Agenda
FFE Board of Directors – Finance Committee

Kalamazoo Foundation for Excellence

Monday, October 10, 2022 2:00 PM

City Hall – Community Room, Second Floor - 241 West South Street

A. CALL TO ORDER

B. APPROVAL OF MINUTES

1. Approve minutes of the August 29 meeting

C. REPORTS AND COMMUNICATIONS

D. REGULAR AGENDA

1. Approve Updated Investment Consulting Agreement for FFE Endowment

2. Amend the 2022 Schedule and Approve the 2023 Schedule of meetings

3. Approve Draft 2023 FFE-City Budget for Board approval

E. PUBLIC COMMENTS

F. BOARD MEMBER COMMENTS

G. ADJOURNMENT

KALAMAZOO FOUNDATION OF EXCELLENCE

PUBLIC COMMENT RULES

General information about the Foundation for Excellence (FFE) including board meeting schedules, meeting agendas and minutes, bylaws, and much more can be accessed at: https://www.kalamazoocity.org/ffe.

Agendas and previous minutes and video streams for FFE meetings are available directly at: https://kalamazoomi.civicclerk.com/.

Questions regarding agenda items may be answered prior to the meeting by contacting the FFE Manager at 269.337.8047 or ffe@kalamazoocity.org.

Meetings are held in person in the Community Room on the second floor of City Hall at 241 W. South St. 49007. They are also streamed live and archived on the City's Facebook page (https://www.facebook.com/KalamazooCity/) and YouTube Channel (www.kalamazoocity.org/youtube).

Persons attending a regular or special meeting of the Board of Directors of the Kalamazoo Foundation for Excellence are permitted to address the Board at the noted time on the Agenda and in conformity with this rule and the Michigan Open Meetings Act.

An individual wishing to address the Board shall wait to be recognized by the presiding officer. A person addressing the Board shall provide their name and whether they are a resident of the City. Remarks by a speaker shall be confined to matters within the purview of the Board and FFE. An individual may comment once for up to three (3) minutes. No comment is permitted on secondary or procedural motions to a main motion. A speaker is not permitted to yield any unused portion of speaking time to other speakers. A speaker may be ruled out of order for conduct that interrupts or disrupts the meeting.

Individuals also have the option to provide public comments over the phone at 888.382.9556 during the public comment period announced by staff during the meeting. Callers will enter a queue and be prompted to offer comments in turn. Callers will be given three minutes to comment live.

Updated April 5, 2022.

KALAMAZOO FOUNDATION FOR EXCELLENCE
BOARD OF DIRECTORS
FINANCE COMMITTEE

MINUTES

Meeting of August 29, 2022

The meeting of the Kalamazoo Foundation for Excellence (KFFE) Finance Committee was called to order at 2:01 p.m. in the Community Room of City Hall by President Calderon-Huezo; Treasurer Carrel, Directors Ritsema and Balkema, and Chief Financial Officer Vicenzi were present. Director Washington was not present.

A quorum was present.

The draft minutes of the April 25, 2022, meeting were moved for approval by Treasurer Carrel and seconded by CFO Vicenzi. The motion was approved by unanimous voice vote.

Manager Brown and CFO Vicenzi presented the final independent audit and IRS form 990. Director Balkema moved to approve the 2021 independent audit, stated the committee had received IRS form 990 and reviewed it, and directed the CFO to sign the 990 and file it with the IRS. CFO Vicenzi seconded the motion. The motion was approved by unanimous voice vote. *Note: the 990 filing was mistakenly listed as “tax filing” on the meeting agenda D.1.*

Manager Brown presented the rules and process for the Finance Committee to create the Audit Subcommittee. Director Balkema moved, and Director Ritsema seconded, a motion to create an Audit Subcommittee of three (3) or five (5) Board Directors to serve one-year terms or until removed by a vote of the Board, beginning and ending each April Board Meeting. The motion was approved by unanimous voice vote.

CFO Vicenzi presented the 2022 Q1 and Q2 reports from the FFE Investment Subcommittee. Director Ritsema moved to approve the reports, seconded by Director Balkema. The motion was approved by unanimous voice vote.

The fiscal year 2023 draft City FFE budget was presented to the Finance Committee by Manager Brown, who highlighted two aspects that differed compared to previous years: 1) the unallocated fund balance of $4.251 million of existing grant dollars needed to be spent by the City, and 2) staff were recommending that American Rescue Plan Act (ARPA) resources held by the City be used to the greatest extent possible to reduce needed endowment disbursal(s). Treasurer Carrel moved, and Director Ritsema seconded, to approve the budget draft for inclusion in the committee report at the next board meeting. The motion was approved by unanimous voice vote.

The next meeting is scheduled for Monday, October 10, 2022, at 2 p.m.

No public comments.

No Board comments.

President Calderon-Huezo adjourned the meeting at 2:42 p.m.

Minutes Drafted: August 30, 2022.

Minutes Approved: __________

____
Steve Brown, Recording Secretary

Date: **10/10/2022**
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
Reviewed by: Steve Vicenzi, CFO

DATE: October 10, 2022

SUBJECT:

Approve Updated Investment Consulting Agreement for FFE Endowment

RECOMMENDATION:

Approve Updated Investment Consulting Agreement for FFE Endowment.

BACKGROUND:

Merion Capital has been of service to FFE Investment Subcommittee (FFEIS) and its endowment since its inception. Merion Capital was awarded a three-year contract to provide Investment Advising services. Merion's owner and principal, Chris Ruppel, announced his coming sale of Merion to Zhang Financial of Portage, MI, in 2022. Post transition, Chris Ruppel will work with Zhang Financial and continue to be the main point of contact for the FFEIS. Because of this, the FFEIS was asked on the agenda of its August 24, 2022, meeting to approve the transfer of services to the new combined entity. From the draft minutes of the August 24 FFEIS meeting: "A motion was made by Mr. Salisbury and seconded by Mr. Bergy that the committee approves that Zhang Financial take over the consulting responsibility for the Retirement Investment Committee and recommend that the City of Kalamazoo enter into a contract with Zhang Financial for such services with the same terms as the existing contract with Merion Capital." The motion carried unanimously.

The Finance Committee is now being asked to approve the updated agreement, now with Zhang Financial LLC, effective January 1, 2023, for Board approval and execution at the next meeting.

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:

INVESTMENT CONSULTANT AGREEMENT

between

KALAMAZOO FOUNDATION
FOR EXCELLENCE

and

ZHANG FINANCIAL LLC

January 1, 2023

Attachments are integral parts of the Agreement
Attachment A: Scope of Services
Attachment B: Fee Structure

INVESTMENT CONSULTANT AGREEMENT

THIS AGREEMENT is made October 24, 2022, between the KALAMAZOO FOUNDATION FOR EXCELLENCE, A Michigan Nonprofit Corporation, of 241 West South Street, Kalamazoo, MI 49007 ("Client") and ZHANG FINANCIAL LLC, a Michigan limited liability company, of 5931 Oakland Drive, Portage, Michigan 49024 ("Consultant").

Background

Client desires to contract for services in the area of investment consulting, and Consultant is willing to provide such services. Client has created the Investment Subcommittee of the Kalamazoo Foundation for Excellence ("FFEIS"), which shall select consultant and shall oversee services provided by Consultant.

1. Duties of Consultant. Consultant agrees to provide the services set forth in Attachment A, Scope of Services, attached hereto. The services to be provided by Consultant shall be provided by Chris C. Ruppel and/or Zhang Financial LLC on behalf of Consultant.

2. Reports. Consultant shall submit reports to the FFEIS as set forth in Attachment A, Scope of Services. At the FFEIS's request and at mutually agreed upon times, Consultant shall meet with the FFEIS to review investment performance. Consultant shall be available to answer questions by FFEIS members and client staff from time to time as needed without additional charge.

3. Authority to Direct Consultant Activities. Upon execution of this Agreement, the FFEIS shall provide Consultant with a list of Authorized Persons who will be permitted to advise, inform, and direct Consultant on the Client's behalf. The list of Authorized Persons and any changes to such list shall be made in writing to Consultant and signed by the FFEIS's Chairman or the Chairman's designee. Until notified of any change, Consultant may rely on and act upon instructions and notices received from an Authorized Person identified on the then current list furnished by the FFEIS.

4. Changes in Work. In the event the FFEIS requires a major change in scope, character, or complexity of the work after the work has progressed, the FFEIS shall so authorize in writing, subject to Consultant's approval. If that change in scope requires a

change in compensation, the parties shall agree on such change and it shall be set forth in writing signed by Consultant and the Client. No claim for additional compensation shall be made by the Consultant in the absence of such a signed writing.

5. Compensation. Consultant's annual compensation for services shall be billed in quarterly increments as specified in Attachment B, Compensation, attached hereto. Michigan law requires that Consultant shall not be compensated on the basis of a share of capital gains upon or capital appreciation of funds or any portion of the funds of Client.

6. Duration and Termination. This Agreement shall be for a period of 3-years ending December 31, 2025 and may be renewed for successive 3-year periods with mutual agreement of all parties. Notwithstanding the foregoing, this agreement may be terminated at any time by either party in accordance with the following: (a) by the Client upon written notice to Consultant; or (b) by Consultant at any time, without penalty, upon thirty (30) days prior written notice to Client. Consultant's fees will be prorated to the date of termination. Consultant has no termination or other back-end load charge. Upon termination of this Agreement, Client acknowledges that Client's account may incur fees or charges by third parties (other than Consultant) for closing out investments, backend loads or other expenses. The consulting fee shall be reviewed at the at the request of either party. This Agreement shall remain in full force in the event that Chris C. Ruppel is no longer providing services.

7. Liability of Consultant. Consultant shall exercise its discretion in making decisions within the authority conferred upon it under this Agreement based upon information and data that is from time to time in its possession. Consultant shall endeavor to receive such information on data from sources which are considered reliable, but Consultant does not guaranty the accuracy of such information. Except for negligence or misconduct or violation of applicable law, neither Consultant nor any of its officers, managers or employees shall be liable for any action performed or permitted to be performed or any errors of judgment in providing the services of this Agreement. Consultant shall make a good faith effort to require brokers, dealers and investment advisers selected to effect any transactions affecting Client's account to perform their obligations properly, but Consultant's liability for improper actions of any broker, dealer, custodian or investment adviser of the account is limited by the standards described in federal securities laws. Federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing herein shall in any way constitute a waiver or limitation of any rights which the Client may have under any federal securities laws.

8. Standard of Care. The sole standard of care imposed upon Consultant by this Agreement is to act with the care, skill, prudence, and diligence then prevailing under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use in conducting an enterprise of like character and with like aims. In connection

therewith, Consultant shall exercise its discretion in making recommendations based upon information and data that is from time to time in its possession. Consultant shall endeavor to receive such information and data from sources which it considers reliable, but it does not guaranty the accuracy of such information.

9. Confidentiality. All information and advice furnished by either party to the other under this Agreement shall be treated as confidential and shall not be disclosed to third-parties except as required by law.

10. Benefit and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors, assigns, heirs and legal representatives. No assignment of this Agreement, as the term "assignment" is defined in the Investment Advisers Act of 1940, shall be made by Consultant without the written consent of Client.

11. Non-Exclusive Contract. The Client acknowledges that Consultant is acting as an investment advisor to other clients and nothing in this Agreement shall restrict Consultant's right to render investment advice or other services to others. The Client understands that Consultant may give advice and take action with respect to other clients which may differ from the advice given to the FFEIS or the timing or nature of action taken with respect to the account.

Consultant or its managers, officers or employees may, from time to time, recommend to the FFEIS to buy or sell securities that are also recommended to clients, and its managers, officers and employees may maintain accounts with Consultant. Consultant has adopted the written policy that transactions for clients have priority over personal transactions of Consultant or its officers, directors or employees, and personal transactions shall not operate adversely to the interests of any client.

12. Representations. Consultant represents that it is registered as an investment advisor with the Securities and Exchange Commission under the federal Investment Advisers Act of 1940. Client represents that the employment of Consultant is authorized by the governing documents relating to the account and that the terms of this Agreement do not violate any obligation by which Client is bound, whether arising by contract, operation of law or otherwise. Client further acknowledges that it has received a disclosure statement as is required by Rule 204-3 of the Investment Advisers Act of 1940.

13. Miscellaneous.

13.1 Notices. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed given: (a) when personally delivered to the party to be given such notice or other communication; (b) on the business day that such notice or other communication is sent by facsimile or similar electronic device, fully prepaid, which facsimile or similar electronic communication shall promptly be confirmed by written notice; (c) on the third business day following the date of deposit in the United States mail if such notice or other communication is sent by certified or registered mail with return receipt requested and postage thereon fully prepaid; or (d) on the business day following the day such notice or other communication is sent by reputable overnight courier, to the address set forth above or to such other addresses as the parties may designate in writing.

13.2 Entire Agreement and Governing Law. This Agreement constitutes the entire Agreement of the parties with respect to the management of the account and can be amended only by a written document signed by the parties. Except to the extent that federal law applies, this Agreement shall be governed by the laws of the State of Michigan.

13.3 Independent Contractor. Both parties hereto, in the performance of this Agreement, will be acting in an individual capacity and not as agents, employees, partners, joint ventures, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

13.4 Authorization. The person executing this Agreement on behalf of Client hereby acknowledges and agrees that he or she is duly authorized to execute this Agreement on behalf of Client and that Client shall be bound thereby.

IN WITNESS WHEREOF, the parties have executed and made this Agreement effective as of the date first written above.

Client: KALAMAZOO FOUNDATION FOR EXCELLENCE

By: ___________________________________

Its: ___________________________________

Consultant:	ZHANG FINANCIAL LLC	
	By:	______________________________________
	Its:	______________________________________

Attachment A

Scope of Services

INVESTMENT CONSULTANT AGREEMENT

between

KALAMAZOO FOUNDATION
FOR EXCELLENCE

and

ZHANG FINANCIAL LLC

January 1, 2023

ATTACHMENT A: Scope of Services

Zhang Financial LLC will provide general investment consulting services to the Kalamazoo Foundation for Excellence ("FFE", or "Client", or "Foundation"). These services include the following:

A. Meeting Participation/Availability

Attend the following meetings with the Investment Subcommittee and/or staff on and off site:

- Quarterly Investment Subcommittee meetings;
- Routine due diligence meetings with investment managers and service providers;
- Formal interviews with existing and potential investment managers and service providers;
- Ad hoc investment meetings with the Investment Subcommittee members and/or Foundation staff;
- Ad hoc due diligence meetings with investment managers, service providers, and Foundation staff.

B. Formulation and Review of Investment Goals, Objectives, and Policies

Provide ongoing advice and technical support in the establishment and refinement of portfolio asset allocation, investment goals, objectives, and policies. The consultant will use asset allocation models, as requested by the Investment Subcommittee and/or staff, to determine the influence of differing asset mixes and investment style strategies on the projected return to the Foundation and the projected risk resulting from differing asset mixes and strategies.

C. Asset/Liability and Spending Policy Modeling Studies

Provide the Investment Subcommittee with one asset/liability modeling study over the initial three year term of this contract. Consultant will work with the staff under terms defined by the Investment Subcommittee. Additional asset/liability and modeling studies, if needed, will be provided on a pre-approved fee basis.

D. Investment Manager Search/Selection

Provide the Investment Subcommittee with two manager searches each calendar year of this Agreement under general investment consulting services. An investment manager search is defined by the specific investment role, style, or mandate, not by the number of managers selected to implement the investment. Additional searches, if needed, will be provided on a pre-approved fee basis. The search and selection process will include the following:

- Meeting with the Investment Subcommittee to discuss the search objectives;
- Providing the Investment Subcommittee with a preliminary list of candidates and summary analysis;
- Meeting with Investment Subcommittee to determine candidates for further analysis and interviews;
- Providing the Investment Subcommittee with a detailed written comparative analysis (a

search report) on each candidate surviving the initial review process;

- Arranging and participating in preliminary candidate interviews and assisting in the finalist selection
- Conducting on-site due diligence visits with Investment Subcommittee and primary search candidates, as appropriate;
- Developing summary interview materials for the use;
- Scheduling and attending finalist presentations
- and, assisting the Investment Subcommittee in selecting investment managers

E. Performance Monitoring

- Perform ongoing review of portfolio performance; of the underlying investments; and of the investment managers.
- Evaluate investment manager performance in terms of effective implementation of investment strategy, performance versus established benchmarks, organizational stability, and adherence to the investment contract.
- Identify current or anticipated underperformance within the portfolio, recommend corrective action, and participate in implementing the recommendations.
- The consultant will also assist Client with rebalancing activities and transition management as needed.

F. Educational Sessions /Policy Development

Provide the Investment Subcommittee with up to two educational sessions on specific topics per year. The purpose of these sessions is to educate and update the Investment Subcommittee members and staff regarding current investment topics and trends in the capital market.

G. Performance Measurement and Reporting

- Prepare and present written and verbal quarterly summaries of investment manager activities and performance to the Investment Subcommittee. Review calculations of investment performance.
- Reconcile discrepancies in the returns calculated by custodian/master trustee versus the returns calculated by investment managers.

H. Review of Fees and Contracts

- Review guidelines and objectives for new and existing investment managers, review benchmarks, contracts and fees, recommend revisions, and participate in negotiations with investment managers or service providers to effect revisions.
- Identify and recommend new investment opportunities, liquidation or restructuring of existing investments and allocations to existing managers.

I. Other

Conduct such services under the contract as may be reasonably asked of an investment consultant.

Attachment B

Fee Structure

INVESTMENT CONSULTANT AGREEMENT

between

KALAMAZOO FOUNDATION
FOR EXCELLENCE

and

ZHANG FINANCIAL LLC

January 1, 2023

ATTACHMENT B: Fee Structure

Zhang Financial LLC ("Consultant") will provide general investment consulting services pursuant to the Scope of Services, Attachment A, to the Kalamazoo Foundation for Excellence ("Client").

The annual retainer will be $180,000 effective January 1, 2023 through December 31, 2025.

The retainer will be paid retrospectively in equal quarterly installments of $45,000 beginning on March 31, 2013, and thereafter on June 30, September 30, and December 31, or the nearest workday following the calendar quarter ending date this Attachment is in force.

Should the Investment Consultant Agreement be terminated by either party in accordance with Paragraph 6 of the Agreement, Consultant's fees will be prorated to the date of termination and any underpayment promptly remitted to Consultant by the Client.

By the signatures affixed hereunder this Attachment B, Fee Structure, supersedes and replaces any and all previous fee structure agreements between the Consultant and Client.

Client

KALAMAZOO FOUNDATION FOR EXCELLENCE

By: ________________________________

Its: ________________________________

Consultant

ZHANG FINANCIAL LLC

By: ________________________________

Its: ________________________________

Date: **10/10/2022**
FFE
Item: **D.2.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, FFE Manager

DATE: October 10, 2022

SUBJECT:

Amend the 2022 Schedule and Approve the 2023 Schedule of meetings

RECOMMENDATION:

Amend the 2022 meeting schedule to include a 2:30 p.m. meeitng on Monday, December 12, 2022, and approve the 2023 Finance Committee and Audit Subcommittee meeting schedules.

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

241 W. South Street, Kalamazoo, MI 49007
www.kalamazoocity.org/ffe | (269) 337-8047

2023 Schedule of FFE Board and Committees

Board and Committee meetings are open to the public in City Hall at 241 W. South Street. Board meetings are also broadcast live on the City's Facebook and YouTube channels.

	Committees					**Board of Directors**
Date of Meeting	**Finance**	**Audit**	**Executive**	**Nominating**	**Investment**	
Monday, January 30	2:00 p.m.		3:00 p.m.	3:30 p.m.		
Wednesday, February 22					11:00 a.m.	
Monday, February 27				1:30 p.m.		2:00 p.m.
Monday, April 10	2:00 p.m.	2:30 p.m.	3:00 p.m.	3:30 p.m.		
Monday, April 24						2:00 p.m. Annual
Wednesday, May 24					11:00 a.m.	
Wednesday, August 23					11:00 a.m.	
Monday, August 28	2:00 p.m.	2:30 p.m.	3:00 p.m.			
Monday, September 25						2:00 p.m. Business
Monday, October 9	2:00 p.m.		3:00 p.m.			
Monday, October 30						2:00 p.m. Business
Monday, December 11	2:00 p.m.	2:30 p.m.	3:00 p.m.	3:30 p.m.		
Approved				*10.24.2022*		
Posted Publicly				*10.2022*		

Date: **10/10/2022**
FFE
Item: **D.3.**

Foundation for Excellence Agenda Report

Kalamazoo Foundation for Excellence

TO: Foundation for Excellence Board of Directors

FROM: Prepared by: Steve Brown, FFE Manager
Reviewed by: Steve Vicenzi, CFO

DATE: October 10, 2022

SUBJECT:

Approve Draft 2023 FFE-City Budget for Board approval

RECOMMENDATION:

Approve Draft 2023 FFE-City Budget for Board approval.

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

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

MEMORANDUM

9/27/2022

To: President Sandra Calderon-Huezo and the Board of Directors

From: Steve Brown, FFE Manager

Subject: **Fiscal Year 2023 City FFE Budget**

I am pleased to present the fiscal year 2023 City FFE budget recommendation.

The proposed budget is **$23,865,732**, which includes $4,514,210 for budget stabilization, $13,986,662 for tax reduction to City property taxpayers, $3,871,492 for aspirational activities, and $1,493,368 for operations 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 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 2022, $20.5 million 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 $74 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, $53.3 million has been budgeted for aspirational projects since 2017 for innovative projects and programs that align with the Imagine Kalamazoo vision, including youth development programs, affordable housing initiatives, complete streets and park improvements, and assistance to small businesses.

Visit www.kalamazoocity.org to interact with and map data about FFE program investments.

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

DRAFT Fiscal Year 2023 FFE Budget	Total 2017-2022	Proposed 2023
Budget Stabilization	$20,534,508	$4,514,210
Tax Reduction	$73,980,396	$13,986,662
Subtotal	$94,514,904	$18,500,872
Aspirational Projects		
Safe Community		
Lead Services Replacements	$2,500,000	
Safe Housing	$406,000	
Complete Neighborhoods, Connected City, Inviting Public Places		
Great Neighborhoods: Infrastructure	$11,762,500	$1,750,000
Great Neighborhoods: Park Enhancements	$4,234,500	
Neighborhood Engagement and Activation	$636,500	
Downtown Investment or Ambassador Program	$500,000	$150,000
Youth Development		
MyCity Summer Youth Employment	$4,800,000	$825,000
All Things Possible (ATP)	$594,474	$135,725
SuperRec	$758,758	$195,219
Youth Action Council, Youth Development Stipends		$35,000
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**	$2,744,000	
United Way Partnership Continuum of Care		$30,000
Economic Vitality		
Business Development Fund (BDF), KSBLF/KMEG**	$11,029,700	$350,000
Affordable Housing – Site Acquisition	$9,245,000	$250,000
Environmental Responsibility		
322 Stockbridge Site Assessment and Planning		$100,548
Kalamazoo Roots	$35,000	$50,000
Home Energy Efficiency Audits	$158,000	
Tire Blitz	$14,000	
Good Governance, Program Costs		
Personnel (Historical and proposed)	$2,265,688	$586,368
FFE Projected Expenses (Itemized in budget detail)	$236,500	$907,000
Total 1% Contingency per Goal Area	$97,983	
Subtotal	$53,283,620	$5,364,860
TOTAL	**$147,798,524**	**$23,865,732**

***Disaster Relief Fund; Kalamazoo Small Business Loan Fund; Kalamazoo Micro-Enterprise Grants*

The Mission of the Kalamazoo Foundation for Excellence is 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.

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 2023 Projected Taxable Values = $1,923,755,188
- Projected difference in taxes under 19.2705 mills and current 12 mills = $13,986,662

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, 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; 2023 $4.51M.

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. Complete Neighborhoods, Inviting Public Places, Connected City
   a. Great Neighborhoods: Infrastructure: More than $1.5 million is requested to continue the historic investment in Kalamazoo's distressed sidewalks with a priority and emphasis placed within one-quarter mile of community assets and daily needs. There are an estimated 300 miles of sidewalk in the City of Kalamazoo. Depending on the mix of new sidewalk and repaired sidewalk, the City is able to update between 5-15 miles each year.
   b. Downtown Ambassadors: This program was created as a direct result of the growing downtown area and the needs of the community. The program will meet the cleaning and hospitality needs downtown seven days a week as the district continues to attract new businesses, residents, and visitors.

B. Youth Development
   a. MyCITY: 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.

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www.kalamazoocity.org/ffe

   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: 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. Youth Action Council, Youth Development Stipends: 30-40 Councilor In Training (CIT) participants receive $500.00 stipends each. The program helps teach teens leadership, teamwork, build self-confidence, patience with working with younger kids, and communication skills that will eventually contribute to their transition to the workforce. These youth typically serve 40 hours each week for the nine-week period, or a total of 360 hours.

C. Economic Vitality, Shared Prosperity
   a. Continuum of Care: This coordinates efforts to address homelessness and oversees the strategic deployment of resources.
   b. Economic Development
      i. Business Development Fund (BDF) Technical Assistance: This program will offer $5,000 grants to small businesses (less than 10 employees) prioritized toward SPK Neighborhoods and women / minority-owned businesses. This grant can be used for website development, brand or logo consultation, hiring a bookkeeper, purchase of point-of-sale platform (Square), inventory software, purchase of a laptop or preparing past year taxes. Additionally, funds can also be used to prepare architectural drawings to prepare a business for code compliance during expansion or renovation.
      ii. Business Development Fund (BDF) Capacity Building: These funds are used to support small businesses with training opportunities facilitated in small groups led by a professional in the field.
   c. Affordable Housing: This project supports site acquisition in priority places to rebuild housing and mixed-use buildings. This funding will be used to acquire properties that meet specific goals of other CPED and City programs: Infill housing strategy, anti-gentrification efforts, natural features protection, and the implementation of pre-permitted plans and the land bank partnership plans.

D. Environmental Responsibility: Kalamazoo Roots helps increase access to healthy food and foster skills. Three neighborhoods (Oakwood, Vine, and Eastside) are prioritized based on actions listed in their Neighborhood Plans surrounding access to healthy food options. The program is currently in its second year (2022) and has expanded to include the Edison Neighborhood and 150 new participants and 60 returning participants. In 2023, the program would expand to include the Northside Neighborhood.

DRAFT 2023 Foundation for Excellence City Budget

10.3.22

Category	IK2025 Goal Alignment	Dept.	Request Name	Fund Balance	Endowment Withdrawal	All Sources	Not-to-exceed withdrawal targets			
STRUCTURAL GRANTS							Q1- March	Q2 - June	Q3 - Sep	Q4 - Dec
	City Property Tax Relief		Projected Taxable Values = $1,923,755,188 Projected difference 19.2705 - 12 mills.		13,986,662		6,993,331	6,993,331		
	City Budget Stabilization		Rolling two-year CPI of 3.3% as of 12.2021		4,514,210				2,257,105	2,257,105
					18,500,872					
PROGRAMS GRANT										
	Youth Development	Parks	Summer Youth Employment	825,000						
	Youth Development	Parks	Super Rec Summer Camp	195,219						
	Youth Development	Parks	All Things Possible Summer Camp	135,725						
	Youth Development	Parks	Youth Development Stipend Payments	20,000						
	Youth Development	Parks	Youth Action Council	15,000						
	Shared Prosperity	CPED	Kalamazoo Continuum of Care	30,000						
	Safe Community	CPED	Downtown Kalamazoo Ambassador Program	150,000						
	Environmental Responsibility	CPED	322 Stockbridge Continued Planning	100,548						
	Environmental Responsibility	CPED	Kalamazoo Roots	50,000						
	Economic Vitality	CPED	BDF Technical Assistance Grants	300,000						
	Economic Vitality	CPED	BDF Capacity Building Training Program	50,000						
	Connected City	Pub Serv	Sidewalk Projects - Compliance, Gaps, GIS Inventory	1,565,000						
	Connected City	Pub Serv	Portage Street Shared Use Path Survey and Design	85,000						
	Complete Neighborhood	CPED	Site Acquisition	250,000						
	Complete Neighborhood	Pub Serv	Traffic Calming	100,000						
				3,871,492						
OPERATIONS - FIXED COSTS										
	Personnel	City	Four (4) full-time equivalent City positions	586,368						
	Legal Services Agreement	FFE	Retainer for one-year of services (1.1.-12.31)		80,000					
	D&O Insurance	FFE	Director and Officer Insurance		25,000					
	Professional Development	FFE	Ongoing personnel development	10,000						
	Communications and Engagement	FFE	Communications and marketing strategies	20,000						
	Fund Management	FFE	Fund Mngr. Fees (Black Rock, Jennison)		160,000					
	Endowment Custory Fees	FFE	Custody Fees (State Street)		135,000					
	Endowment Investment Mgmt.	FFE	Consulting Fees (Marion Capital)		185,000					
	Independent Audit	FFE	Independent Audit and 990 service		12,000					
				616,368	597,000					
OPERATIONS - POTENTIAL*										
	Personnel (2)	FFE	Two (2) full-time equivalent FFE positions	235,000						
	Endowment Development services	FFE	One-year agreement for development planning	25,000						
	Development supports	FFE	Meeting and engagement expenses	20,000						
				280,000						
SUBTOTAL				**4,767,860**	**19,097,872**					
TOTAL						**23,865,732**				
							6,993,331	6,993,331	2,257,105	2,257,105

* Potential operations costs are contingent on Board actions at the October meeting.