

**CITY OF KALAMAZOO PERPETUAL CARE TRUST
INVESTMENT COMMITTEE MINUTES
MONDAY, NOVEMBER 14, 2005**

A meeting of the Perpetual Care Investment Committee was held at 9:00 a.m. on Monday, November 14, 2005, in the third floor conference room of City Hall. Chuck Elliott called the meeting to order.

Members Present: Chuck Elliott, Ed Edwards, Bob Salisbury

Others Present: Mark Stuhldreher, Jeanette Meyer, Chris Ruppel, Mary Balkema, Fay Dorr, Ken Collard

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

Approval of Minutes

A motion to approve the minutes of the August 17, 2005 meeting was made and seconded. The motion passed by voice vote.

Assets at June 30, 2005

Mark Stuhldreher stated that the allocation is 40% large cap, 20% small cap and 33% international. He stated that there is no formal target allocation and that this needs to be discussed by the Committee.

Investment Performance Review

Chris Ruppel stated that the portfolio increased about 2.3%, from \$3,839,000 to \$3,982,000, net of about \$190,000 that was withdrawn for the regular contribution and capital improvements. The all equity portfolio is comprised of U.S. company exposure of 67% and 33% international exposure (all in U.S. dollars). Annualized portfolio returns since 1997 has been 9.75% and the five-year annualized is 11.3%.

The liquidation for the last quarter of 2005 will be \$90,000. This will cover the balance of the capital improvements for the year and the contribution. Chris Ruppel's advice was that the liquidation comes equally from Small Cap Value and Micro Cap. **The motion was made and seconded. A roll call vote was taken:**

Yes: Chuck Elliott, Ed Edwards, Bob Salisbury

No: None

The motion passed.

Expenses

A motion to approve expenses was made and seconded. A roll call vote was taken:

Yes: Chuck Elliott, Ed Edwards, Bob Salisbury

No: None

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The motion passed.

There was discussion about asset allocation and distributions. Chuck Elliott asked Chris Ruppel to devise an asset allocation plan for the Committee to discuss at the next meeting. Mary Balkema stated that the Commission is considering an increase in fees for services the City renders at the cemeteries. She stated that the fund is inadequate when there are major repairs. Mark Stuhldreher said that money was taken from the general fund for the first time this year due to the backlog of capital maintenance. He said that the Perpetual Care fund was designed so that the general fund would not have to provide resources for cemetery maintenance.

Mary Balkema asked about the use of the \$90,000 liquidation. Jeanette Meyer stated that the balance of the capital improvements for the year is \$35,000 and the regular contribution of \$51,447 makes up the rest.

Mr. Elliott stated that the Committee should focus on two things: the cash needs and how to fund them. The fund can't meet all the needs. Mr. Ruppel stated that the asset allocation might need to be very aggressive.

Jeanette Meyer stated that the fund receives half of the revenue from the sale of cemetery lots. In 2005 that was projected to be approximately \$26,000.

Mr. Elliott stated that the City should be informed about the status of the fund if the expenses continue to be about the same.

Chris Ruppel will make a recommendation about asset allocation after analyzing the situation.

Mr. Elliott stated that he thought a member of the Investment Committee should be on the Pension Board. Currently the ordinance states that the member at large on the Pension Board must be an elector in the City. There is a possibility that a change in the ordinance may be asked for to allow a non-electoral to serve. Mary Balkema stated that the City Commission would probably be willing to consider that change.

Fay Dorr stated that in some parts of the country people pay a yearly fee for perpetual care maintenance.

With no further business, the meeting was adjourned at 9:40.

Respectfully submitted,

Mark Stuhldreher, Secretary