DeMent and seconded by Dean Bergy to approve the minutes of the Retirement Investment Committee meeting of August 28, 2024. The motion carried by unanimous voice vote.

- E. Public Comments
None.

II. Employees' Retirement System

A. Investment Portfolio

- 1. Steve Vicenzi reviewed assets as of September 30, 2024
- 2. Rob McDougall reviewed the investment performance report 2024 for Q3.

The market value of portfolio assets increased from \$930.0 million to \$980.0 million during the third quarter of 2024, an increase of \$50 million or 5.38%. During the quarter there were contributions of \$6.44 million, and withdrawals of \$9.49 million. Interest income and dividends for the quarter amounted to \$4.79 million.

The portfolio weighted average return for the quarter, net of manager fees, was 6.49% and the 1-year net return was 24.38%.

Equities comprised 71.8% of the City portfolio at the end of the quarter. The equity portion of the City portfolio returned 6.72% for the quarter and 29.81% over the last year.

Fixed income comprised 23.7% of the City portfolio at the end of the quarter. Total fixed income returned 5.43% for the quarter and 11.70% over the last year.

At the end of the quarter, real estate investments were 4.5% of the portfolio. Total real estate returned 8.25% for the quarter and 11.07% over the last year.

The portfolio target allocation is 70% equities, 25% fixed income, and 5% real estate.

The inflation-adjusted, or real return, for the quarter was 6.13% as the US BLS All Urban inflation rate for the quarter was 0.36%. With a year-on-year inflation rate of 2.44% the one-year real return was 21.94%. Since October 1982, the return on the portfolio, net of manager fees, has been 10.61% nominal and 7.79% real with a since-inception inflation rate of 2.82%.

B. Account Update

1. 2024 32 Review of Expenses/**Approval of Reports**
2. Steve Vicenzi presented the following reports for approval:
 - a. 2024 Q3 Pension Expenses
 - b. 2024 Q3 OPEB Expenses
3. Steve Vicenzi presented the following reports for review:
 - a. 2024 Q3 Pension Cash Flow
 - b. 2024 Q3 OPEB Cash Flow
 - c. 2024 Q3 Liquidations
 - d. 2024 Q3 Rebalance

Dan DeMent motioned, and Nick Griffith supported to approve the expense reports 2024 Q3. The motion carried by unanimous roll call vote.

C. Due Diligence/Education/Governance

1. Chris Ruppel reviewed the Activity Reports.
2. Chris Ruppel reviewed the Future Due Diligence/Education report.
3. No corporate governance this quarter.

Discussion ensued on the request by Jennison Associates to outsource to a third party the monitoring of corporate actions. The language of the data access agreement as proposed by Mr. Vicenzi has been accepted by State Street.

D. Communications

1. Robert McDougall presented the Derivatives Reports.
2. Robert McDougall presented the Quarterly Overview-Fixed Income report.
3. Chris Ruppel presented the Articles of Interest report.

E. Old/New Business

1. Investment Committee Participation in quarterly manager reviews

Investment committee will participate in one yearly meeting, and quarterly meetings will be reported on.

2. Adding a second fixed income manager

F. Robert McDougall reviewed the PCIC Report.

III. General Closing Items

A. Annual calendar was approved.

2024Q4 Wednesday, February 26, 2025 at 11:00am, W.E. Upjohn Institute

2025Q1 Wednesday, May 28, 2025 at 11:00am, W.E. Upjohn Institute

2025Q2 Wednesday, August 27, 2025 at 11:00am, W.E. Upjohn Institute

2025Q3 Wednesday, December 3, 2025 at 11:00am, W.E. Upjohn Institute

Dean Bergy motioned and Nick Griffith supported to approval the annual calendar for 2025. The motion carried by voice vote.

B. "Around the Table"

C. Chair Randy Eberts adjourned the meeting at 11:50am.

Respectfully submitted,



Steve Vicenzi, Secretary

