MINUTES

I. General Opening Items
A. Call meeting to order

Chair Robert Salisbury called the meeting to order at 11:04 a.m.

B. Roll Call

Members Present Chair Robert Salisbury, Manatee County, Florida; Randy Eberts, Kalamazoo County, Michigan; Dean Bergy, Maricopa County, Arizona; Dan DeMent, Allegan County, Michigan; Sandi Doctor, Kalamazoo County, Michigan; Nick Griffith, Allegan County, Michigan; Joshua Sledge, Kalamazoo County, Michigan

Members Absent None

C. Introduction of Guests

Steve Vicenzi, CFO/Director Management Services; Chris Ruppel, Merion Capital; Neena Porter, Management Services Coordinator; Clyde Robinson, City Attorney; Steve Brown, Manager, Kalamazoo Foundation for Excellence; Rob McDougall, Katie Richards, Lynn Zhang, Rob Nelson and Kyle Mack from Zhang Financial

D. Approval of minutes from December 2, 2020 meeting

A motion was made by Mr. Bergy and seconded by Ms. Doctor to approve the minutes from the August 26, 2020 meeting. The motion carried by voice vote.

II. Kalamazoo Foundation For Excellence

A. Investment Portfolio

1. Assets on December 31, 2020

Mr. Vicenzi reviewed the assets as of December 31, 2020.

2. Investment Performance Report

Mr. McDougall reviewed the investment performance report.
The market value of portfolio assets increased from $89.6 to $95.8 million during the fourth quarter of 2020; an increase of $6.2 million or 6.92%.

The portfolio weighted average return for the quarter, net of manager fees, was 6.92%. The return since May 1, 2020, net of manager fees, through the end of the quarter has been 18.25%

Equities comprised 52.0% of the Kalamazoo Foundation For Excellence portfolio at the end of the fourth quarter. The equity portion of the portfolio returned 12.13% during the fourth quarter. The return since May 1, 2020 for equity through the end of the quarter has been 33.68%

Fixed income comprised 47.9% of the Kalamazoo Foundation For Excellence portfolio at the end of the fourth quarter. The fixed income portion of the portfolio returned 0.87% during the fourth quarter. The return since May 1, 2020 for fixed income through the end of the quarter has been 2.82%

Cash and equivalents were approximately $71,837 or 0.1% of the assets.

The portfolio finished the quarter with 52.0% in equities, 47.9% 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 6.85% as the inflation rate for the quarter was 0.07%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 18.25% nominal and 16.66% real.

B. Account Update

1. 2020Q4 Review Expenses/Approval

   Mr. Vicenzi presented the quarterly expenses.

   A motion was made by Mr. Bergy and seconded by Ms. Doctor to approve the expenses for the 4th quarter. The motion carried by roll call vote as follows:

   Ayes: Bob Salisbury, Randy Ebets, Dean Bergy, Sandi Doctor, Nick Griffith, Joshua Sledge
   Nays: None
   Abstains: Dan DeMent – Technical Difficulty
   Absent: None

2. 2020Q4 Review of Cash Flow

   Mr. Vicenzi presented the Cash Flow report.

3. 2020Q4 Rebalance

   Mr. Vicenzi presented the rebalance report.

   Mr. Bergy asks about the timing of withdrawals.

   Mr. Brown affirms no draws from endowment corpus until the end of 2022.
Distributions made from KFFE to City for City budget stabilization, and for tax reductions will not come from the endowment corpus until the end of 2022. Current aspirational distributions are coming out of the City—not out of the KFFE invested assets.

C. Communications

1. Derivatives Reports

   Mr. McDougall noted nothing unusual to report.

   C. Ruppel  R. McDougall

2. Jennison Quarterly Overview

   Mr. McDougall nothing unusual to report.

   R. McDougall

3. Articles of Interest

   Mr. Ruppel presented

   R. Salisbury

4. Other

D. Due Diligence / Education / Governance

1. Activity Reports

   Nothing unusual to report.

   C. Ruppel

2. Future Due Diligence / Education

   Nothing unusual to report.

   C. Ruppel

3. Corporate Governance

   Nothing unusual to report.

   C. Ruppel

E. Old / New Business

1. Gains from Securities Lending

   Nothing unusual to report.

   R. Salisbury

2. E & O Insurance

   Mr. Vicenzi noted policy is quoted for $1 million in coverage. This is due to FFE being a relatively new organization and the dollar amount currently being invested. Currently waiting on a response regarding definition of “Professional Services” and whether applicable to the Investment Committee.

   S. Vicenzi
KALAMAZOO FOUNDATION FOR EXCELLENCE
Investment Subcommittee Meeting
Quarter Ending December 31, 2020
Meeting of Wednesday, February 24, 2021 at 11:00 AM
ZOOM Meeting Hosted by City of Kalamazoo

3. Something of Value

Sandi Doctor recommends an asset allocation study.

Mr. Salisbury indicates that if there are no contributions prior to the end of 2022, the asset allocation should be revisited and made more conservative.

F. Public Comment

S. Vicenzi

Mr. Vicenzi noted no public comments for this meeting.

III. General Closing Items

A. Future Meetings
R. Salisbury

2021Q1 Wednesday, May 26, 2021 at 11:00 am
2021Q2 Wednesday, August 25, 2021 at 11:00 am
2021Q3 Wednesday, December 1, 2021 at 11:00 am
2021Q4 Wednesday, February 23, 2022 at 11:00 am

B. “Around the Table”
R. Salisbury

C. Adjourn
R. Salisbury

Chair R. Salisbury adjourned the meeting at 11:29 a.m.

Sincerely,

Steve Vicenzi,
Secretary