

KALAMAZOO FOUNDATION FOR EXCELLENCE
Investment Sub Committee Meeting
Quarter Ending March 31, 2022
Meeting of Wednesday, May 25, 2022, at 11:00 AM
Hosted by City of Kalamazoo, Community Room, 2nd Floor, Kalamazoo City Hall

MINUTES

I. General Opening Items

A. Call meeting to order

R. Eberts

Chair Randy Eberts called the meeting to order at 11:00 a.m.

B. Roll Call

S. Vicenzi

Members Present Chair Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor, Nick Griffith, Joshua Sledge, and by phone, Robert Salisbury, Watauga County, North Carolina

Members Absent None

C. Introduction of Guests

R. Eberts / S. Vicenzi

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

D. 1. **Approval** of minutes from December 1, 2021, meeting

R. Eberts

A **motion** was made by Ms. Doctor and seconded by Mr. Bergy to approve the minutes from the December 1, 2021, meeting. The **motion carried** by voice vote.

2. Approval of minutes from February 23, 2022, meeting

R. Eberts

A **motion** was made by Mr. DeMent and seconded by Ms. Doctor to approve the minutes from the February 23, 2022, meeting. The **motion carried** by voice vote.

E. Public Comment

S. Vicenzi

None

II. Kalamazoo Foundation For Excellence

A. Investment Portfolio

1. Assets as of December 31, 2021,

S. Vicenzi

Mr. Vicenzi reviewed the assets as of December 31, 2021.

2. Assets as of March 31, 2022,

S. Vicenzi

Mr. Vicenzi reviewed the assets as of March 31, 2022

3. Investment Performance Report 2021Q4

R. McDougall

Mr. McDougall reviewed the investment performance report.

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The market value of portfolio assets increased from \$139.8 million to \$150.7 million during the fourth quarter of 2021, an increase of \$10.9 million or 7.80%.

The portfolio weighted average return for the quarter, net of manager fees, was 7.84%. The 1-year return, net of manager fees, was 15.13%. The return since May 1, 2020, net of manager fees, through the end of the quarter has been 20.28%

Equities comprised 70.3% of the Kalamazoo Foundation for Excellence portfolio at the end of the fourth quarter. The equity portion of the portfolio returned 11.02% for the quarter, 28.67% year-to-date, and 28.67% over the last year.

Fixed income comprised 24.5% of the Kalamazoo Foundation for Excellence portfolio at the end of the fourth quarter. The fixed income portion of the portfolio returned -0.34% for the quarter, -2.48% year-to-date, and -2.48% over the last year.

Real Estate comprised 5.2% of the Kalamazoo Foundation for Excellence portfolio. The \$7,300,000 purchase occurred on November 5, 2021. The return for the shortened time period was 9.75%. Cash and equivalents totaled \$73,740, or less than 0.05% of the assets.

The portfolio finished the quarter with 70.3% in equities, 24.5% in fixed income, 5.2% in real estate, and less than 0.05% in cash. 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 6.20% as the inflation rate for the quarter was 1.64%. With a year-on-year inflation rate of 7.04%, the one-year real return was 8.09%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 20.28% nominal and 15.09% real.

4. Investment Performance Report 2022Q1

R. McDougall

Mr. McDougall reviewed the investment performance report

The market value of portfolio assets increased from \$150.7 million to \$185.1 million during the first quarter of 2022, an increase of \$34.4 million or 22.83%. A contribution of shares of common stock was received on February 24, 2022 resulting in net proceeds of \$41.0 million on February 28, 2022.

The portfolio weighted average return for the quarter, net of manager fees, was -4.44%. The 1-year return, net of manager fees, was 8.40%. The return since May 1, 2020, net of manager fees, through the end of the quarter has been 14.71%

Equities comprised 71.0% of the Kalamazoo Foundation for Excellence portfolio at the end of the first quarter. The equity portion of the portfolio returned -4.60% for the quarter and 15.62% over the last year.

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Fixed income comprised 23.8% of the Kalamazoo Foundation for Excellence portfolio at the end of the first quarter. The fixed income portion of the portfolio returned -5.63% for the quarter and -4.56% over the last year.

Real Estate comprised 5.2% of the Kalamazoo Foundation for Excellence portfolio at the end of the first quarter. The real estate portion of the portfolio returned -6.25% for the quarter.

Cash and equivalents totaled \$127,248, or less than 0.1% of the total assets.

The portfolio finished the quarter with 71.0% in equities, 23.8% in fixed income, 5.2% in real estate, and less than 0.1% in cash. 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 -7.56% as the inflation rate for the quarter was 3.12%. With a year-on-year inflation rate of 8.54%, the one-year real return was -0.14%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 14.71% nominal and 8.51% real.

B. Account Update

S. Vicenzi

1. 2021Q4 and 2022Q1 Review Expenses/Approval

Mr. Vicenzi presented the quarterly expenses.

A **motion** was made by Ms. Doctor and seconded by Mr. DeMent to approve the expenses for the 4th quarter of 2021 and 1st quarter of 2022. The **motion carried** by roll call vote as follows:

Ayes:	Randy Eberts, Dean Bergy, Dan DeMent, Sandi Doctor, Nick Griffith, and Joshua Sledge
Nays:	None
Abstains:	Phone participant did not participate in roll call vote
Absent:	None

i. 2021Q4 and 2022Q1 Review of Cash Flow

S. Vicenzi

Mr. Vicenzi presented the Cash Flow reports.

ii. 2021Q4 and 2022Q1 Rebalance/Liquidations

S. Vicenzi

Mr. Vicenzi presented the 2021Q4 and 2022Q1 rebalance/liquidations.

C. Communications

1. Derivatives Reports

R. McDougall

Mr. McDougall presented the derivative reports.

2. Jennison Quarterly Overview

R. McDougall

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Mr. McDougall presented.

3. Articles of Interest C. Ruppel

Mr. Ruppel presented.

4. Other (None) C. Ruppel

- D. Due Diligence / Education / Governance C. Ruppel

1. Activity Reports C. Ruppel

Mr. Ruppel presented.

2. Future Due Diligence / Education C. Ruppel

Mr. Ruppel presented.

3. Corporate Governance C. Ruppel

Mr. Ruppel presented.

- E. Old / New Business R. Eberts

1. Status of Insurance for investment committee members

Mr. Vicenzi stated we continue to search for a carrier to provide the needed coverage.

2. Investment Policy Statement Review/Approval R. Eberts

Mr. Eberts stated that the language in the investment policy does not need to be updated.

III. General Closing Items

- A. Future Meetings R. Eberts

Review/**Approve** future meetings time and location S. Vicenzi/R. Eberts

2022Q2 Wednesday, August 24, 2022, at 11:00am, Kalamazoo City Hall

2022Q3 Wednesday, November 30, 2022, at 11:00am, Kalamazoo City Hall

2022Q4 Wednesday, February 22, 2023, at 11:00am, Kalamazoo City Hall

2023Q1 Wednesday, May 24, 2023, at 11:00am, Kalamazoo City Hall

A **motion** was made by Mr. Bergy and seconded by Mr. DeMent to approve the meeting dates and location for the 2022 meetings to take place at Kalamazoo City Hall. The **motion carried** by voice vote. The location for 2023 meetings will be discussed at a future meeting.

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B. "Around the Table"

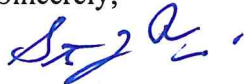
R. Eberts

C. Adjourn

R. Eberts

Chair R. Eberts adjourned the meeting at 11:24 a.m.

Sincerely,



Steve Vicenzi,
Secretary