Kalamazoo Foundation for Excellence

MINUTES
FFE Board of Directors

Monday, April 22, 2024 2:00 PM

Mayor's Riverfront Park – 251 Mills Street, Kalamazoo, MI 49048

A. CALL TO ORDER - by President Sandra Calderon-Huezo – 2:01pm

ROLL CALL

Staff present: Legal Counsel/Recording Secretary - Richard Cherry & Alex Page from Miller Johnson; FFE Executive Director ("ED")- Steve Brown; Chief Financial Officer – Steve Vicenzi

Guests present: Former Director Harrison; Neil Conway – City Communication Coordinator

PRESENT- Anderson, Ritsema, Decker, Hoffman, Bogan, Caderon-Huezo, Carrel, Bostrom, Balkema, Salas, Taylor, Lonberg, Washington, Miller

ABSENT- N/A

B. APPROVAL OF AGENDA

ACTION: Director Anderson moved to approve the agenda. Motion was seconded by Director Washington. The agenda of the April 22, 2024 meeting was approved by unanimous voice vote. There was no discussion.

C. APPROVAL OF MINUTES

ACTION: Director Balkema moved to approve the February 12, 2024 Meeting Minutes. Motion was seconded by Director Ritsema. The minutes of the February 12, 2024 meeting were approved by unanimous voice vote. There was no discussion.

D. REPORTS AND COMMUNICATIONS

1. (No Action) Review the Draft Independent Audit

ED Brown reviewed the draft independent audit with the Board. Director Balkema added that the audit subcommittee was pleased with the results and the City was very cooperative. Director Balkema clarified that the audit was accepted but not approved yet.

2. (No Action) Review Annual Financial Report Information

ED Brown discussed items that must be completed annually pursuant to the Articles and Bylaws, including a discussion of FFE's assets and investments through the end of 2023. CFO Vicenzi noted that the returns were impressive. ED Brown discussed the Annual Report and the who, what, when, where, why, and how of the FFE and its investments. There were no questions.

E. REGULAR AGENDA

1. Approve removal of the Attorney General concurrence provisions from Articles IV, X, and XII of the Articles and Sections 4.02, 4.12, and 11.01(B) of the Bylaws

Attorney Cherry explained that Miller Johnson discussed the requirements with the Attorney General's office ("AG") and the AG stated that it should not be involved in FFE bylaws changes for a non-profit, nor was it statutorily required. Director Lonberg inquired why the language was included but Attorney Cherry stated it was unclear. Attorney Cherry explained that FFE must vote to remove the language and then per AG instruction, FFE must bring a petition in the Kalamazoo County Circuit Court to remove the language.

ACTION: Director Washington moved to remove the AG concurrence provisions from Articles IV, X, and XII of the Articles and Sections 4.02, 4.12, and 11.01(B) of the Bylaws. Motion was seconded by Director Balkema and unanimously approved by voice vote.

2. Approve Budget Amendment of $39,000 for Fiduciary Insurance for FFE Investment Subcommittee

CFO explained that the Budget Committee recommended that the FFE Board approve the fiduciary insurance policy. CFO Vicenzi also noted that the insurance will provide extra protection against frivolous claims related to market changes in the funds.

ACTION: Director Hoffman moved to approve a budget amendment of $39,000 for fiduciary insurance for FFE Investment Subcommittee. Motion was seconded by Director Lonberg and unanimously approved by voice vote.

3. Approve the Board of Directors Attendance Policy

ED Brown noted this approval was recommended by the Executive Committee to encourage attendance at FFE Board meetings and to ensure votes were fully informed. ED Brown referred to page 43 of the packet for the specific language of the policy. ED Brown also noted that counsel reviewed the policy and that it was created based on other similar non-profit board attendance policies. He noted that the goal was not punitive, but rather the public can know that the Board is present physically and mentally to better improve the community.

ACTION: Director Miller moved to approve the Board of Directors Attendance Policy with the change in line 5 of the response paragraph to "the Executive Committee will decide what recommended actions to take." Motion was seconded by Director Ritsema and unanimously approved by voice vote.

Discussion: Director Balkema noted that the Executive Committee can remove someone and recommend to the Board but the Board must vote to remove the individual. Director Ritsema noted that line 5 of the response paragraph in the policy should be clarified to "the Executive Committee will decide what recommended actions to take."

4. Approve the 2025 Draft Grant Distribution to the City of Kalamazoo

ED Brown explained that the Finance Committee recommended that the Board approve the grant distribution. ED Brown explained the memorandum (page 47) that establishes the amount of the grant total and portions of that grant. ED Brown explained that the goal is to spend as much money as possible, but maintain enough funds to be able to in perpetuity. He also explained the projections and annual approval of grants to the City and noted that FFE is projected to grow ~1.4% per year. Director Hoffman asked whether aspirational project requests can be brought to the Board without first going to the City. ED Brown explained that FFE can only make grants to the City with the exception of the FFE paying its cost. ED Brown went through the process in detail and noted it is approximately an eight-month process due to enormous sums of money, rules and scores for projects, metrics for success, partners, other additional grant projects, etc. Director Bogan inquired about aspirational projects and inquired whether $4mm is enough in 2040. ED Brown explained that FFE invests in Imagine Kalamazoo (2026-2035) with four focus areas and scoring process for projects, but $4mm is the base. Director Bostrom noted that it may be helpful to shift to percentages rather than amounts, and ED Brown explained that the goal is to manage a system rather than specific projects. Director Lonberg noted her concern on resource alignment and that she wanted assurance that enough grants and projects focusing on City's needs in the future. ED Brown explained that since FFE's founding, it has spent $50 million of aspirational and $1.9 billion spent in total grants. Mayor Anderson noted that this is just approving 2025 grant distribution in the future, and the City continues to have community forums around other important questions.

ACTION: Director Washington moved to approve the 2025 Draft Grant Distribution to the City of Kalamazoo. Motion was seconded by Director Carrel and unanimously approved by voice vote.

5. Accept the Resignation of Affinity Stakeholder Director Johnathan Yarbrough effective February 27, 2024

ED Brown explained that Director Yarbrough accepted a new position and moved to East Lansing, Michigan.

ACTION: Director Anderson moved to accept the resignation of Affinity Stakeholder Director Johnathan Yarbrough effective February 27, 2024. Motion was seconded by Director Hoffman and unanimously approved by voice vote.

6. Approve Nominations and (Re)Appointments of Directors to the Foundation for Excellence Board

Recommendation:

- Appointment of Jamauri Bogan as the At Large Director to the Foundation for Excellence Board of Directors for a three-year term ending on May 31, 2025, and nomination of the following Sector Representatives for reappointment or appointment to the Foundation for Excellence Board of Directors:
    - The re-appointment of Andrea Bostrom as Healthcare Stakeholder Director for a three-year term ending May 31, 2027;
    - The appointment of Dr. Karika Parker as Education Stakeholder Director for a three-year term ending on May 31, 2027;
    - The appointment of Kelsey McKague as Neighborhood Stakeholder Director (Oakwood) for a three-year term ending on May 31, 2027.

ACTION: Director Washington moved to approve the nominations and (re)appointments of Directors to the Foundation for Excellence Board outlined on page 58 and above. Motion was seconded by Director Salas and unanimously approved by voice vote.

Discussion: Director Washington noted that he knew the new stakeholder directors personally and welcomed the new directors and the importance of their expertise.

7. Elect Officers for One-Year Terms Ending at the Annual Board Meeting to be held in April of 2025

The Executive Committee recommended the following slate of officers for election at its April 8, 2024 meeting (page 81):

- President – Sandra Calderon-Huezo, Neighborhood Stakeholder (Edison)
- Vice President – James K. Ritsema, Ex Officio Director, Kalamazoo City Manager
- Treasurer – Mary Balkema, Housing Stakeholder
- Secretary – Dr. Andrea Bostrom, Healthcare Stakeholder

The process for electing Officers and Descriptions are laid out in Bylaws Sections 5/01-5.05.

ACTION: Director Hoffman moved to approve the Executive Committee recommendations for officers for one-year terms ending at the Annual Board Meeting to be held in April of 2025 outlined on page 81 and above. Motion was seconded by Director Carrel and unanimously approved by voice vote.

8. Approve Committee Appointments for One-Year Terms Ending at the Annual Board Meeting to be held in April of 2025

Recommendation to approve the following committee appointments for one-year terms ending at the Annual Board Meeting to be held in April of 2025 (page 83):

Finance Committee (Section 6.03 of the FFE Bylaws):

1. President – Sandra Calderon-Huezo
2. Treasurer - Mary Balkema
3. CFO/Finance Director – Steve Vicenzi
4. City Manager – James K. Ritsema
5. Stakeholder Director – Dr. Parker
6. Stakeholder Director – Director Carrel

Executive Committee (Section 6.03 of the FFE Bylaws):

1. President – Sandra Calderon-Huezo
2. Vice President – Dr. Andrea Bostrom
3. Treasurer - Mary Balkema
4. Secretary – Alisa Carrel
5. City Director – Director Bogan
6. Finance Representative – Director Parker

Nominating Committee:

1. President – Director Calderon-Huezo
2. Director Bostrom
3. Director Lonberg
4. Director Decker
5. Director Hoffman

Audit Subcommittee:

1. President – Director Calderon-Huezo
2. Director Bostrom
3. Director Balkema
4. Director Carrel
5. Director McKague

ACTION: Director Decker moved to approve the above committee appointments for one-year terms ending at the Annual Board Meeting to be held in April of 2025. Motion was seconded by Director Washington and unanimously approved by voice vote.

9. Approve Amendment for Executive Director Employment Agreement to allow for City of Kalamazoo Staff Cost of Living Adjustments (COLA)

Attorney Cherry explained that FFE previously had a lease agreement with the City for ED Brown services but it did not include an annual COLA adjustment that all City employees receive. Attorney Cherry recommended amending the agreement to include this COLA consistent with the City procedure. He also noted that it should be retroactive to the beginning of the calendar year. Director Balkema noted that ED Brown's raise should be retroactive to the start of the calendar year, too. Attorney Cherry also noted that the recommendation is to approve a COLA, which is not a certain percentage increase because the City sets the COLA, though this year it is a 3% cost of living adjustment.

ACTION: Director Miller moved to approve an amendment for ED Brown's agreement to allow for the City of Kalamazoo Staff Cost of Living Adjustment. Motion was seconded by Director Balkema and unanimously approved by voice vote.

F. PUBLIC COMMENTS

Former Director Harrison noted he appreciated his time on the Board and his conflict with using money for people and how the people use the money. He also highlighted that FFE is managing a system and asked the Board to be mindful of movement going forward and to focus on transparency and meeting the needs of the community. He also emphasized clarity and consistency in communication. Lastly, he implored the Board to focus on the investment in the community rather than the specific numbers.

Neil Conway – communication coordinator with the City present for a photograph.

G. BOARD MEMBER COMMENTS

Director Carrel noted that the Gilmore piano festival begins Wednesday, shared informational booklets, and encouraged everyone to attend.

Director Washington recalled struggles finding assets (parking, income tax, selling assets) and no one wanted to discuss income tax. He noted that Kalamazoo was extremely blessed with Kalamazoo Promise and FFE. FFE has important and forward-looking vision. Director Washington noted ED Brown's impressive work with the City and Board.

H. CLOSED SESSION

1. (No Action) Periodic Personnel Evaluation

Director Ritsema moved to go into closed session, Director Miller seconded. Unanimous. The Board went into closed session at 3:56pm.

I. ADJOURNMENT - 4:20pm

Richard O. Cherry
Recording Secretary

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