



Kalamazoo
Foundation for
Excellence

Agenda FFE Finance Committee

Monday, December 8, 2025 2:00 PM

Kalamazoo City Hall – 241 West South Street

A. CALL TO ORDER

1. Roll Call
2. Approve Agenda

B. APPROVAL OF MINUTES

1. Approve the meeting minutes of October 6, 2025

C. REPORTS AND COMMUNICATIONS

1. (No Action) FFE Endowment Update

D. REGULAR AGENDA

1. Recommend Fiscal Year 2026 Budget Amendment

E. PUBLIC COMMENTS

F. BOARD MEMBER COMMENTS

G. ADJOURNMENT

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.

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 purview 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.

Updated October 23, 2023



Kalamazoo
Foundation for
Excellence

Agenda FFE Finance Committee - Minutes

Monday, October 6, 2025 2:00 PM
Kalamazoo City Hall – 241 West South Street

A. CALL TO ORDER

2:03 PM

1. Roll Call-

Present: Bostrom, Vice President Ritsema, Treasurer Balkema, Director Vazquez-Alatorre

Absent: Parker- excused

Staff present: Steve Brown and Steve Vincenzi

Guests: Chris Ruppel, Lynn Zhang, Rob McDougal, from Zhang Financial

2. Approve Agenda- **Motion:** President Ritsema moved, Balkema 2nd. Discussion item: Add Treasurer Balkema’s memo “Encumbrance of Funds for Housing and Public Works Projects” to Item D.1. **Unanimous Approval.**

3. No Guests.

B. APPROVAL OF MINUTES

- March 31, 2025
- **Motion to Approve: Balkema moved, Ritsema 2nd. Unanimous Approval.**

- September 8, 2025
- **Motion to Approve: Balkema moved, Vazquez-Alatorre 2nd. Discussion: Strike out note in D.3. “(Need to check Mary’s notes on this one)”. Unanimous Approval.**

C. REPORTS AND COMMUNICATIONS

D. REGULAR AGENDA

1. Approve budget recommendation to the FFE Board for Aspirational Projects
 - **Motion to approve the remaining balance of 2025 FFE Aspirational Grant allocations of \$2,298,673 for affordable housing and \$1,814,466 for complete neighborhood infrastructure to stay with the City: Ritsema moved, Balkema 2nd. Unanimous Approval.**

2. Recommend Draft 2026 Budget for Board approval
 - **Motion to recommend the 2026 Budget for Board approval: Vicenzi moved, Balkema 2nd. Unanimous Approval.**
3. Recommend an Update to the Investment Allocation for the FFE Endowment
 - **Motion to Recommend an Update to the Investment Allocation for the FFE Endowment. Balkema moved, Ritsema 2nd. Unanimous Approval.**

E. PUBLIC COMMENTS

- No public comments.

F. BOARD MEMBER COMMENTS

- No public comments.

G. ADJOURNMENT

- 2:42 p.m.

The next meeting is scheduled for Monday, December 8, 2025, at 2 p.m.

Minutes Drafted: October 6, 2025.

Minutes Approved: _____



Kalamazoo
Foundation for
Excellence

FFE Finance Committee Staff Report

TO: Foundation for Excellence Finance Committee

FROM: Steve Brown, Executive Director

DATE: December 8, 2025

SUBJECT: (No Action) FFE Endowment Update

RECOMMEDATION:

(No Action) FFE Endowment Update

BACKGROUND:

The FFE Endowment was created in 2020 with an initial large gift, followed in 2021 by the transformational pledge of \$400 million to be contributed in annual installments of \$40 million over ten years ending in 2030. An additional pledge of \$45 million was secured in 2023 to be paid in three annual installments of \$15 million until 2026. These gifts have been stewarded very well by the FFE with the guidance of the FFE Investment Subcommittee. The FFE endowment remains on track to achieve or exceed the target endowment valuation of \$500 million by 2030. The standard excerpt of the Endowment Update from the FFE Investment Subcommittee, dated September 30, 2025, is attached to show full information.



Kalamazoo Foundation
for Excellence

September 30, 2025

Report to the
The KFFE Investment Subcommittee

Wednesday, December 3, 2025
12:00 pm
W.E. Upjohn Institute
300 S Westnedge Ave
Kalamazoo, MI 49007

REPORT TO THE RETIREMENT INVESTMENT COMMITTEE

Performance of the Kalamazoo Foundation for Excellence September 30, 2025

The market value of portfolio assets increased from \$351.7 million to \$374.2 million during the third quarter of 2025, an increase of \$22.5 million or 6.40%. During the quarter there were no contributions and withdrawals totaled of \$102,680.55 (including intra-account transfers). In the investment account there were dividends and interest income of \$1.46 million.

The portfolio weighted average return for the quarter, net of manager fees, was 6.41%. The 1-year return, net of manager fees, was 13.17%.

Equities comprised 72.4% of the Kalamazoo Foundation for Excellence portfolio at the end of the quarter. The equity portion of the portfolio returned 8.12% for the quarter, and 17.57% over the last year.

Fixed Income comprised 23.1% of the Kalamazoo Foundation for Excellence portfolio at the end of the quarter. The fixed income portion of the portfolio returned 1.89% for the quarter, and 2.89% over the last year.

Real Estate comprised 4.5% of the Kalamazoo Foundation for Excellence portfolio at the end of the quarter. The real estate portion of the portfolio returned 3.76% for the quarter and -2.27% over the last year.

Cash and equivalents totaled \$1, or essentially 0.0% of the total assets.

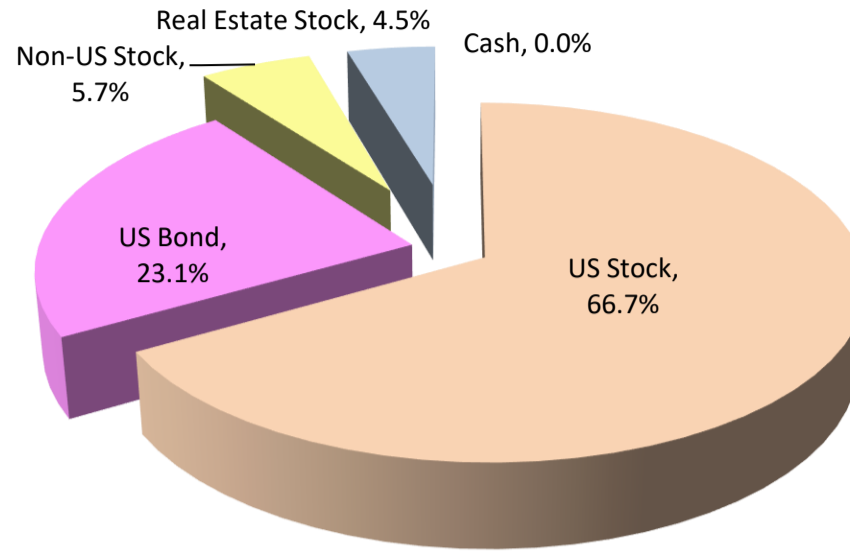
The portfolio target allocation approved by the investment committee on August 25, 2021 is 70% equities, 25% fixed income, 5% real estate, and 0% cash.

The inflation-adjusted, or real return, for the quarter was 5.72% as the US BLS All Urban inflation rate for the quarter was 0.69%. With an annual inflation rate of 3.01% the one-year real return was 10.16%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 11.37% nominal and 6.91% real with a since-inception inflation rate of 4.46%.

Respectfully submitted,
September 30, 2025

Zhang Financial

Kalamazoo Foundation for Excellence
Asset Allocation
September 30, 2025



Market Value \$ 374,239,950

Since-Inception (5/1/2020)

Annualized Net Return % 11.37

3-Year Stats

Standard Deviation 9.95

Sharpe Ratio 1.62

PORTFOLIO EXPOSURE

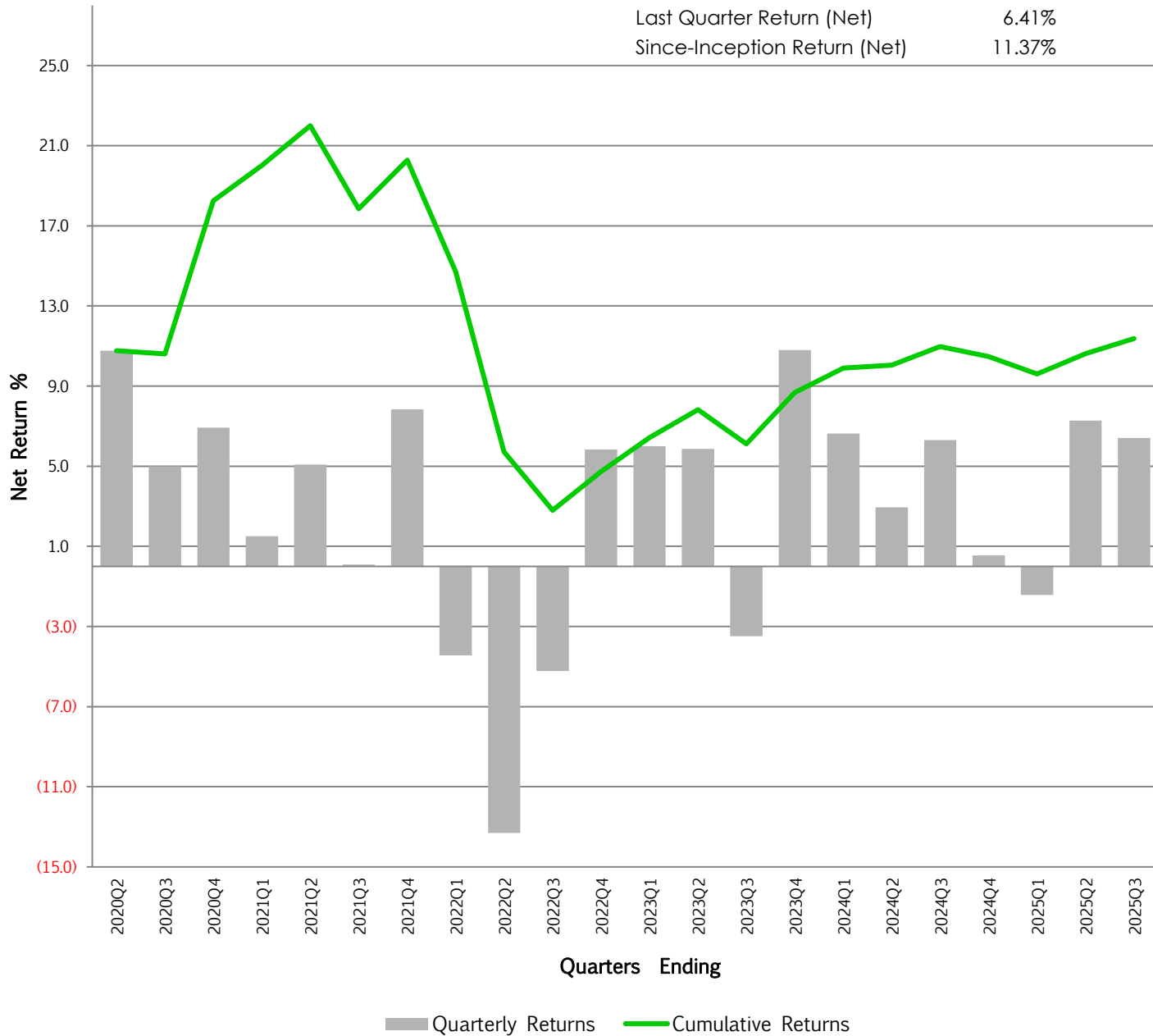
Geographic Exposure				Fixed Income Risk				Bloomberg US Agg Bond TR		Performance Attribution ⁽¹⁾	
								USD		3 Months (bps)	
U.S	94.3%			Coupon	Jennison 3.64%			3.62%		Gross of Fees and versus the BBgBarc US Agg Bond TR USD	
Foreign	5.7%			Yield	4.35%			4.41%			
	100.0%			Effective Duration (yrs)	5.89			5.89			Yield Curve (3)
Currency (Direct Exposure)				Sector Allocation				Bloomberg US Agg Bond TR			
USD	100.0%			Convexity	0.38			0.43			Sector Allocation 3
Non-USD	0.0%			Maturity (yrs)	7.70			8.09			Security Selection (11)
	100.0%			Quality	AA			AA			Other 0
											Total (11)
Asset Classes	Actual%	Policy%	+/-		Jennison			USD		+/-	
Equity	72.4%	70.0%	2.4%	Treasury	35.9			45.5		(9.6)	
Fixed	23.1%	25.0%	-1.9%	Agency	0.9			0.6		0.3	
Real Estate	4.5%	5.0%	-0.5%	Finance	11.8			8.0		3.8	
Cash	0.0%	0.0%	0.0%	Industrial	10.5			13.6		(3.1)	
	100.0%	100.0%	0.0%	Utility	3.0			2.4		0.7	
				Non-Corporate	0.0			3.7		(3.7)	
				Mortgage	24.5			24.4		0.1	
Liquidity-Daily		100.0%		CMO	1.8			0.0		1.8	
Liquidity> 1 day & < 90 days		0.0%		Asset Backed	10.6			0.4		10.1	
Liquidity> 91 days & < 2 years		0.0%		CMBS	0.8			1.5		(0.7)	
Liquidity> 2 years		0.0%		Cash	0.3			0.0		0.3	
Total		100.0%		Total	100.0			100.0		0.0	

Weighted Average Manager Fee 0.13%

(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 Quarterly vs Since-Inception (5.1.2020) Net Returns September 30, 2025

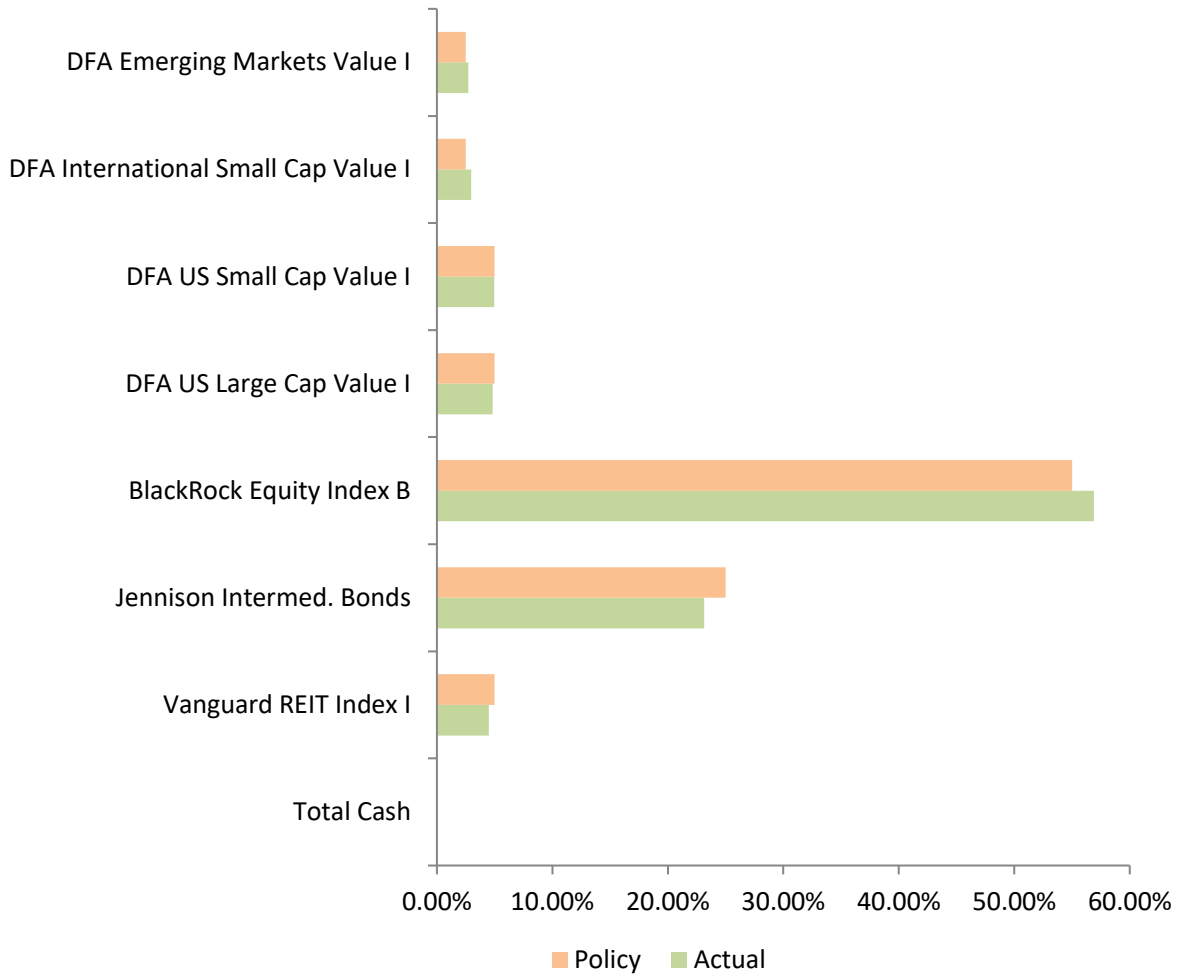


State Street Portfolio was funded on 4/8/2020 when 465,000 shares of Stryker Stock were gifted to the Foundation.
 100% of Stryker liquidated on 4/15/2020 by State Street.
 Jennison Intermed. Bonds purchased on 4/29/2020; \$40.0MM at 50% allocation.
 BlackRock Fund B purchased on 5/6/2020; \$40.8MM at 50% allocation.
 Gift of \$38.1 million received on 8/12/2021.
 Vanguard REIT purchased 11/5/2021; \$7,300,000 at 5% allocation.

Kalamazoo Foundation for Excellence

Policy Allocation vs. Actual

September 30, 2025



	<u>Amount \$</u>	<u>Actual</u>	<u>Policy</u>	<u>Variance %</u>
DFA Emerging Markets Value I	10,229,014	2.7%	2.5%	0.23%
DFA International Small Cap Value I	11,119,427	3.0%	2.5%	0.47%
DFA US Small Cap Value I	18,567,018	5.0%	5.0%	-0.04%
DFA US Large Cap Value I	18,089,874	4.8%	5.0%	-0.17%
BlackRock Equity Index B	212,879,188	56.9%	55.0%	1.88%
Jennison Intermed. Bonds	86,572,854	23.1%	25.0%	-1.87%
Vanguard REIT Index I	16,782,574	4.5%	5.0%	-0.52%
Total Cash	1	0.0%	0.0%	0.00%
	374,239,950	100.0%	100.0%	0.00%

The portfolio target allocation is 70% equities, 25% fixed income, 5% real estate, and 0% cash was approved on August 25th, 2021. Vanguard Real Estate was purchased on November 5th, 2021.

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Vanguard Real Estate was purchased on November 5th, 2021.

DFA US Large Cap Value I, DFA US Small Cap Value I, DFA International Small Cap Value I, and DFA Emerging Markets Value I were all introduced to the portfolio on December 23, 2024.

Kalamazoo Foundation for Excellence
2025 State Street Expense Report

Foundation for Excellence Expenses	1Q	2Q	3Q	4Q	Total
State Street Fees - Nov 2024	13,410	-	-	-	13,410
State Street Fees - Dec 2024	14,292	-	-	-	14,292
State Street Fees - Jan 2025	13,716	-	-	-	13,716
State Street Fees - Feb 2025	-	15,118	-	-	15,118
State Street Fees - Mar 2025	-	14,943	-	-	14,943
State Street Fees - Apr 2025	-	14,795	-	-	14,795
State Street Fees - May 2025	-	-	16,110	-	16,110
State Street Fees - Jun 2025	-	-	14,537	-	14,537
Total Custody Fees	41,418	44,856	30,646	-	116,921
BlackRock Fees - 4Q2023	10,125	-	-	-	10,125
BlackRock Fees - 1Q2024	-	8,449	-	-	8,449
BlackRock Fees - 2Q2024	-	-	9,317	-	9,317
Fund Manager Fees - BlackRock	10,125	8,449	9,317	-	27,890
Jennison Fees - Dec 2024	13,605	-	-	-	13,605
Jennison Fees - Jan 2025	14,687	-	-	-	14,687
Jennison Fees - Feb 2025	14,968	-	-	-	14,968
Jennison Fees - Mar 2025	-	15,743	-	-	15,743
Jennison Fees - Apr 2025	-	15,870	-	-	15,870
Jennison Fees - May 2025	-	15,760	-	-	15,760
Jennison Fees - Jun 2025	-	-	15,976	-	15,976
Jennison Fees - Jul 2025	-	-	15,927	-	15,927
Jennison Fees - Aug 2025	-	-	16,103	-	16,103
Fund Manager Fees - Jennison	43,260	47,374	48,006	-	138,639
DFA Large Cap - KF40 Fees - Jan 2025	2,976	-	-	-	2,976
DFA Large Cap - KF40 Fees - Feb 2025	3,120	-	-	-	3,120
DFA Large Cap - KF40 Fees - Mar 2025	-	3,187	-	-	3,187
DFA Large Cap - KF40 Fees - Apr 2025	-	3,038	-	-	3,038
DFA Large Cap - KF40 Fees - May 2025	-	3,118	-	-	3,118
DFA Large Cap - KF40 Fees - Jun 2025	-	-	3,259	-	3,259
DFA Large Cap - KF40 Fees - Jul 2025	-	-	3,284	-	3,284
DFA Large Cap - KF40 Fees - Aug 2025	-	-	3,427	-	3,427
Fund Manager Fees - DFA Large Cap	6,096	9,342	9,970	-	25,409
DFA Small Cap - KF41 Fees - Jan 2025	4,153	-	-	-	4,153
DFA Small Cap - KF41 Fees - Feb 2025	3,934	-	-	-	3,934
DFA Small Cap - KF41 Fees - Mar 2025	-	4,200	-	-	4,200
DFA Small Cap - KF41 Fees - Apr 2025	-	3,976	-	-	3,976
DFA Small Cap - KF41 Fees - May 2025	-	4,217	-	-	4,217
DFA Small Cap - KF41 Fees - Jun 2025	-	-	4,416	-	4,416
DFA Small Cap - KF41 Fees - Jul 2025	-	-	4,476	-	4,476
DFA Small Cap - KF41 Fees - Aug 2025	-	-	4,847	-	4,847
Fund Manager Fees - DFA Small Cap	8,087	12,393	13,740	-	34,220
DFA Int'l Small - KF42 Fees - Jan 2025	2,903	-	-	-	2,903
DFA Int'l Small - KF42 Fees - Feb 2025	2,988	-	-	-	2,988
DFA Int'l Small - KF42 Fees - Mar 2025	-	3,105	-	-	3,105
DFA Int'l Small - KF42 Fees - Apr 2025	-	3,245	-	-	3,245
DFA Int'l Small - KF42 Fees - May 2025	-	3,452	-	-	3,452
DFA Int'l Small - KF42 Fees - Jun 2025	-	-	3,601	-	3,601
DFA Int'l Small - KF42 Fees - Jul 2025	-	-	3,605	-	3,605
DFA Int'l Small - KF42 Fees - Aug 2025	-	-	3,839	-	3,839
Fund Manager Fees - DFA Int'l Small	5,891	9,801	11,045	-	26,737
DFA Emerg Mkts - KF43 Fees - Jan 2025	2,847	-	-	-	2,847
DFA Emerg Mkts - KF43 Fees - Feb 2025	2,873	-	-	-	2,873
DFA Emerg Mkts - KF43 Fees - Mar 2025	-	3,137	-	-	3,137
DFA Emerg Mkts - KF43 Fees - Apr 2025	-	3,133	-	-	3,133
DFA Emerg Mkts - KF43 Fees - May 2025	-	3,291	-	-	3,291
DFA Emerg Mkts - KF43 Fees - Jun 2025	-	-	3,484	-	3,484
DFA Emerg Mkts - KF43 Fees - Jul 2025	-	-	3,528	-	3,528
DFA Emerg Mkts - KF43 Fees - Aug 2025	-	-	3,592	-	3,592
Fund Manager Fees - DFA Emerg Mkts	5,720	9,562	10,603	-	25,885
Total Fund Manager Fees	79,178	96,921	102,681	-	278,780
Total Foundation For Excellence Exp	120,596	141,778	133,327	-	395,701

Kalamazoo Foundation for Excellence
2025 State Street Cash Flow Report

Endowment	2025 Budget	2025 Q1 Projected	2025 Q1 Actual	2025 Q2 Projected	2025 Q2 Actual	2025 Q3 Projected	2025 Q3 Actual	2025 Q4 Projected	2025 Q4 Actual	2025 Total Actual
Cash Beginning Balance	9	9	9	1	1	1	1	1	1	9
Dividends			0		-		-		-	0
Total Receipts			0		-		-		-	0
Transfer to Operations Cash KF80	(8)	(8)	(8)		-		-		-	(8)
Transfer to Investments			-		-		-		-	-
Total Transfers	(8)	(8)	(8)	-	-	-	-	-	-	(8)
Cash Ending Balance	1	1	1	1	1	1	1	1	1	1
Investments Beginning Balance	303,766,466	303,766,466	303,766,466	337,587,514	327,808,608	343,103,265	351,684,683	348,619,015	374,239,948	303,766,466
Dividends			413,943		634,650		644,085		-	1,692,679
Interest			730,434		848,325		855,805		-	2,434,564
Realized Gain/Loss			(16,039)		(39,260)		(611,788)		-	(667,087)
Unrealized Gain/Loss	21,833,000	5,458,250	(6,215,874)	5,458,250	22,529,280	5,458,250	21,769,844	5,458,250	-	38,083,250
Fund Manager Fees	230,000	57,500	(79,178)	57,500	(96,921)	57,500	(102,681)	57,500	-	(278,780)
Net Investment Activity	22,063,000	5,515,750	(5,166,714)	5,515,750	23,876,074	5,515,750	22,555,265	5,515,750	-	41,264,626
Transfer from Donation	28,305,297	28,305,297	29,208,856		-		-		-	29,208,856
Investments Ending Balance	354,134,763	337,587,513	327,808,608	343,103,264	351,684,683	348,619,015	374,239,948	354,134,765	374,239,948	374,239,948
Operations Cash - KF80	2025 Budget	2025 Q1 Projected	2025 Q1 Actual	2025 Q2 Projected	2025 Q2 Actual	2025 Q3 Projected	2025 Q3 Actual	2025 Q4 Projected	2025 Q4 Actual	2025 Total Actual
Operations Cash Beginning Balance	822,360	822,360	822,360	21,176,143	20,465,041	3,730,482	4,498,595	2,276,421	4,391,581	822,360
Donations	55,000,000	55,000,000	54,749,114		-		-		-	54,749,114
Dividends			82,635		160,546		45,415		-	288,596
Realized Gain/Loss			(877,086)		-		-		-	(877,086)
Total Receipts	55,000,000	55,000,000	53,954,663		160,546		45,415		-	54,160,624
Transfer from Endowment Cash			8		-		-		-	8
Transfer to Endowment Investments	(28,305,297)	(28,305,297)	(29,208,856)		-		-		-	(29,208,856)
Total Transfers	(28,305,297)	(28,305,297)	(29,208,848)		-		-		-	(29,208,848)
City Aspirational Projects payment	5,000,000	1,250,000	-	1,250,000	-	1,250,000	-	1,250,000	-	-
City Budget Stabilization payment	4,886,859	4,886,859	4,886,859		-		-		-	4,886,859
City Operations expense reimburseme	644,644	161,161	174,856	161,161	90,536	161,161	121,783	161,161	-	387,175
City Tax Reduction payment	15,991,600		-	15,991,600	15,991,600		-		-	15,991,600
Custody Fees (State Street)	171,600	42,900	41,418	42,900	44,856	42,900	30,646	42,900	-	116,921
Total Disbursements	26,694,703	6,340,920	5,103,133	17,445,661	16,126,992	1,454,061	152,430	1,454,061	-	21,382,555
Operations Cash Ending Balance	822,360	21,176,143	20,465,041	3,730,482	4,498,595	2,276,421	4,391,581	822,360	4,391,581	4,391,581
Total Foundation for Excellence Balance	354,957,123	358,763,656	348,273,650	346,833,746	356,183,279	350,895,436	378,631,530	354,957,126	378,631,530	378,631,530



Kalamazoo
Foundation for
Excellence

FFE Finance Committee Staff Report

TO: Foundation for Excellence Finance Committee

FROM: Steve Brown, Executive Director

DATE: December 8, 2025

SUBJECT: Recommend Fiscal Year 2026 Budget Amendment

RECOMMEDATION:

Recommendation of a budget amendment to the 2026 budget for \$24,500 for communications expenses.

BACKGROUND:

The FFE 2026 budget was approved in October. At that time, communication plans and costs for the 2026 newsletter were not finalized. Staff recommends approval of a budget amendment to allow for the publication and mailing of a combined newsletter and annual report in the amount of \$24,500, roughly 5% more than the previous 2025 budget to account for the estimated annual cost increase. If approved, the amendment would be brought forward to the FFE board of directors for final approval.

In previous years, the newsletter was published on or around the first of each year and the annual report was published in March or April when audited financials were available. In 2026, the FFE will merge those two publications to achieve two benefits: first, it will reduce pressure on the City and FFE to generate full project and program data prior to the end of the year under review, which has been a consistent challenge; second, it will align FFE with the common practice of the foundation sector to have one annual publication. The 2026 combined annual report will be released once audited financials are available.