Agenda
FFE Board of Directors – Finance Committee

Kalamazoo Foundation for Excellence

Monday, December 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

B. APPROVAL OF MINUTES

1. Approve minutes of August 30, 2021.

C. REPORTS AND COMMUNICATIONS

1. FFEIS Quarterly Investment Report for Q3, 2021

D. REGULAR AGENDA

1. Annual Reporting, Independent Audit, and Tax Filing

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.

KALAMAZOO FOUNDATION FOR EXCELLENCE
BOARD OF DIRECTORS
FINANCE COMMITTEE

MINUTES

Meeting of August 30, 2021

The meeting of the Kalamazoo Foundation for Excellence (KFFE) Finance Committee was called to order at 2:05 p.m. via Electronic Meeting at Zoom.us Webinar by Treasurer Carrel; Directors Washington, and Chief Financial Officer Vicenzi were present. Director Calderon-Huezo joined under Item C.3 due to technical errors. Acting President Ritsema was absent.

A quorum was present.

Minutes of the previous meeting were moved for approval by Director Washington and seconded by CFO Vicenzi. The motion was approved by unanimous voice vote.

Staff presented the recent $400 million endowment gift for recommended action to accept the gift at the September 13 Board meeting. CFO Vicenzi presented the report of the FFE Investment Subcommittee for the second quarter of 2021. Staff presented the first preliminary draft City FFE budget for 2022, beginning the annual review process. All items were approved for inclusion in the Finance Committee Report of the September 13, 2021, Board meeting by consensus vote.

Next meeting is scheduled for Monday, October 10, 2021, at 2 p.m.

No public comments.

No old business.

Treasurer Carrel adjourned the meeting at 2:28 p.m.

Minutes Drafted: August 30, 2021.

Minutes Approved: _________

_____ ______________
Steve Brown, Recording Secretary

Date: **12/13/2021**
FFE
Item: **C.1.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, FFE Manager

DATE: December 13, 2021

SUBJECT:

FFEIS Quarterly Investment Report for Q3, 2021

RECOMMENDATION:

It is recommended that the Finance Committee review the attached quarterly endowment report and approve it for inclusion in the Finance Committee Report to the Board at a subsequent meeting.

BACKGROUND:

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

September 30, 2021

Report to the

Investment Subcommittee

Wednesday, December 1, 2021
11:00 am
Meeting to be conducted
virtually via Zoom

REPORT TO THE RETIREMENT INVESTMENT COMMITTEE

Performance of the

Kalamazoo Foundation for Excellence

September 30, 2021

The market value of portfolio assets increased from $102.1 million to $139.8 million during the third quarter of 2021, an increase of $37.7 million or 36.92%. A contribution of $38.6 million was received in the quarter.

The portfolio weighted average return for the quarter, net of manager fees, was 0.10%. The 1-year return, net of manager fees, was 14.15%. The return since May 1, 2020, net of manager fees, through the end of the quarter has been 17.85%

Equities comprised 69.3% of the Kalamazoo Foundation For Excellence portfolio at the end of the third quarter. The equity portion of the portfolio returned 0.58% for the quarter, 15.90% year-to-date, and 29.96% over the last year.

Fixed income comprised 30.7% of the Kalamazoo Foundation For Excellence portfolio at the end of the third quarter. The fixed income portion of the portfolio returned -0.06% for the quarter, -2.15% year-to-date, and -1.30% over the last year.

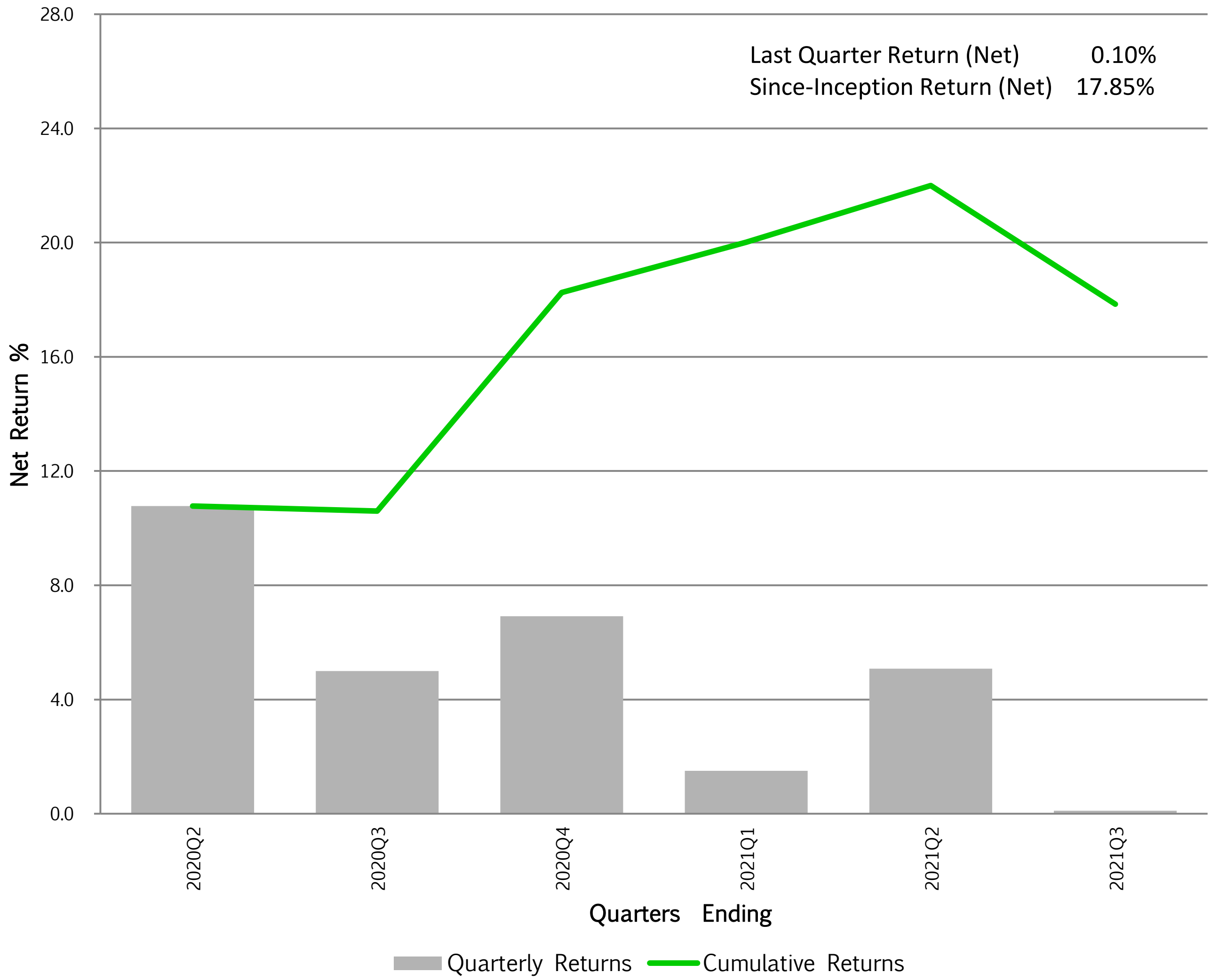
Cash and equivalents totaled $5,284, or less than 0.01% of the assets.

The portfolio finished the quarter with 69.3% in equities, 30.7% in fixed income, and less than 0.01% in cash. The portfolio target allocation approved by the investment committee on August 25, 2021 is 70% equities, 25% fixed income, 5% real estate, and 0% cash. The investment in real estate was in process at the end of the quarter.

The inflation-adjusted, or real return, for the quarter was -0.86% as the inflation rate for the quarter was 0.96%. With a year-on-year inflation rate of 5.39%, the one-year real return was 8.76%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 17.85% nominal and 12.92% real.

Respectfully submitted,
December 1, 2021

Kalamazoo Foundation for Excellence
Quarterly vs Since-Inception (5.1.2020) Net Returns
September 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.

Gift of $38.1 million received on 8/12/2021.

Kalamazoo Foundation for Excellence
2021 State Street Cash Flow Report

	Q1	Q2	Q3	Q4	Total
Cash Beginning Balance	71,837	76,368	52,199	5,284	71,837
Receipts					
Donations	-	52,416	38,631,900	-	38,684,316
Interest	-	-	-	-	-
Realized Gain/Loss	-	-	862,809	-	862,809
Total Receipts	-	52,416	39,494,710	-	39,547,126
Disbursements					
Aspirational Project Transfer to CoK	-	-	-	-	-
Audit Fees (Maner)	-	2,900	4,600	-	7,500
Consulting Fees (Merion Cap)	45,000	45,000	45,000	-	135,000
Custody Fees (State Street)	15,469	28,686	25,024	-	69,178
Due Diligence/Conferences	-	-	-	-	-
Liability Insurance	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	-
Total Disbursements	60,469	76,586	74,624	-	211,678
Net Cashflow	(60,469)	(24,170)	39,420,085	-	39,335,447
Investment Transfer	65,000	-	(39,467,000)	-	(39,402,000)
Cash Ending Balance	76,368	52,199	5,284	5,284	5,284
Investments Beginning Balance	95,693,985	97,065,394	102,000,610	139,805,145	95,693,985
Interest	146,325	139,997	161,781	-	448,103
Realized Gain/Loss	638,547	(229,704)	263,559	-	672,402
Unrealized Gain/Loss	662,435	5,053,699	(2,037,239)	-	3,678,895
Fund Manager Fees	(10,898)	(28,777)	(50,566)	-	(90,240)
Net Investment Activity	1,436,409	4,935,216	(1,662,465)	-	4,709,160
Investment Transfer	(65,000)	-	39,467,000	-	39,402,000
Investments Ending Balance	97,065,394	102,000,610	139,805,145	139,805,145	139,805,145
Total Foundation for Excellence Balance	97,141,762	102,052,809	139,810,429	139,810,429	139,810,429

*FFE Donations held at City and Kalamazoo Community Foundation transferred to State Street Q2.

Date: **12/13/2021**
FFE
Item: **D.1.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, FFE Manager

DATE: December 13, 2021

SUBJECT:

Annual Reporting, Independent Audit, and Tax Filing

RECOMMENDATION:

It is recommended that the Finance Committee direct staff to begin the annual financial reporting, independent audit, and tax filing processes.

BACKGROUND:

Under Section 6 of the Bylaws the Finance Committee is charged with annual financial reporting, independent audit, and tax filing processes as described in Section 4.18.
This shall include an:
+ income statement;
+ year-end balance sheet, including trust funds and funds restricted by donors or the Board;
+ statement of source and application of funds, if the Corporation prepared that statement;
+ a written notice addressed to the City Manager and Mayor of the City of Kalamazoo describing the type and amount of all of the support the Corporation provided to the City during the Corporation's taxable year immediately preceding the taxable year in which the written notice is provided;
+ a copy of the Corporation's Form 990;
+ an annual report from the City Manager of the City of Kalamazoo to reflect its use of funds received from the Corporation for the previous fiscal year and a report regarding projects and initiatives undertaken with the funds distributed by the Corporation.
City FFE Staff conduct this activity and present it to the Committees and Board as appropriate including for approval and adoption of the final materials at the annual meeting of the board held each April.

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: