

KALAMAZOO FOUNDATION FOR EXCELLENCE
Investment Subcommittee Meeting
Quarter Ending September 30, 2021
Meeting of Wednesday, December 1, 2021, at 11:00 AM
ZOOM Meeting Hosted by City of Kalamazoo

MINUTES

I. General Opening Items

A. Call meeting to order

R. Salisbury

Chair Robert Salisbury called the meeting to order at 11:00 a.m.

B. Roll Call

S. Vicenzi

Members Present Chair Robert Salisbury, Watauga County, North Carolina; Randy Eberts, Kalamazoo County, Michigan; Dean Bergy, Kalamazoo County, Michigan; Dan DeMent, Allegan County, Michigan; Sandi Doctor, Kalamazoo County, Michigan; Nick Griffith, Kalamazoo County, Michigan.

Members Absent

Joshua Sledge

A **motion** was made by Mr. Salisbury and seconded by Mr. Eberts to excuse Mr. Sledge. The motion carried by voice vote.

C. Introduction of Guests

R. Salisbury / 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; Alisa Carrel, Treasurer, Kalamazoo Foundation for Excellence; Rob McDougall, Lynn Zhang and Kyle Mack from Zhang Financial

D. **Approval** of minutes from August 25, 2021, meeting

R. Salisbury

A **motion** was made by Ms. Doctor and seconded by Mr. DeMent to approve the minutes from the August 25, 2021, meeting. The **motion carried** by voice vote.

II. Kalamazoo Foundation For Excellence

A. Investment Portfolio

1. Assets as of September 30, 2021,

S. Vicenzi

Mr. Vicenzi reviewed the assets as of September 30, 2021.

2. Investment Performance Report

R. McDougall

Mr. McDougall reviewed the investment performance report.

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The market value of portfolio assets increased from \$102.1 million to \$139.8 million during the third quarter of 2021, an increase of \$37.7 million or 36.92%. A contribution of \$38.6 million was received in the quarter.

The portfolio weighted average return for the quarter, net of manager fees, was 0.10%. The 1-year return, net of manager fees, was 14.15%. The return since May 1, 2020, net of manager fees, through the end of the quarter has been 17.85%

Equities comprised 69.3% of the Kalamazoo Foundation For Excellence portfolio at the end of the third quarter. The equity portion of the portfolio returned 0.58% for the quarter, 15.90% year-to-date, and 29.96% over the last year.

Fixed income comprised 30.7% of the Kalamazoo Foundation For Excellence portfolio at the end of the third quarter. The fixed income portion of the portfolio returned -0.06% for the quarter, -2.15% year-to-date, and -1.30% over the last year.

Cash and equivalents totaled \$5,284, or less than 0.01% of the assets.

The portfolio finished the quarter with 69.3% in equities, 30.7% in fixed income, and less than 0.01% 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 investment in real estate was in process at the end of the quarter.

The inflation-adjusted, or real return, for the quarter was -0.86% as the inflation rate for the quarter was 0.96%. With a year-on-year inflation rate of 5.39%, the one-year real return was 8.76%. Since May 1, 2020, the return on the portfolio, net of manager fees, has been 17.85% nominal and 12.92% real.

B. Account Update

S. Vicenzi

1. 2021Q2 Review Expenses/Approval

Mr. Vicenzi presented the quarterly expenses.

A **motion** was made by Mr. DeMent and seconded by Ms. Doctor to approve the expenses for the 3rd quarter. The **motion carried** by roll call vote as follows:

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

2. 2021Q3 Review of Cash Flow

S. Vicenzi

Mr. Vicenzi presented the Cash Flow report.

3. 2021Q3 Rebalance/Liquidations

S. Vicenzi

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Mr. Vicenzi presented the 2021Q3 rebalance/liquidations.

C. Communications R. Salisbury

1. Derivatives Reports R. McDougall

Mr. McDougall presented the derivative reports.

2. Jennison Quarterly Overview R. McDougall

Mr. McDougall presented.

3. Articles of Interest C. Ruppel

Mr. Ruppel presented.

4. Other R. Salisbury

D. Due Diligence / Education / Governance C. Ruppel

1. Activity Reports C. Ruppel

Nothing unusual to report.

2. Future Due Diligence / Education C. Ruppel

Mr. Ruppel stated the DFA is planning an in person meeting in 2022.

3. Corporate Governance C. Ruppel

None this quarter.

E. Old / New Business R. Salisbury

1. Review ESG discussion of 17Nov2021 with Dimensional Fund Advisors

Mr. Salisbury indicated that the Investment Policy Statement does not address the application of Environmental, Social, and Governance (ESG) factors as part of the financial analysis related to the investment process. He further stated that the committee is not equipped to manage investments applying these factors, and if FFE choose to incorporate these parameters as a standard, it may be necessary to consider a different committee for investing.

2. Investment Policy Statement Review/Approval R. Salisbury

This topic was tabled to be discussed at the February 23, 2022, meeting.

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3. Insurance

S. Vicenzi

Mr. Vicenzi stated that quotes have been received and are being reviewed for E & O Insurance. He is still working to obtain quotes for fiduciary coverage.

F. Public Comment

Meeting Host

The meeting host noted no public comments for this meeting.

III. General Closing Items

A. Future Meetings

R. Salisbury

2021Q4 Wednesday, February 23, 2022, at 11:00 am
2022Q1 Wednesday, May 25, 2022, at 11:00 am
2022Q2 Wednesday, August 24, 2022, at 11:00 am
2022Q3 Wednesday, November 30, 2022, at 11:00 am

B. "Around the Table"

R. Salisbury

C. Adjourn

R. Salisbury

Chair R. Salisbury adjourned the meeting at 11:26 a.m.

Sincerely,



Steve Vicenzi,
Secretary