

KALAMAZOO FOUNDATION FOR EXCELLENCE

Investment Subcommittee Meeting

Quarter Ending June 30, 2023

Meeting of Wednesday, August 23, 2023, at 12:00 PM

W.E. Upjohn Institute

MINUTES

I. General Opening Items

A. Chair Robert Salisbury called the meeting to order at 12:00

B. Roll call

Members present: Chair Robert Salisbury, Dean Bergy, Nick Griffith, Dan DeMent, Joshua Sledge, Randy Eberts

Members absent: Sandi Doctor

Randy Eberts **motioned** and Dean Bergy supported to excuse Sandi Doctor. The **motion carried** by voice vote.

Ayes: Robert Salisbury, Dean Bergy, Nick Griffith, Dan DeMent, Joshua Sledge, Randy Eberts

Nays: None

Absent: Sandi Doctor

C. Introduction of guests

Steve Vicenzi, CFO, City of Kalamazoo; Adam Vosburg (virtual), Accounting, City of Kalamazoo; Aaron Leal, City of Kalamazoo Attorney; Mayor David Anderson; Chris Ruppel, Rob McDougall and Katie Richards from Zhang Financial

D. Review and **approve** minutes of May 24, 2023.

A **motion** was made by Dan DeMent and seconded by Randy Eberts to approve the minutes of the Foundation for Excellence Committee meeting of May 24, 2023. The **motion carried** by voice vote.

Ayes: Robert Salisbury, Dean Bergy, Nick Griffith, Dan DeMent, Joshua Sledge, Randy Eberts

Nays: None

Absent: Sandi Doctor

II. Kalamazoo Foundation for Excellence

A. Investment Portfolio

1. Steve Vicenzi reviewed the assets as of June 30, 2023.

2. Rob McDougall reviewed the investment performance report for 2023 Q2.

The market value of portfolio assets increased from \$206.2 million to \$210.9 million during the second quarter of 2023, an increase of \$4.7 million or 2.28%. During the quarter there were no contributions and withdrawals amounted to \$7.0 million. Interest and dividend income for the quarter amounted to \$273,624.39.

The portfolio weighted average return for the quarter, net of manager fees, was 5.86%. The 1-year return, net of manager fees, was 12.55%.

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Equities comprised 71.1% of the Kalamazoo Foundation for Excellence portfolio at the end of the second quarter. The equity portion of the portfolio returned 8.74% for the quarter, and 19.56% over the last year.

Fixed Income comprised 23.9% of the Kalamazoo Foundation for Excellence portfolio at the end of the second quarter. The fixed income portion of the portfolio returned -1.26% for the quarter, and -1.57% over the last year.

Real Estate comprised 5.0% of the Kalamazoo Foundation for Excellence portfolio at the end of the second quarter. The real estate portion of the portfolio returned 1.82% for the quarter and -3.62% over the last year.

Cash and equivalents totaled \$76,495; less than 0.1% 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 4.78% as the US BLS All Urban inflation rate for the quarter was 1.08%. With an annual inflation rate of 2.97% the one-year real return was 9.58%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 7.82% nominal and 2.15% real with a since-inception inflation rate of 5.67%.

B. Account Update

1. Purpose of Expense Approval Discussion
2. Review and **approve** the 2023 Q2 expense report.

A **motion** was made by Dan DeMent and seconded by Joshua Sledge to approve the report of expenses for 2023 Q2. The **motion carried** by voice vote.

Ayes: Robert Salisbury, Dean Bergy, Nick Griffith, Dan DeMent, Joshua Sledge, Randy Eberts

Nays: None

Absent: Sandi Doctor

3. Steve Vicenzi presented the following reports:
 - i. 2023 Q2 Cash Flow
 - ii. 2023 Q2 Rebalance/Liquidations

C. Communications

1. Robert McDougall presented the derivatives report.
2. Robert McDougall presented the quarterly overview-fixed income.

D. Due Diligence/Education/Governance

None this quarter.

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E. Old/New Business

1. Update on insurance for FFE committee members

There is not an available option for committee member insurance yet.

2. Approval of the following policy:

The Finance Committee shall determine the amount of contributions allocated to the endowment fund each year. Funds held for non-endowment purposes cannot exceed the amount budgeted for the annual expenses.

A **motion** was made by Dean Bergy and seconded by Dan DeMent to approve. The **motion carried** by voice vote.

Ayes: Robert Salisbury, Dean Bergy, Nick Griffith, Dan DeMent, Joshua Sledge, Randy Eberts

Nays: None

Absent: Sandi Doctor

III. General Closing Items

A. Future meetings

2023Q3 Wednesday, November 29, 2023, at 12:00pm, W.E. Upjohn Institute

2023Q4 Wednesday, February 28, 2024, at 12:00pm, W.E. Upjohn Institute

2024Q1 Wednesday, May 22, 2024, at 12:00pm, W.E. Upjohn Institute

2024Q2 Wednesday, August 28, 2024, at 12:00pm, W.E. Upjohn Institute

B. "Around the Table"

C. Chair Robert Salisbury adjourned the meeting at 11:45am.

Sincerely,



Steve Vicenzi,
Secretary