



City of Kalamazoo Employees' Retirement System
Retirement Investment Committee Meeting
Quarter Ending December 31, 2024
Meeting of Wednesday, February 26, 2025, at 11:00 AM
W.E. Upjohn Institute

MINUTES

I. General Opening Items

- A. Vice Chair Randy Eberts called the meeting to order at 11:00am.
- B. Roll Call

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

Members absent: None

- C. Introduction of Guests

David Anderson, Mayor, Steve Vicenzi, CFO, Maiya Wimbley, Management Services Support Specialist, Melissa Fuller, Deputy Director of Management Services, Lora Ross, Accounting Specialist, and Adam Vosburg, Senior Accountant from City of Kalamazoo; Lynn Chen-Zhang, Chris Ruppel, Ricky Zheng, Alex Zhang, Tyler Soares, Kyle Mack, Rob McDougall, and Katie Richards from Zhang Financial.

- D. Review and **approve** minutes of December 4, 2024

A motion was made by Dan DeMent and seconded by Nick Griffith to approve the minutes of the Retirement Investment Committee meeting of December 4, 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 December 31, 2024
- 2. Rob McDougall reviewed the investment performance report 2024 for Q4.

The market value of portfolio assets decreased from \$980.0 million to \$953.2 million during the fourth quarter of 2024, a decrease of \$26.8 million or -2.73%. During the quarter there were contributions of \$71.03 million, and withdrawals of \$81.73 million, including intra-account transfers. Interest income and dividends for the quarter amounted to \$7.34 million.

The portfolio weighted average return for the quarter, net of manager fees, was -1.71% and the 1-year net return was 11.43%.

Equities comprised 69.7% of the City portfolio at the end of the quarter. The equity portion of the City portfolio returned -1.13% for the quarter and 15.54% over the last year.

Fixed income comprised 25.3% of the City portfolio at the end of the quarter. Total fixed income returned -2.99% for the quarter and 1.55% over the last year.

At the end of the quarter, real estate investments were 4.6% of the portfolio. Total real estate returned -3.94% for the quarter and 2.44% 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 -1.81% as the US BLS All Urban inflation rate for the quarter was 0.10%. With a year-on-year inflation rate of 2.89% the one-year real return was 8.54%. Since October 1982, the return on the portfolio, net of manager fees, has been 10.50% nominal and 7.69% real with a since-inception inflation rate of 2.81%.

B. Account Update

1. 2024 Q4 Review of Expenses/**Approval of Reports**
2. Steve Vicenzi presented the following reports for approval:
 - a. 2024 Q4 Pension Expenses
 - b. 2024 Q4 OPEB Expenses
3. Steve Vicenzi presented the following reports for review:
 - a. 2024 Q4 Pension Cash Flow
 - b. 2024 Q4 OPEB Cash Flow
 - c. 2024 Q4 Liquidations
 - d. 2024 Q4 Rebalance

Joshua Sledge motioned, and Nick Griffith supported to approve the expense reports 2024 Q4. 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. Chris Ruppel reviewed Corporate Governance.

D. Communications

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

E. Old/New Business

1. Nick Griffith motioned, and Dean Bergy support to recommend the City Commission to adopt all the actuarial assumptions recommended by the actuary related to the 5-year experience study for the City of Kalamazoo Employees Retirement System and the other participating employers with one exception, keep the current 10-year amortization.

2. Zhang agreement is due at the end of the year; Steve Vicenzi will bring up discussion at the next scheduled meeting.

F. Robert McDougall reviewed the PCIC Report.

III. General Closing Items

A. Upcoming Meetings

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

B. "Around the Table"

C. Chair Randy Eberts adjourned the meeting at 11:53am.

Respectfully submitted,



Steve Vicenzi, Secretary

