Agenda
FFE Board of Directors

Kalamazoo Foundation for Excellence

Monday, September 13, 2021 2:00 PM

This meeting will be streamed live on the City's Facebook page (https://www.facebook.com/KalamazooCity/) and YouTube Channel (https://www.youtube.com/channel/UCIgXSSXLSDxThVaaiRMsR5Q). Commenting instructions are contained in the public meeting notice.

A. CALL TO ORDER

1. Accessible Meeting Guide

B. APPROVAL OF MINUTES

1. Approval of the minutes of April 26, 2021.

C. REPORTS AND COMMUNICATIONS

1. Finance Committee Report: Endowment Gift Acceptance
2. Finance Committee Report: Endowment Report, Q2, 2021
3. Staff Report: Select Program Updates
4. Finance Committee Report: Draft 2022 City FFE Budget Transmittal Memo

D. REGULAR AGENDA

1. Resignation Acceptance and Appointment

E. PUBLIC COMMENTS

F. BOARD MEMBER COMMENTS

G. ADJOURNMENT

KALAMAZOO FOUNDATION OF EXCELLENCE

PUBLIC COMMENT RULES

1. Persons attending a regular or special meeting of the Board of Directors of the Kalamazoo Foundation for Excellence shall be permitted to address the Board in conformity with this rule and the Michigan Open Meetings Act.

2. An individual wishing to address the Board shall wait to be recognized by the presiding officer.

3. A person addressing the Board shall provide their name and whether they are a resident of the City.

4. Remarks by a speaker shall be confined to matters within the preview of the Board and KFFE.

5. The chairperson of the meeting or a majority of the Board in attendance may permit individuals to speak once, for up to four (4) minutes, on specific matters being considered on the meeting agenda of the Board, except no comment is permitted on secondary or procedural motions to a main motion.

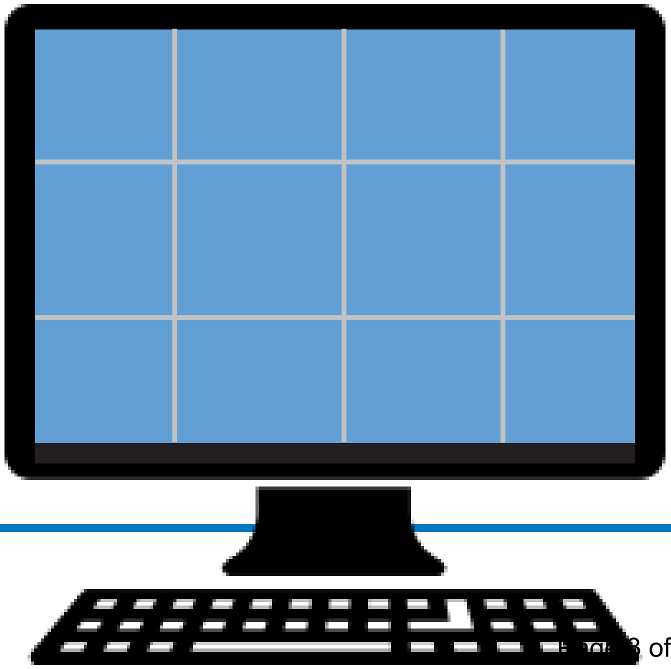
6. A speaker is permitted to address the Board once during the Public Comment portion of the meeting for up to four (4) minutes.

7. A speaker is not permitted to yield any unused portion of speaking time to other speakers.

8. A speaker may be ruled out of order for conduct that interrupts or disrupts the meeting.

Tips for more effective virtual meetings for people with disabilities

- Ask for accommodation needs before the meeting or during the registration process.
- Share all materials that will be introduced in advance.
- Send out the Zoom shortcuts ahead of time.
- Build in breaks for longer meetings.
- Identify yourself before you talk.
- Give participants the option to make comments in the chat box or by talking.
- Read the chat box to the whole group.
- Describe all graphics or visuals that are being shared on the screen.
- Encourage one person talking at a time.
- Have your video on when you are talking so a person can read your lips.
- Mute your microphone when you are not talking to reduce background noise.
- Be close to the camera.
- Don't put your hands, food, drinks or other objects in front of your face when talking.
- Give contact information for participants to follow up later with questions or comments.
- If you don't know ask!



KALAMAZOO FOUNDATION FOR EXCELLENCE
BOARD OF DIRECTORS

MINUTES

Annual Meeting of April 26, 2021

The 2021 Annual Meeting of the Kalamazoo Foundation of Excellence (KFFE) Board on April 26, 2021, held by videoconference in accordance with the Michigan Open Meetings Act, was called to order by President Graham-Williams at 2:04 pm.

Board members present: Graham-Williams, Ritsema, Carrel, Hamilton-Miller, Anderson, Hess, Urban, Calderon-Huezo, Hoffman, C. Taylor, Washington, and Hopewell.

Board members absent: Dannison, Lonberg, and A. Taylor.

Also present were Legal Counsel/Recording Secretary Clyde J. Robinson, FFE Manager Steve Brown, Deputy City Manager Laura Lam, City Chief Financial Officer Steve Vicenzi, and City Grant Specialist Kerry Lyn Williams.

A motion for the approval of the proposed agenda was made by Director Urban; the motion was approved by unanimous voice vote.

The minutes of the Board Meeting held February 16, 2021, were moved for approval by Director Anderson; the motion was approved by unanimous voice vote.

Steve Brown, FFE Manager provided a proposed FFE logo and examples of how it could be used to help brand the FFE. Counsel Robinson advised undertaking the necessary legal steps to register the logo. Director Carrel noted that use of the name of the City was important as part of the logo's use, and Director Hopewell noted the need to register the logo to distinguish the FFE from other similarly sounding or titled organizations. Motion made by Director Hess to approve the logo with text referencing the City of Kalamazoo; the motion was approved by unanimous voice vote.

Mr. Brown then provided information regarding the development of the FFE website. He provided examples of the materials and data that would be used to populate the webpages. In response to a question by Director Calderon-Huezo, Mr. Brown indicated that the timeline for the page to go live is mid to late May 2021.

Next, Lindsey Marciniak and Eleanor Huston of CCS Fundraising followed up on their February presentation to the Board. They expressed the necessity of each board member crafting their story about the work and impact of the FFE and raising awareness of the organization both within and beyond the Kalamazoo community as ambassadors. General discussion followed as several board members shared their stories and the feedback they have received from the community. Suggestions were made regarding the use of social media, testimonial conversations, and reporting feedback, whether it be successes, questions, or roadblocks encountered by residents regarding the FFE.

Mr. Brown then shared tips and suggestions for more effective virtual meetings from the Disability Network.

Next Mr. Brown and City CFO Steve Vicenzi reported out and commented on the Finance Committee Report. The report indicated assets of approximately $96 million as of December 31, 2020, and included Federal Form 990 which will be filed with the IRS. Additionally, the report of the Investment Subcommittee was shared and comments from Directors Washington and Urban reflected the consensus of the Board that the detail of the report was consistent with the goal of transparency. Appreciation was also expressed to Director Carrel for her efforts at stepping in as Treasurer in response to former Director McFarlin's resignation. A motion to accept the Finance Committee report was made by Director Washington; the motion was approved by unanimous voice vote.

The next items of business were consideration of the Executive Committee recommendations for the reappointment of board members whose terms were expiring and the election of officers for 2021-22. Director Anderson moved to reappoint for another 3-year term Directors Graham-Williams (Health sector), Hamilton-Miller (Neighborhood sector), and Washington (Education sector). The motion was approved by unanimous voice vote.

The recommendation of the Executive Committee was to continue the terms of the currently serving officers for 1 year. The current officers indicated their willingness to continue to serve but expressed that they would step aside should another board member desire to serve as an officer. Director Urban moved that the current officers, President Graham-Williams, Vice President Ritsema, Treasurer Carrel and Secretary Hamilton-Miller be elected to serve until the 2022 Annual Meeting. The motion was approved by unanimous voice vote.

With the election of officers, Committee assignments were considered. The nominations for the open positions on the Finance Committee were filled by Directors Calderon-Huezo and Washington; the open positions on the Executive Committee were filled by Directors Calderon-Huezo (as the Finance Committee representative) and Hess. A motion to confirm the appointments was made by Director Washington and by unanimous voice vote the motion was approved.

President Graham-Williams inquired as to whether any Public Comments had been received; there were no public comments.

President Graham-Williams asked if there were any Board Member Comments.

Director Anderson pledged to be a more robust FFE ambassador. Director Hess made the same pledge and expressed the desire to create a culture of equity and equality. Director Calderon-Huezo echoed the same sentiments and expressed the commitment by the FFE to transparency and communication to members of the community; Director Carrel stated that she was looking forward to working with Director Calderon-Huezo as a member of the Finance and Executive Committees. President Graham-Williams indicated that she was thankful for the environment created by the board members of a space free of judgement and mutual support of each other.

Upon the motion by Director Washington, seconded by Director Hess the meeting was adjourned by President Graham-Williams at 3:49 pm.

Minutes Drafted: May 3, 2021

Minutes Approved: ______________________

____
Clyde J. Robinson, Recording Secretary

Date: **9/13/2021**
FFE
Item: **C.1.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Steve Brown, FFE Manager

DATE: September 13, 2021

SUBJECT:

Finance Committee Report: Endowment Gift Acceptance

RECOMMENDATION:

It is recommended that the Board of Directors accept the endowment gift of $400 million to be received, as cash or marketable securities equal to $40 million no later than December 31st of each year for ten consecutive years beginning in 2021.

BACKGROUND:

On July 12, 2021, Acting FFE President Jim Ritsema received notice that the Kalamazoo Foundation for Excellence (FFE) had received a transformational commitment of $400 million to be directed towards its permanent endowment. This remarkable gift, from anonymous donors, is unlike any other: it is among the largest gifts in US history to support a municipality and sets FFE up for a sustainable future. This is a vote of confidence and investment in Kalamazoo for the benefit of each and every resident.

The FFE's Gift Acceptance Policy classifies gifts received as cash or marketable securities as requiring no action of acceptance from the FFE board; however, the size and importance of this pledge creates a special opportunity to celebrate the extraordinary vision and generosity making the planned sustainability of the FFE possible.

The City's projections of endowment growth use currently pledged income, standard estimations of market return on investment, and annual expenses along a historical average to show that the FFE endowment will achieve $500 million of invested funds in 2035. The recently pledged income of $400 million over ten consecutive years beginning this year will, in conjunction with the current endowment investment of approximately $100 million, generate sufficient revenue to continue covering the liabilities of the FFE indefinitely. The FFE will always be receptive to and deeply grateful for ongoing donations that aid in growing its endowment, but no formal campaign has been announced at this time.

STRATEGIC VISION ALIGNMENT:

Good Governance- Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a way that is sustainable over the long term.

FISCAL IMPACT:

Kalamazoo Foundation for Excellence (FFE) Endowment Projection as of 8.26.2021

	2020 - Actual	Aug. 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Endowment Value 1/1	-	103,927,790	148,043,533	199,145,917	228,110,962	258,515,765	290,443,040	321,850,397	358,520,467	397,444,529	438,779,296	482,692,908	487,115,781	491,322,762	495,283,961	498,966,879	498,966,879
Investment Earnings on 1/1 balance less CY distribution	-	3,247,743	9,637,634	11,408,007	13,266,380	15,217,807	17,137,457	22,065,381	24,781,014	27,664,835	30,728,575	33,984,822	34,278,332	34,554,695	34,811,643	35,046,712	347,831,037
Endowment Contributions w/ investment earnings	95,765,822	40,868,000	41,464,750	41,464,750	41,464,750	41,464,750	41,464,750	42,250,000	42,250,000	42,250,000	42,250,000	-	-	-	-	-	512,957,572
Endowment Distributions	-			(23,907,712)	(24,326,327)	(24,755,282)	(27,194,850)	(27,645,311)	(28,106,952)	(28,580,068)	(29,064,962)	(29,561,950)	(30,071,351)	(30,593,496)	(31,128,725)	(31,677,388)	(366,614,374)
Endowment Value 12/31	**95,765,822**	**148,043,533**	**199,145,917**	**228,110,962**	**258,515,765**	**290,443,040**	**321,850,397**	**358,520,467**	**397,444,529**	**438,779,296**	**482,692,908**	**487,115,781**	**491,322,762**	**495,283,961**	**498,966,879**	**502,336,203**	502,336,203
Endowment Contributions																	
Additional Fundraising																	-
Annual contributions	86,685,800	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000						486,685,800
Earnings contribution (9 months invested)	9,080,022	868,000	1,464,750	1,464,750	1,464,750	1,464,750	1,464,750	2,250,000	2,250,000	2,250,000	2,250,000	-	-	-	-	-	26,271,772
Contribution Value with Investment earnings	95,765,822	40,868,000	41,464,750	41,464,750	41,464,750	41,464,750	41,464,750	42,250,000	42,250,000	42,250,000	42,250,000	-	-	-	-	-	512,957,572
Endowment Distributions (February each year)																	
Tax Reimbursement				(13,405,677)	(13,689,231)	(13,979,073)	(14,275,355)	(14,578,231)	(14,887,859)	(15,204,402)	(15,528,027)	(15,858,906)	(16,197,216)	(16,543,137)	(16,896,855)	(17,258,562)	(198,302,531)
Budget Stabilization Payment				(4,502,035)	(4,637,096)	(4,776,209)	(4,919,495)	(5,067,080)	(5,219,093)	(5,375,666)	(5,536,935)	(5,703,044)	(5,874,135)	(6,050,359)	(6,231,870)	(6,418,826)	(70,311,843)
Aspirational Funding				(6,000,000)	(6,000,000)	(6,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(98,000,000)
Endowment Distributions	-	-	-	**(23,907,712)**	**(24,326,327)**	**(24,755,282)**	**(27,194,850)**	**(27,645,311)**	**(28,106,952)**	**(28,580,068)**	**(29,064,962)**	**(29,561,950)**	**(30,071,351)**	**(30,593,496)**	**(31,128,725)**	**(31,677,388)**	**(366,614,374)**

Investment return <$300M	**6.51%**
Investment return >$300M	**7.50%**

Utilized prior 5-years to model next 5, then smoothed

Assumptions:

2021 starting balance as of 8/1. Investment return based on 5 months.

Budget Stabilization to increase by Municipal Cost Index, assumed 3.00%.

Distributions are covered under a separate agreement for 2020-2022. First required endowment draw to be made February 2023.

Assumed Aspirational draws of $6M through 2025 due to ARP funding

Self Sustaining - $400M

Endowment Fully Funded - $500M

Date: **9/13/2021**
FFE
Item: **C.2.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Steve Brown, FFE Manager

DATE: September 13, 2021

SUBJECT:

Finance Committee Report: Endowment Report, Q2, 2021

RECOMMENDATION:

It is recommended that the Board accept the quarterly endowment report.

BACKGROUND:

See full Endowment Report attached.

STRATEGIC VISION ALIGNMENT:

Good Governance- Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a way that is sustainable over the long term.

FISCAL IMPACT:

Kalamazoo Foundation for Excellence

June 30, 2021

Report to the

Investment Subcommittee

Wednesday, August 25, 2021
11:00 am
Meeting to be conducted
virtually via Zoom

REPORT TO THE RETIREMENT INVESTMENT COMMITTEE

Performance of the

Kalamazoo Foundation for Excellence

June 30, 2021

The market value of portfolio assets increased from $97.1 million to $102.1 million during the second quarter of 2021; an increase of $5.0 million or 5.15%.

The portfolio weighted average return for the quarter, net of manager fees, was 5.08%. The 1-year return, net of manager fees, was 19.73%. The return since May 1, 2020, net of manager fees, through the end of the quarter has been 22.00%

Equities comprised 52.3% of the Kalamazoo Foundation For Excellence portfolio at the end of the second quarter. The equity portion of the portfolio returned 8.54% for the quarter, 15.24% year-to-date, and 40.76% over the last year.

Fixed income comprised 47.6% of the Kalamazoo Foundation For Excellence portfolio at the end of the second quarter. The fixed income portion of the portfolio returned 1.54% for the quarter, -2.09% year-to-date, and -0.53% over the last year.

Cash and equivalents were approximately $52,199 or 0.1% of the assets.

The portfolio finished the quarter with 52.3% in equities, 47.6% in fixed income, and 0.1% in cash. The portfolio target allocation is 50% equities, 50% fixed income, and 0% cash.

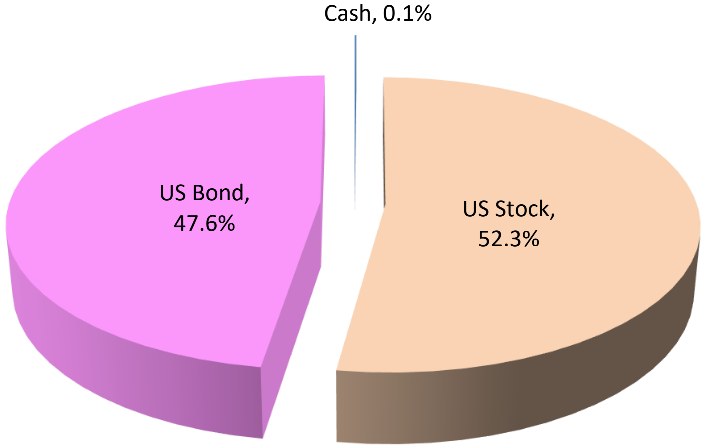
The inflation-adjusted, or real return, for the quarter was 2.51% as the inflation rate for the quarter was 2.57%. With a year-on-year inflation rate of 5.39%, the one-year real return was 14.34%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 22.00% nominal and 16.84% real.

Respectfully submitted,
August 25, 2021

Kalamazoo Foundation for Excellence

June 30, 2021

Kalamazoo Foundation for Excellence
Asset Allocation
June 30, 2021



Market Value $ 102,052,809

Since-Inception (5/1/2020)
Return 22.00

PORTFOLIO EXPOSURE

Geographic Exposure

U.S	100.0%
Foreign	0.0%
	100.0%

Currency (Direct Exposure)

USD	100.0%
Non-USD	0.0%
	100.0%

Asset Classes	ACTUAL %	Policy%	+/-
Equity	52.3%	50.0%	2.3%
Fixed	47.6%	50.0%	-2.4%
Cash	0.1%	0.0%	0.1%
	100.0%	100.0%	0.0%

Liquidity-Daily	100.0%
Liquidity> 1 day & < 90 days	0.0%
Liquidity> 91 days & < 2 years	0.0%
Liquidity> 2 years	0.0%
Total	100.0%

Fixed Income Risk	Jennison	BBgBarc US Agg Bond TR USD
Coupon	2.21%	2.55%
Yield	1.43%	1.50%
Effective Duration (yrs)	6.11%	6.47
Convexity	0.47	0.28
Maturity (yrs)	8.41	8.45
Quality	AAA	AAA

Sector Allocation	Jennison	BBgBarc US Agg Bond TR USD	+/-
Treasury	44.1	37.8	6.4
Agency	0.5	1.5	(1.0)
Finance	13.3	8.1	5.2
Industrial	20.2	16.2	4.0
Utility	4.0	2.2	1.9
Non-Corporate	0.9	4.5	(3.6)
Mortgage	10.1	27.3	(17.3)
CMO	1.1	0.0	1.1
Asset Backed	2.5	0.3	2.2
CMBS	0.8	2.1	(1.3)
Cash	2.4	0.0	2.4
Total	100.0	100.0	0.0

Performance Attribution(1)
Gross of Fees and versus the BBgBarc US Agg Bond TR USD

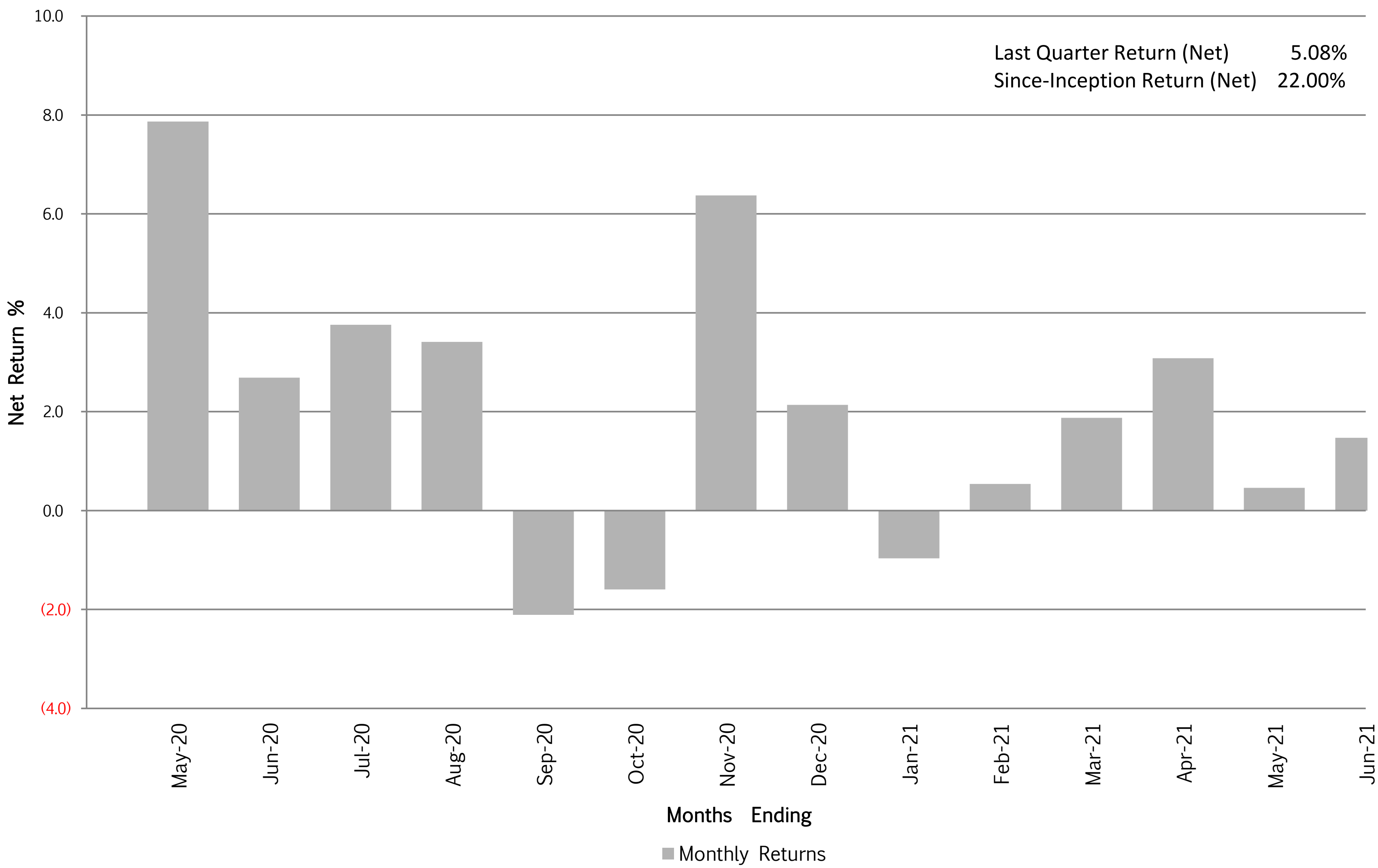
	3 Months (bps)
Yield Curve	(30)
Sector Allocation	7
Security Selection	(10)
Other	1
Total	(32)

(1) Performance attribution may differ from performance shown due to rounding and other factors, such as Paydowns and interest on non-supported cash instruments.

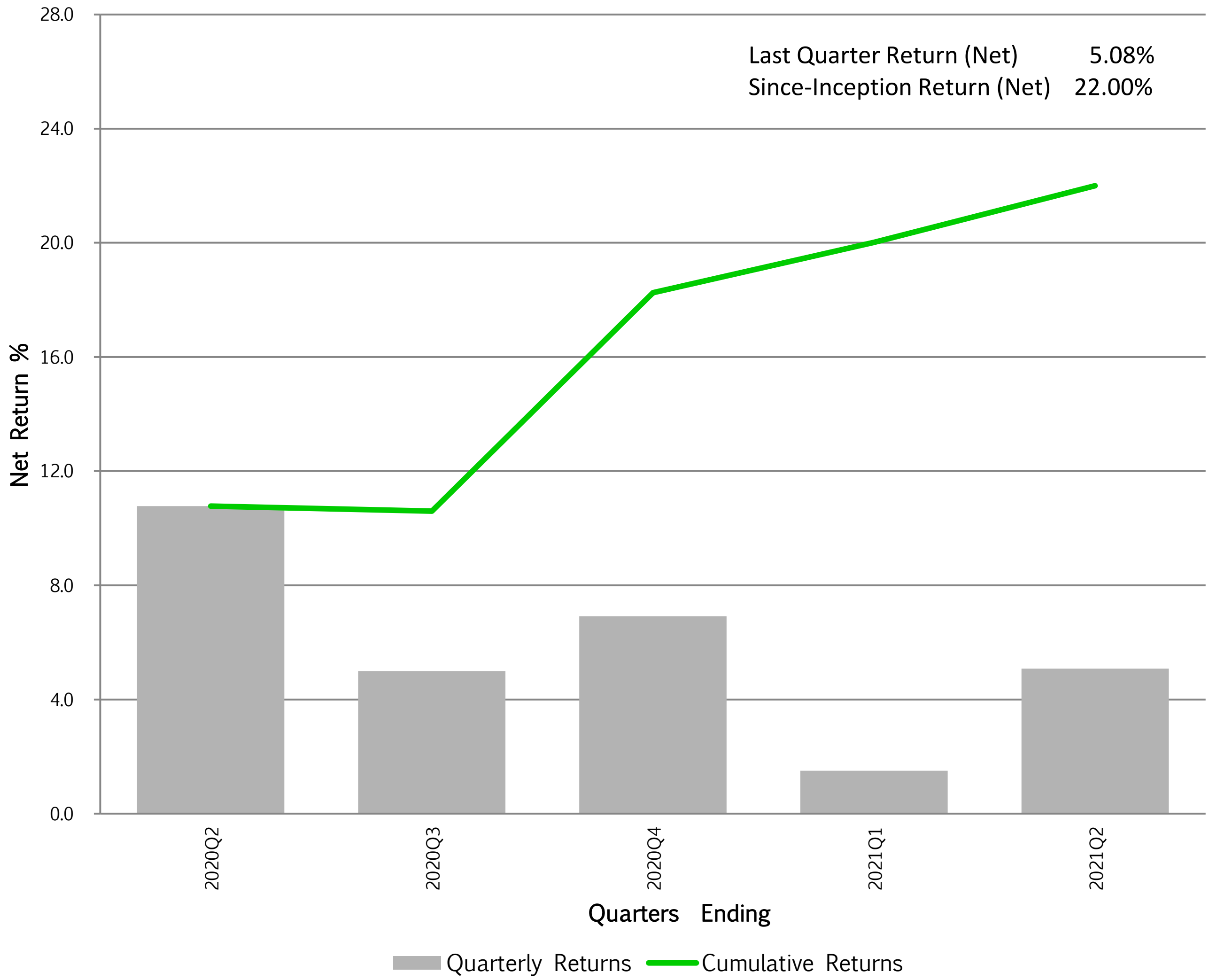
Some figures may not sum to 100% due to rounding.

Kalamazoo Foundation for Excellence
Net Monthly Returns
June 30, 2021

Inception: 5/1/2020

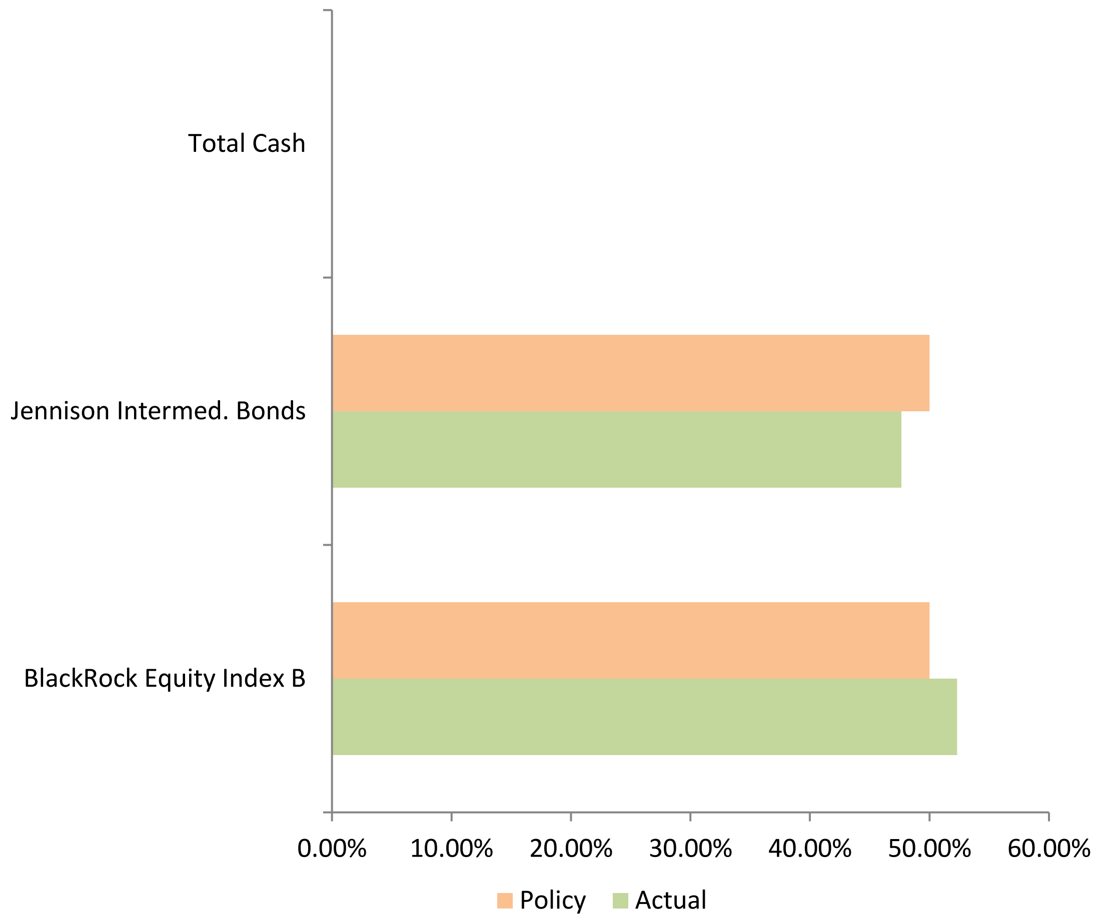


Kalamazoo Foundation for Excellence
Quarterly vs Since-Inception (5.1.2020) Net Returns
June 30, 2021



State Street Portfolio was funded on 4/8/2020 when 465,000 shares of Stryker Stock were gifted to the Foundation.
100% of Stryker liquidated on 4/15/2020 by State Street.
Jennison Intermed. Bonds purchased on 4/29/2020; $40.0MM at 50% allocation.
BlackRock Fund B purchased on 5/6/2020; $40.8MM at 50% allocation

Kalamazoo Foundation for Excellence
Policy Allocation vs. Actual
June 30, 2021



	Amount $	Actual	Policy	Variance %
BlackRock Equity Index B	53,377,902	52.3%	50.0%	2.30%
Jennison Intermed. Bonds	48,622,708	47.6%	50.0%	-2.36%
Total Cash	52,199	0.1%	0.0%	0.05%
	102,052,809	100.0%	100.0%	0.00%

Kalamazoo Foundation for Excellence
Rates of Return by Manager and Asset Class-Net of Manager Fees
June 30, 2021

Custodian: State Street

	Ticker	Market Value $	% at Market	Policy %	3 Month Return	Year-to-Date Return	1 Year Return	3 Year Return	5 Year Return	Since Inception (5.1.2020) 1.2 Yrs Return	Years in Portfolio
Beginning Market Value (Quarter)		*97,141,762*									
Equities											
BlackRock Equity Index B	CTF	53,377,902	52.3	50.0	8.54	15.24	40.76	--	--	44.81	*1.17*
Total Equity		53,377,902	52.3	50.0	8.54	15.24	40.76	--	--	44.81	
Fixed Income											
Jennison Intermed. Bonds	SepAcct	48,622,708	47.6	50.0	1.54	(2.09)	(0.53)	--	--	0.57	*1.17*
Total Fixed Income		48,622,708	47.6	50.0	1.54	(2.09)	(0.53)	--	--	0.57	
Cash	SSNXX	52,199	0.1	0.0	0.00	0.00	0.00	--	--	0.00	*1.23*
Total Cash		52,199	0.1	0.0	0.00	0.00	0.00	--	--	0.00	
Total Plan (Net)		**102,052,809**	**100.0**	**100.0**	**5.08**	**6.66**	**19.73**	--	--	**22.00**	*1.23*
Total Plan (Gross)					5.11	6.70	19.86	--	--	22.11	

Past performance is no guarantee of future results

State Street Portfolio was funded on 4/8/2020 when 465,000 shares of Stryker Stock were gifted to the Foundation.

100% of Stryker liquidated on 4/15/2020 by State Street.

Jennison Intermed. Bonds purchased on 4/29/2020; $40.0MM at 50% allocation.

BlackRock Fund B purchased on 5/6/2020; $40.8MM at 50% allocation

Kalamazoo Foundation for Excellence
Manager Total Returns (Net) vs. Benchmarks
June 30, 2021

	Ticker	Policy Target %	Actual %	3 Month Return	Year-to-Date Return	1 Year Return	3 Year Return	5 Year Return	Since Inception (5.1.2020) 1.2 Yrs Return	Manager Fees %	*Mgr IN / BM Years*
BlackRock Equity Index B [1]	CTF	50.0	52.3	8.54	15.24	40.76	--	--	44.81	*0.02*	*1.17*
S&P 500 TR USD				8.55	15.25	40.79	--	--	44.39		
Manager Over/ (Under)				(0.01)	(0.01)	(0.04)	--	--	0.42		
Jennison Intermed. Bonds	SepAcct	50.0	47.6	1.54	(2.09)	(0.53)	--	--	0.57	*0.25*	*1.17*
BBgBarc US Agg Bond TR USD				1.83	(1.60)	(0.33)	--	--	0.87		
Manager Over/ (Under)				(0.29)	(0.49)	(0.20)	--	--	(0.30)		
Master Account (Cash)	SSNXX	0.0	0.1	0.00	0.00	0.00	--	--	0.00	*0.20*	*1.23*
USTREAS T-Bill Auction Ave 3 Mon				0.01	0.02	0.07	--	--	0.08		
Manager Over/ (Under)				(0.01)	(0.02)	(0.07)	--	--	(0.08)		

Weighted Average Manager Fee 0.13

(1) The BlackRock subaccount KF30 held only cash until 5/6, at which point the funds were invested into BlackRock Equity Index B.

Kalamazoo Foundation for Excellence
Portfolio Comparisons
June 30, 2021

Portfolio Inception 5/1/2020

	3 Month Return	Year-to-Date Return	1 Year Return	3 Year Return	5 Year Return	Since Inception (5.1.2020) 1.2 Yrs Return	Manager Fee %
Total Plan--Actual (Net) [1]	5.08	6.66	19.73	--	--	22.00	0.13
KFFE Index Benchmark (Staged) [2]	5.17	6.61	18.75	--	--	21.05	
Manager Over/ (Under) Benchmark	(0.09)	0.05	0.98	--	--	0.95	
Total Plan--Actual (Net)	5.08	6.66	19.73	--	--	22.00	
US BLS CPI All Urban NSA 1982-1984	2.57	4.31	5.39	--	--	5.16	
Total Plan--Actual (Gross) (Real)	2.51	2.35	14.34	--	--	16.84	

(1) The BlackRock subaccount KF30 held only cash until 5/6, at which point the funds were invested into BlackRock Equity Index B.

(2) KFFE Index Benchmark is comprised of the follwing indices: S&P 500 TR USD (50%)+BBgBarc US Agg Bond TR USD(50%)

Kalamazoo Foundation for Excellence

June 30, 2021

Appendix 1

Manager and Benchmark Descriptions

Kalamazoo Foundation For Excellence

Name (Morningstar)		DESCRIPTION
BlackRock Equity Index B	CTF	The BlackRock Equity Index Fund B (start: 23Jan1997) is a passive public equity index fund that tracks the S&P 500. The BlackRock Equity Index Fund is a collective trust fund with an objective of closely replicating the S&P 500 Index. The S&P 500 TR USD Index is used as the appropriate benchmark for BlackRock Equity Index B.
Jennison Intermediate Bond	SepAcct	Jennsion Intermediate Bond is a separately managed portfolio. Jennison Intermediate Bond's investment objective is to achieve above benchmark returns from a combination of security selection, yield curve management, sector rotation and active trading. Jennison does not make duration bets, and as a result the portfolio should have a duration within .25 years of its benchmark. Jennison Intermediate invests in only investment grade securities, typically holds 80 - 200 issues, and maintains positions sized below 2%. Jennison Intermediate Bond uses the Bloomberg Barclays US Aggregate Bond Index.
Cash	CmgId	

Kalamazoo Foundation for Excellence
2021 State Street Expense Report

Foundation for Excellence Expenses	1Q	2Q	3Q	4Q	Total
Audit Fees - Maner	**-**	**2,900**			2,900
Audit / IRS form 990		2,900			2,900
Consulting Fees - Merion Capital	**45,000**	**45,000**			**90,000**
Consulting - 1Q2021	45,000				45,000
Consulting - 2Q2021		45,000			45,000
Custody Fees - State Street	**15,469**	**28,686**			**44,154**
Custody - May 2020	5,744				5,744
Custody - Jun 2020	5,086				5,086
Custody - Jul 2020	4,639				4,639
Custody - Aug 2020		5,405			5,405
Custody - Sep 2020		5,987			5,987
Custody - Oct 2020		4,530			4,530
Custody - Nov 2020		5,872			5,872
Custody - Dec 2020		6,892			6,892
Total Operating Expenses	**60,469**	**76,586**			**137,054**
Fund Manager Fees - BlackRock	**2,507**	**2,452**			**4,959**
Fees - 4Q2020	2,507				2,507
Fees - 1Q2021		2,452			2,452
Fund Manager Fees - Jennison	**8,391**	**26,324**			**34,715**
Fees - Dec 2020	8,391				8,391
Fees - Jan 2021		8,854			8,854
Fees - Feb 2021		8,712			8,712
Fees - Mar 2021		8,758			8,758
Total Fund Manager Fees	**10,898**	**28,777**			**39,674**
Total Foundation For Excellence Expenses	**71,366**	**105,362**			**176,729**

*State Street is behind on Custudy invoice billings.

Kalamazoo Foundation for Excellence
2021 State Street Cash Flow Report

	Q1	Q2	Q3	Q4	Total
Cash Beginning Balance	71,837	76,368	52,199	52,199	71,837
Receipts					
Donations	-	52,416	-	-	52,416
Interest	-	-	-	-	-
Total Receipts	-	52,416	-	-	52,416
Disbursements					
Aspirational Project Transfer to CoK	-	-	-	-	-
Audit Fees (Maner)	-	2,900	-	-	2,900
Consulting Fees (Merion Cap)	45,000	45,000	-	-	90,000
Custody Fees (State Street)	15,469	28,686	-	-	44,154
Due Diligence/Conferences	-	-	-	-	-
Liability Insurance	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	-
Total Disbursements	60,469	76,586	-	-	137,054
Net Cashflow	(60,469)	(24,170)	-	-	(84,638)
Investment Transfer	65,000	-	-	-	65,000
Cash Ending Balance	76,368	52,199	52,199	52,199	52,199
Investments Beginning Balance	95,693,985	97,065,394	102,000,610	102,000,610	95,693,985
Interest	146,325	139,997	-	-	286,322
Realized Gain/Loss	638,547	(229,704)	-	-	408,843
Unrealized Gain/Loss	662,435	5,053,699	-	-	5,716,134
Fund Manager Fees	(10,898)	(28,777)	-	-	(39,674)
Net Investment Activity	1,436,409	4,935,216	-	-	6,371,625
Investment Transfer	(65,000)	-	-	-	(65,000)
Investments Ending Balance	97,065,394	102,000,610	102,000,610	102,000,610	102,000,610
Total Foundation for Excellence Balance	97,141,762	102,052,809	102,052,809	102,052,809	102,052,809

*FFE Donations held at City and Kalamazoo Community Foundation transferred to State Street.

Date: **9/13/2021**
FFE
Item: **C.3.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Steve Brown, FFE Manager

DATE: September 13, 2021

SUBJECT:

Staff Report: Select Program Updates

RECOMMENDATION:

No action requested.

BACKGROUND:

Staff will share a presentation with the Board and public viewers with updates on some of the City's projects in 2021 that were made possible by Foundation for Excellence Funding, primarily in areas of economic development and affordable housing. Because of the growing list of activities made possible by FFE it is again this year not practical to present all projects and programs in one meeting. Projects in areas such as parks and youth development will be presented at the October meeting or via interim report as desired.

STRATEGIC VISION ALIGNMENT:

Good Governance- Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a way that is sustainable over the long term.

FISCAL IMPACT:

Date: **9/13/2021**
FFE
Item: **C.4.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Steve Brown, FFE Manager

DATE: September 13, 2021

SUBJECT:

Finance Committee Report: Draft 2022 City FFE Budget Transmittal Memo

RECOMMENDATION:

The draft 2022 City FFE Budget Transmittal Memo is attached for review; no action is requested.

BACKGROUND:

The attached Budget Transmittal Memo contains a summary and introduction to the proposed City FFE budget in 2022.

The process of formally conveying the budget begins with this meeting and moves through an initial full presentation to the FFE board on September 13, 2021. An initial full presentation to the City Commission will follow and set the stage for a requested formal recommendation to the City Commission by the FFE board on October 25, 2021. The recommended City FFE budget would then be included in the draft City budget for recommended approval by the City Commission as part of its annual budgeting process.

This budget follows the method of determining the amount of the annual distribution set forth in section 9.03 of the bylaws and supports the FFE's crucial mission to "support the goals of the City of Kalamazoo, fund aspirational investments in the city, and empower Kalamazoo residents to achieve the lives they want for themselves and their families."

Staff remain grateful for the ongoing positive and fruitful discussions among board members and commissioners regarding Imagine Kalamazoo alignment in service to the entire community of Kalamazoo.

STRATEGIC VISION ALIGNMENT:

Good Governance- Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a way that is sustainable over the long term.

FISCAL IMPACT:

Kalamazoo Foundation for Excellence

241 W. South Street
Kalamazoo, MI 49007-4796
www.kalamazoocity.org/ffe

DRAFT MEMORANDUM

9/1/2021

To: Acting President James K. Ritsema and the Board of Directors

From: Steve Brown, Foundation for Excellence Manager

Subject: Draft of the Recommended Fiscal Year 2022 City FFE Budget

I am pleased to present the draft Fiscal Year 2022 City FFE Budget.

The proposed budget is $25,458,673, which includes $4,370,908 for budget stabilization, $13,128,265 for tax reduction to City property taxpayers, and $7,959,500 for aspirational activities as outlined in the budget detail. This budget follows the method of determining the annual distribution set forth in section 9.03 of the bylaws and supports the FFE's mission to support the goals of the City of Kalamazoo, fund aspirational investments in the city, and empower Kalamazoo residents to achieve the lives they want for themselves and their families.

Between 2017 and 2021, $16.1 million of funds contributed to support the FFE's goals have provided unprecedented financial stability for the City. With a stable budget, City services are being maintained and adapted to community needs based on the Imagine Kalamazoo 2025 Strategic Vision. Kalamazoo City property taxpayers have experienced relief from $60.1 million of tax liability since 2017 following the reduction of the City's property tax millage from 19.2705 mills to 12.0000 mills. This reduction makes Kalamazoo more competitive in retaining and attracting residents, businesses, and jobs.

Finally, $44.7 million has been budgeted for aspirational projects since 2017 for innovative projects and programs that align with the Imagine Kalamazoo vision, including the Youth Mobility Fund, affordable housing initiatives, complete streets and park improvements, assistance to small businesses.

The full potential and impact of the Foundation for Excellence investment in Kalamazoo is becoming increasingly evident over these initial years. To communicate this story, staff continue to present the work in the annual newsletter, annual financial report, and through online tools: the Imagine Kalamazoo project tracker (www.imaginekalamazoo.com/projects and the tool that displays investment by City neighborhood and by goal area (www.kalamazoocity.org/ffedashboard). Together with the FFE's online document library and public meetings, the FFE is living its culture of transparency and accountability for the public good.

On behalf of the City of Kalamazoo I would like to thank the Board of Directors for its commitment to realizing the unique vision and impact of the Foundation for Excellence.

Respectfully Yours,

Kalamazoo Foundation for Excellence

241 W. South Street
Kalamazoo, MI 49007-4796
www.kalamazoocity.org/ffe

Imagine Kalamazoo 2025 Goals and FFE Programs	Total 2017-2021 City FFE Budgets	Proposed 2022 City FFE Budget
Budget Stabilization	$16,163,600	$4,370,908
Tax Reduction	$60,108,057	$13,128,265
Subtotal	$76,271,657	$17,499,173
Aspirational Projects		
Safe Community		
Lead Services Replacements	$2,500,000	-
Safe Housing	-	$406,000
Complete Neighborhoods, Connected City, Inviting Public Places		
Great Neighborhoods: Infrastructure	$9,732,500	$2,000,000
Great Neighborhoods: Park Enhancements	$4,184,500	$50,000
Neighborhood Engagement and Activation	$400,000	$236,500
Downtown: Inviting and Accessible Spaces	$500,000	-
Youth Development		
MyCity Summer Youth Employment	$3,975,000	$825,000
All Things Possible (ATP)	$443,474	$151,000
SuperRec	$575,758	$183,000
Youth Mobility Fund (YMF)	$750,000	-
Digital Access for All (DAFA) & Learning Hubs	$300,000	-
Childhood Savings and Wealth Building	-	$50,000
Shared Prosperity		
Shared Prosperity High Impact Fund & DRF*	$2,106,500	$637,500
Economic Vitality		
Economic Development & KSBLF/KMEG**	$9,183,200	$1,846,500
Affordable Housing	$7,685,000	$960,000
Environmental Responsibility		
Home Energy Efficiency Audit Pilot	$158,000	$42,000
Good Governance, Program Costs		
FFE Personnel	$1,745,688	$502,000
Communication & Evaluation	$200,000	$70,000
FFE Projected Expenses	$236,500	-
Total 1% Contingency per Goal Area	$97,983	-
Subtotal	$44,774,103	$7,959,500
TOTAL	**$121,045,760**	**$25,308,673**

**Disaster Relief Fund COVID-19 response*

***Kalamazoo Small Business Loan Fund & Kalamazoo Micro-Enterprise Grants COVID-19 response*

Kalamazoo Foundation for Excellence

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APPENDIX A

Budget Descriptions

1. TAX REDUCTION

Bylaws, Section 9.03, Subsection A: "Equal to the difference between the amount that the City would have received in real estate tax and personal property tax revenue for the fiscal year-in-question calculated using a millage rate of 19.2705 mills ($19.2705 per $1000 of taxable value) less the amount of real and personal property taxes that the City is budgeted to receive for the fiscal year-in-question under the City's proposed millage rate, so as to provide the City a tax rate that is correlative to other municipalities in the Kalamazoo area (…)"

- Total 2022 Projected Taxable Values = $1,796,164,057
- Projected difference in taxes under 19.2705 mills and current 12 mills = $13,128,265

2. BUDGET STABILIZATION

Bylaws, Section 9.03, Subsection B: $4 million for budget fiscal 2019 and thereafter adjusted annually by the Municipal Cost Index developed by the American City & County Magazine, or another credible model addressing the price of the unique market basket of goods and services purchased by local governments, so as to address the structural revenue imbalance to City finances due to Michigan's broken municipal finance system.
Historic stabilization: 2017, N/A; 2018, $3.8M; 2019, $4M; 2020, $4.12M; 2021, $4.23M; 2022, $4.37.

3. ASPIRATIONAL PROJECTS AND PROGRAMS

Bylaws, Section 9.03, Subsection C: Additional annual distributions may be approved (…) (i) consistent with the purposes set forth in Article II in the Articles of Incorporation of this Corporation; and, (ii) consistent with donor intent as specified in the Statement of Donor Intent (…)

A. Safe Community

Safe Housing: Dangerous building demolition. Clearing blighted and (fire) damaged properties makes land available for new, safer, more sustainable construction in the city. Community Planning and Economic Development has streamlined its demolition processes and expended available city funds reserved for demolition. New funding is needed to address fire damaged properties and residential and commercial properties that don't fit the template for CDBG demolition funds.

B. Complete Neighborhoods, Inviting Public Places, Connected City

   a. **Great Neighborhoods: Infrastructure:** Again in 2022 $1 million is requested to continue the historic investment in the City's distressed sidewalk infrastructure to increase mobility and safety for non-motorized users, with a priority and emphasis placed on areas withing one-quarter mile of education and community assets, and areas that fulfill residents' daily needs.

b. **Tree Planting:** Continuing investment in previously unattainable tree planting to create attractive, healthy, energy efficient neighborhoods; target 300 trees.
c. **Neighborhood Planning:** seven neighborhood plans have been adopted to date (Edison, Eastside, Northside, Oakwood, Vine, Oakland Winchell, and Parkview Hills).

C. Youth Development
  a. **MyCITY (formerly YOU):** This program of the Kalamazoo Regional Educational Service Agency (KRESA) has partnered with the City since 2006. MyCITY Kalamazoo was modified because of COVID-19 to a predominantly virtual model for 2020 to allow for a safe and productive paid career exploration experience for youth ages 14-21 in the City of Kalamazoo. The CareerNOW pathway of MyCITY Kalamazoo provided short term training opportunities in Certified Nurse Aide, Construction Trades, and Early Childhood Education through a combination of in-person and virtual classroom sessions.
  b. **All Things Possible (ATP)**: A middle to high school summer transition program designed to eliminate skill gaps from the "summer slide." Each day consists of work skills, life skills, recreational activities, talent development, and career/educational exposure. Attendance of ATP grew from 30 to 50 participants in 2018 and 2019.
  c. **SuperRec**: Kalamazoo's only free drop-in summer camp for youth. In 2019 the Kalamazoo Parks and Recreation Department's SuperRec program built on the successful 2017 and 2018 expansions because of clear demand from families and added an additional site location. SuperRec works in City neighborhoods to offer free, socially enriching experiences to children aged 7 to 14, primarily those from underprivileged communities and backgrounds. Unique participants grew from 290 in 2017 and 304 in 2018 to 400 in 2019. Because of COVID-19, capacity was reduced to 50% at each site and a total of 146 unique were served youth throughout six, one-week sessions.

D. Economic Vitality, Shared Prosperity
  a. Economic Development
    i. **Business Development Fund:**
      1. **Business Supports:** A fund that makes significant resources available through the Small Business Program, including $5,000 Technical Assistance for 50 businesses, Business Grants up to $2,500, Business Loans up to $35,000 for eligible activities and Gap Financing up to $25,000 for businesses that have received 75% of their needed financing through traditional lenders.
      2. **Loans and Micro Grants:** A growing partnership with United Way of Kalamazoo and Battle Creek Region leveraging the strengths of both organizations to offer micro enterprise grants and small business loans that help grow and stabilize entrepreneurship in Kalamazoo, with an emphasis on business people belonging to historically marginalized groups.
      3. **Minority Contractor Certifications:** This program helps existing and interested skilled tradespeople and addresses a skilled labor shortage.
    ii. **Neighborhood Plan Projects:** New strategies include targeting ideas to

neighborhood plans as they are created, including expansion of façade improvements to business signage created in collaboration with local artists and planned pop-up retail pilot.

b. Affordable Housing
   i. **Pathways Home Partnership:** A housing partnership of the City, Kalamazoo Neighborhood Housing Services, and Open Doors to move Kalamazoo residents from homelessness to homeownership.
   ii. **Site Acquisition:** A project supporting site acquisition in priority places to rebuild housing and mixed-use buildings.
   iii. **Home Energy Efficiency / Green Affordable Housing:** Building on the successes of the earlier home energy audit pilot program in 2020-2021, this funding will be used to leverage existing home health and safety improvement programs and Consumers Energy rebate programs. The City is working with Kalamazoo Neighborhood Housing Services and other housing non-profits to improve safety for income-qualified residents (below 200% of Federal Poverty Level) by replacing dilapidated and failing roofs.
   iv. **Tax Foreclosure Prevention**: A program created in partnership with Kalamazoo County with an annual goal of zero tax foreclosures in the City of Kalamazoo.
   v. **Clouded Title Clearing**: A unique effort with the County to identify and assist families in addressing unclear ownership of homes to create wealth in those families. In its first year, 2020, this program created a total of $334,000 of fair market value for eight families in core neighborhoods from an investment of $4,400 FFE dollars.

E. Environmental Responsibility

Eco Neighborhoods: This funding request is to support programming in partnership with neighborhood associations to create greener and more resilient community. The purpose of the program to remove barriers for residents by providing education and no- or low-cost opportunities to improve and green their blocks.

F. Good Governance, Program Costs

a. **FFE Personnel**: existing full-time positions are the Shared Prosperity Kalamazoo Coordinator, Neighborhood Activator, Youth Development Coordinator, and FFE Manager; the existing half-time positions are the Grants Specialist and Deputy City Manager responsible for FFE.
b. **Communication and Evaluation**: staff will continue to implement the 2017 engagement strategy while adding new tactics to reflect a maturation of the FFE and its needs. Awareness-building, values alignment, and new tools will be the focus. There will also be added emphasis on tracking and evaluation of individual programs and projects as well as the overall outcome of FFE investments.

Date: **9/13/2021**
FFE
Item: **D.1.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Steve Brown, FFE Manager

DATE: September 13, 2021

SUBJECT:

Resignation Acceptance and Appointment

RECOMMENDATION:

It is recommended that the Board accept the resignation of President Dr. Angela Graham-Williams as tendered by email to the FFE, effective July 1, 2021, and elect a President and Vice President.

BACKGROUND:

President Graham-Williams resigned her Directorship due to work obligations out of state that would change her residency and availability to serve. In her notification she wrote, "I am so grateful to have been chosen to serve the community in these past four years and simultaneously excited by all the impact this entity and its Board members will have on Kalamazoo's most vulnerable peoples. I wish you all the best and will always cherish my time spent with the entirety of the FFE. Thank you so much for everything. I am certain the FFE is in good hands."

Procedural guidance for these actions is made clear in the FFE Bylaws as follows:

Section 5.08 Resignations. Any Officer may resign at any time by giving written notice to the Board of Directors or to the President of the Corporation. Any such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the resignation shall be immediately effective on receipt and acceptance of such resignation shall not be necessary to make it effective.

Section 5.10 Vacancies. If there is a vacancy in any Officer position, the vacancy may be filled by the Board of Directors. Any person elected to fill a vacancy shall serve until the next election of Officers by the Directors and shall exercise the full power and authority of the Officer position to which he/she is elected.

STRATEGIC VISION ALIGNMENT:

Good Governance- Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a way that is sustainable over the long term.

FISCAL IMPACT:

Board Group	Board Position	Name	Term Rotation	Class	Original Appointment	Current Expiration	Term Limit	Officer	Comm. 1	Comm. 2
City Director	*Ex officio Director*	**David Anderson**	Term of office	N/A	11/11/2019	11/8/2021	N/A			
City Director	*Ex officio Director*	**James K Ritsema**	Term of office	N/A	10/17/2017	Employment	N/A	Acting Presic	Executive	Finance
City Director	Commission Director	**Jeanne Hess**	Term of office	Class I	6/1/2020	(11/13/23)	N/A		Executive	
City Director	Commission Director	**Jack C Urban**	Term of office	Class I	1/2/2018	(11/8/2021)	N/A			
City Director	At Large City Director	**VACANT**	3-year	Class III	1/2/2018	5/31/2021	5/31/2024			
Stakeholder Di	Neighborhood	**Sandra Calderon-Huezo**	3-year	Class I	1/2/2018	5/31/2022	5/31/2025		Executive	Finance
Stakeholder Di	Arts Community	**Alisa Carrel**	3-year	Class II	1/2/2018	5/31/2023	5/31/2026	Treasurer	Executive	Finance
Stakeholder Di	Healthcare	**VACANT**	3-year	Class III	1/2/2018	5/31/2024	5/31/2024			
Stakeholder Di	Housing Sector	**Stephanie Hoffman**	3-year	Class I	6/1/2020	5/31/2022	5/31/2025			
Stakeholder Di	Affinity Organization	**Charlene Taylor**	3-year	Class II	1/2/2018	5/31/2023	5/31/2026			
Stakeholder Di	Business/Banking	**VACANT**	3-year	Class II	1/2/2018	5/31/2023	5/31/2026			
Stakeholder Di	Neighborhood	**Barbara Miller**	3-year	Class III	1/2/2018	5/31/2024	5/31/2024	Secretary	Executive	
Stakeholder Di	Neighborhood	**Alice Taylor**	3-year	Class II	1/2/2018	5/31/2023	5/31/2026			
Stakeholder Di	Education	**Von Washington Jr.**	3-year	Class III	1/2/2018	5/31/2024	5/31/2024			Finance
Stakeholder Di	Faith-Based Org.	**Rachel Lonberg**	3-year	Class I	6/1/2019	5/31/2022	5/31/2025			
Non-Voting	Member Emeritus	**Bobby J Hopewell**	Lifetime Emeritu	N/A	10/17/2017	Lifetime	N/A			