

Kalamazoo
Foundation for
Excellence

2024 Newsletter

Governed by Our Community

The FFE is governed by an independent Board of Directors representing elected officials and community sectors like healthcare, education, and business. There are annual opportunities for community members to apply to serve on the Board. The outreach and selection process prioritizes diversity of abilities, perspectives, and across sectors. FFE board meetings are held four times per year, conducted under the Open Meetings Act, and feature an opportunity for general public comment. More information is available at kalamazooffe.org.

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Founding Director Emeritus

History & Future

2017-2022

The FFE was begun with a historic grant of \$150 million given directly to the City of Kalamazoo to immediately begin fulfilling the Imagine Kalamazoo 2025 Strategic Vision and address historic challenges to prosperity in the city. This time allowed FFE to build its Board, governance, and administrative structures from the ground up and prepare to create a permanent endowment for permanent impact.

2020-2030

The FFE endowment received a visionary gift of \$86 million in 2020. This was followed by a historic pledge of \$400 million in 2021 that is being contributed in annual installments through 2030. An additional pledge of \$45 million was received in 2023 to be contributed from 2024 to 2026.

2031-2040

In 2031, the FFE endowment will be fully funded with a value of \$500 million or more. At that point the endowment will grow primarily from market earnings for the first time. With this achievement, Kalamazoo and FFE will be positioned to bring permanent positive benefits to Kalamazoo residents and stakeholders.



FFE funds several free summer programs for youth, like SuperRec. Campers stay engaged during the summer meeting friends, trying new things, and experiencing fun amenities in the region.



How Does the FFE Endowment Work?

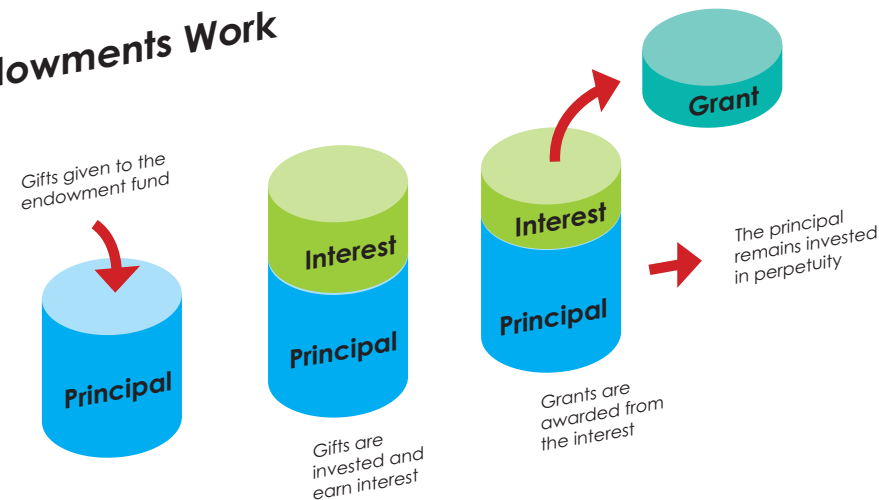
The Foundation for Excellence works by investing the generous gifts that it receives each year into a diverse portfolio that earns interest and grows toward its \$500 million goal. From that growth it is possible to withdraw millions of dollars each year in order to pay grants to the City of Kalamazoo in support of their shared strategic priorities.

FFE's sole mission is to serve as a revenue generation vehicle for the City. The FFE's annual grants support City of Kalamazoo strategic plan priorities. FFE has provided millions of dollars annually to support projects identified by Kalamazoo citizens through the

Imagine Kalamazoo 2025 strategic planning process. Kalamazoo residents identify needs, and FFE funds solutions, with oversight from elected officials and guidance from the City's strategic vision.

The Foundation for Excellence endowment fund has the goal of achieving at least \$500 million of invested assets in order to keep growing and supporting a thriving Kalamazoo forever. In 2024 it was listed by Crain's Detroit as the twelfth largest foundation by assets in Michigan.

How Endowments Work



Aspirational Investments

FFE funds approximately \$5 million in aspirational projects each year in areas aligned with the City's Imagine Kalamazoo Strategic Plan. FFE has invested an average of \$800 per resident since 2017.

Tax Reduction

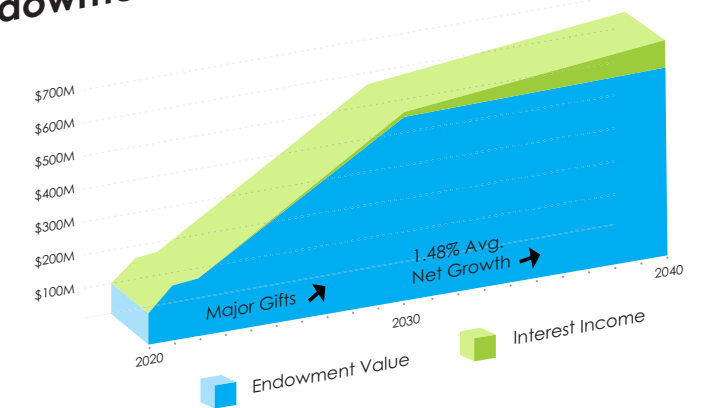
The FFE lowers taxes for every taxpayer by reimbursing the City for the revenue it would have earned at the city's previous tax rate. On average, each taxpayer has saved 38% on city property taxes since 2017 because of FFE. Lower taxes make Kalamazoo more competitive with regional cities in attracting and retaining people and businesses.

Budget Stabilization

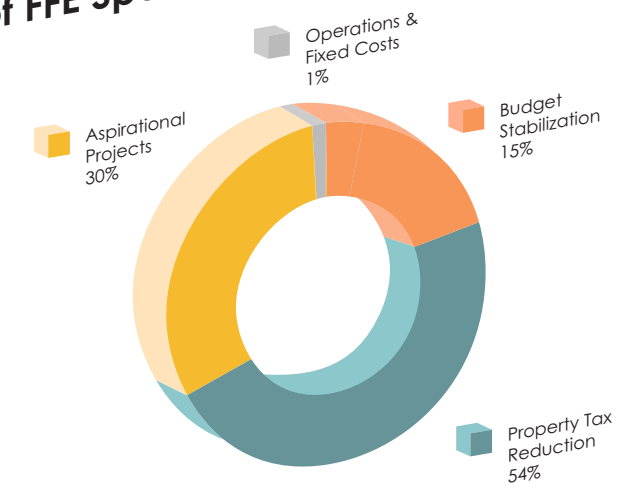
A stable city budget ensures that local government can deliver basic services and plan for the implementation of impactful and equitable community investments.

Efficient and effective operations ensure that FFE's focus remains entirely where it should be: positive impacts that help Kalamazoo move forward strategically for the benefit of all residents and stakeholders. More than \$0.98 of every dollar that FFE expends goes directly to impact through the three areas of investment with the City of Kalamazoo.

Endowment Growth Projection



Share of FFE Spending, All Time





“

For me it was an immediate impact. The lowering of city taxes helped me pay off back taxes and prevent foreclosure. There was no way I could have gotten the money to do that. The donors need to know that people are thankful. It was really beautiful.

— an Edison neighbor

”

In 2017, FFE funded a major renovation to Davis Street Park in the Vine Neighborhood. The project created the neighborhood's much-loved skate park.

Stable City Budgets

A stable city budget is a necessity for thriving businesses and healthy families and residents. With a stable budget, the City can deliver outstanding services and invest in the community through neighborhood-focused projects. City officials can plan for the future and residents can remain confident that their needs will be taken care of.

A stable city budget is essential for overall financial prosperity and for encouraging families and businesses to choose Kalamazoo as the place to put down generational roots.

\$29.8 million has been contributed to the City since 2017 to fill a gap in the municipal budget that would have otherwise gone unfunded.

Lower Taxes

Millage rates, which are used to determine the amount of property tax that an entity owes, are an essential factor that businesses consider when determining the suitability of a community for capital investment and growth. From its inception, FFE has considered it a top priority to reduce these rates to keep the city competitive with its neighbors and to increase prosperity for all residents by improving housing prices and business retention. These beneficial effects will ensure that the city and its surrounding region can cultivate a thriving local economy that will provide jobs and security for generations of families.

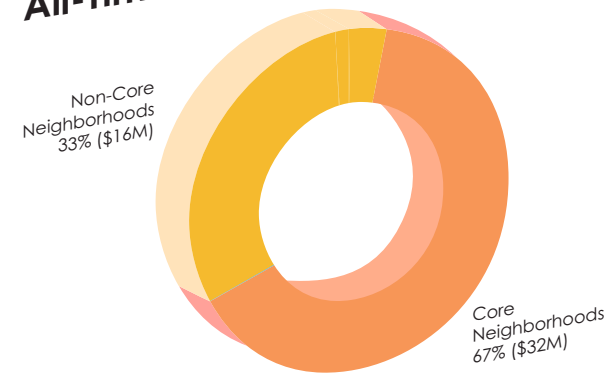
This priority has been backed up with an investment of \$103.6 million since 2017 when the City Operating Millage was reduced from 19.2705 to 12 mills. Projections estimate that between 2025 and 2040 an additional \$320 million will be invested in reduced property taxes to continue building the attractive climate for investment Kalamazoo needs to move forward.

Where Does FFE Invest?

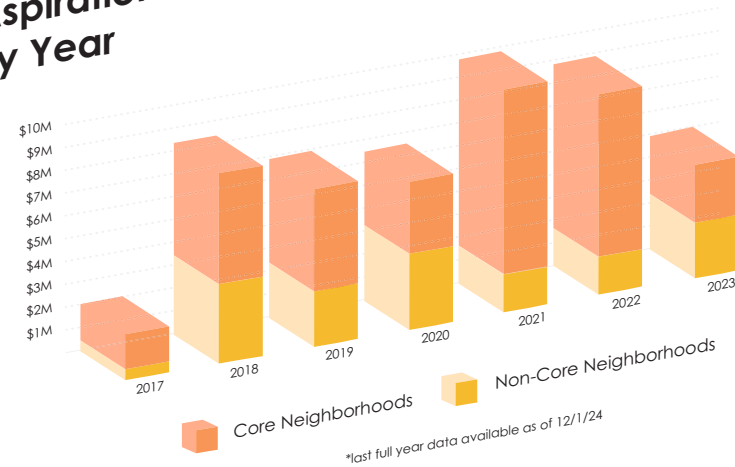
Kalamazoo's neighborhoods are the foundation of the city, and the aspirational investments falling into this category benefit residents directly. They are intended to create a vibrant, forward-looking city that benefits everyone. There are numerous examples of

work already being done: alleviating intergenerational poverty, creating summer youth employment programs, revitalizing neighborhoods, jump starting small business growth, and investing in place-making projects.

Aspirational Investments All-Time



Aspirational Investments By Year



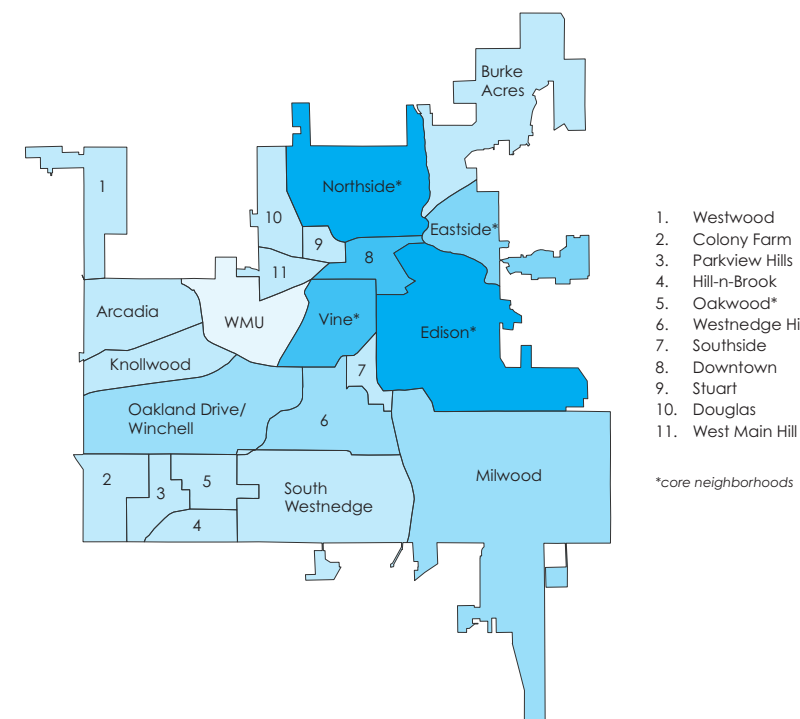
Because Imagine Kalamazoo is responding accountably to community input, its priorities reflect the needs of residents, and many of those needs are concentrated in areas of historic disinvestment and marginalized communities. These areas, identified as Core Neighborhoods by the City, have been among the most active areas for programming and investment.

Residents can feel confident that the City with FFE funding is responding to the voice of residents because investments are concentrated in these areas of need. 2017 to 2024 saw \$58.2 million invested in aspirational projects, which is projected to see an additional \$65 million of investment until 2040.

Investment Dashboard

FFE has taken a lead in transparency by sharing interactive data on its website, where anyone can click on a map of city neighborhoods to see dollar-for-dollar investments. Information can be sorted by year, Imagine Kalamazoo goal, and project name. This approach has led to FFE maintaining a Platinum Seal of Transparency from the industry leader in nonprofit tracking, Guidestar.

kalamazooFFE.org/dashboard



- Affordable Housing
\$9,353,899
- Complete Neighborhoods
\$3,181,331
- Economic Development
\$8,245,688
- Youth Development
\$7,374,175
- Infrastructure
\$14,273,135
- Park Enhancements
\$4,844,500
- Shared Prosperity
\$1,750,790

FFE in Action

From 2015 to 2017, city planners worked with residents in Kalamazoo to launch Imagine Kalamazoo 2025, a strategic plan for the city. The specific priorities that emerged from this process are the bedrock on which the future of Kalamazoo will be built. From 2017 until today, FFE funding has empowered the City to implement new and urgent programs and investments that move Kalamazoo ahead. They include:

- **Shared Prosperity** - Abundant opportunities for all people to prosper.
- **Connected City** - A city that is networked for walking, biking, riding, and driving.
- **Inviting Public Places** - Parks, arts, culture, and vibrant streets.
- **Environmental Responsibility** - A green and healthy city.
- **Safe Community** - Creating a safe environment for living, working, and playing.

2017

Imagine Kalamazoo 2025 adopted; FFE funds renovations at Davis St, Frays, and Rockwell Parks, and starts funding free youth programs like SuperRec and All Things Possible



2018

FFE funds new programs investing in neighborhood entrepreneurs, starts investing \$1 million annually in sidewalks, and enables the City to greatly expand investments in affordable housing.



2020

FFE swiftly invests to mitigate impact of COVID-19 in Kalamazoo, supporting students and local businesses.



2021

\$400 million pledged to FFE endowment; \$2 million invested to renovate Kalamazoo Farmer's Market; FFE funds new program that eliminates tax foreclosure in Kalamazoo.



2023

Additional \$45 million pledged to FFE endowment; FFE focuses on long-term sustainability.



2024

FFE endowment on sustainable trajectory to benefit Kalamazoo forever; planning starts for Imagine Kalamazoo 2035 Master Plan.

2022

FFE continues investing in housing and neighborhoods while adapting future outlook in light of the COVID-19 pandemic and Federal stimulus funding.

- **Youth Development** - A city with places and supports that help young people thrive.
- **Complete Neighborhoods** - Residential areas that support people's daily needs.
- **Strength Through Diversity** - An inclusive city where everyone feels at home.
- **Economic Vitality** - Growing businesses and stabilizing the local economy to the benefit of all.
- **Good Governance** - Ensuring the City organization has the capacity and resources to effectively implement the community's Strategic Vision in a sustainable way.

2019

FFE brings together Metro and Kalamazoo Public Schools to create Youth Mobility Fund, offering free transportation to high school students for extracurricular activities.





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Steve Brown, Executive Director

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