

SAN BRUNO

Community Foundation

Board of Directors

Emily Roberts, *President* • Jim Ruane, *Vice President* • John P. McGlothlin, *Secretary* • Tim Ross, *Treasurer*
Raul Gomez • Nancy A. Kraus • Malissa Netane-Jones
Leslie Hatamiya, *Executive Director*

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Board of Directors

May 12, 2021

6:30 p.m.

Meeting Conducted via Zoom

1. **Call to Order/Welcome:** President Roberts called the meeting to order at 6:31 p.m.
2. **Roll Call:** Board Members Roberts, Ruane, McGlothlin, Ross, Gomez, Kraus, and Netane-Jones, present.
3. **Public Comment:** None.
4. **Presentation:** Recognition of Former San Bruno Public Works Director Jimmy Tan for his service to the San Bruno community and his support of the San Bruno Community Foundation

On behalf of the Board, President Roberts honored recently departed San Bruno Public Works Director Jimmy Tan. She read a proclamation acknowledging Mr. Tan's contributions to the Foundation and the San Bruno community, a framed copy of which Mr. Tan received from the Foundation. Several other Board members also Mr. Tan's work for the City. Mr. Tan addressed the Board, thanking Board members for the recognition and the Foundation's work in the community.

5. **Approval of Minutes:** April 7, 2021, Regular Board Meeting: Board Member Kraus moved to approve the minutes of the April 7, 2021, Regular Board Meeting, seconded by Vice President Ruane, approved unanimously by roll call vote.

6. **Consent Calendar**

- a. Adopt Resolution Scheduling a Special Meeting of the Board of Directors on June 23, 2021
- b. Adopt Resolution Increasing Fiscal Year 2020-2021 Program Disbursement Allocation for the Crestmoor Neighborhood Memorial Scholarship to \$195,000

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c. Receive and Approve Treasurer's Report (March 2021 Financial Statements)

Board Member Kraus moved to accept the Consent Calendar as presented, seconded by Secretary McGlothlin, approved unanimously by roll call vote.

7. Study Session: Strategic Planning Process

Prior to introducing the two guest presenters, Executive Director Hatamiya provided a recap of the Foundation's origins, the Foundation's original 2015 Community Listening Campaign, and the program strategy and investment policies that resulted from that Listening Campaign. She reminded Board members that in the settlement with PG&E, the City of San Bruno was required to set up a tax-exempt, nonprofit entity to administer the restitution funds and that the City was prohibited from adding the restitution funds to the General Fund to pay for the regular ongoing operations of the City.

Ms. Hatamiya then explained how the community's desire to use a significant portion of the restitution funds led to the Foundation's decision to set up a multi-prong investment strategy, with \$55 million to be spent outright to fund one major community facilities project, other high-impact community initiatives reflective of what was identified in the Listening Campaign, and operating expenses over the mid-term. At the advice of the Foundation's investment management firm, Sand Hill Global Advisors, these funds were split into two accounts – most in the Strategic Pool, which is invested conservatively to preserve their value while potentially making modest investment gains, and funds needs in the next year or so in the Liquidity Pool, which is held in cash, cash equivalents, and very low-risk fixed income so that the funds are available for disbursement. The Board also designated \$15 million of the restitution funds as a quasi-endowment, following a traditional endowment strategy with a long-term time horizon. She noted that until the Strategic funds were used up, each year the Board would designate a quasi-endowment payout rate that would cover the cash needs to fund the Crestmoor Scholarship and Community Grants programs, while all other expenses would come out of the Strategic Pool, allowing the quasi-endowment to continue to grow. The initial \$15 million level for the quasi-endowment was set as the minimum corpus needed to maintain the Foundation over the long term, funding all program and operating expenses, with the assumption that staffing might need to be scaled back.

Ms. Hatamiya then provided a financial snapshot of the Foundation's investment portfolio and operating accounts, demonstrating a solid financial situation that has benefited from the mostly robust stock market over the past five years: starting assets of about \$71 million, investment gains of \$18 million, donations and other income of \$1 million, and total funds disbursed of \$12 million, resulting in a current balance of \$78 million.

Ms. Hatamiya reviewed the Foundation's Program Strategy Framework, including the guiding principles, funding criteria, and the three-bucket program approach. She summarized highlights of the Crestmoor Neighborhood Memorial Scholarship, the Community Grants Fund, and the broad array of strategic grant initiatives the Foundation has funded (San Bruno Recreation and Aquatic Center, Community Day,

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Pedestrian Safety Strategic Initiative, First Responder Effectiveness Strategic Initiative, Music Education Strategic Initiative, SBPSD school transformation grants, and series of COVID-19 relief grants supporting schools and small businesses).

a. Presentation of Community Listening Campaign 2.0 Report by the Public Dialogue Consortium

Public Dialogue Consortium (PDC) President and Senior Consultant Shawn Spano, Ph.D., presented PDC's report documenting the community input received throughout the Foundation's Community Listening Campaign 2.0. He first summarized the outreach and engagement methods utilized, the engagement questions, and participant demographics. A total of about 550 community members participated in the survey, focus groups, and virtual town hall meetings. He noted that community members were more eager to participate in 2015, when the Foundation was brand new, and that the pandemic created many obstacles to outreach and participation; he also complimented efforts by SBCF staff and Board members to encourage participation.

He then presented summary of results from the Listening Campaign, including appreciations for SBCF, process recommendations, and input on current community needs, investment strategies, and program strategies. He also summarized the town hall webinar reactions to the results, noting that there were some differences in emphasis and levels of importance regarding the community needs identified by the survey/focus group participants among the town hall attendees.

Among the findings, he reported that community needs identified included downtown San Bruno revitalization and beautification; students, schools, education, and scholarships; community and social services; community events and activities; library upgrades and programming; infrastructure upgrades and maintenance; more and better parks, safe places for youth and all ages to gather; youth sports, soccer, and sports fields and facilities; seniors; small businesses; security and public safety; and municipal internet, free access to all San Bruno residents. In terms of investment strategies, most participants believe SBCF should invest the remaining funds while also continuing to support the immediate needs of the San Bruno community. They also voiced support for continued investment in all three program areas: Crestmoor Scholarship, Community Grants Fund, and strategic grants.

Several Board members thanked PDC for its work and the summary of its findings. They also found the results to be valuable for the City, as not all of the identified community needs necessarily fall under the Foundation's purview.

b. Presentation of Quasi-Endowment Scenarios by Sand Hill Global Advisors, LLC

Kristin Sun, Senior Wealth Manager at Sand Hill Global Advisors, LLC, the Foundation's investment management firm, provided a primer on quasi-endowments for the Board, particularly the strategy of treating a portion of the remaining restitution funds as a quasi-endowment to leverage the funds and reap their long-term investment potential, thereby supporting the Foundation in perpetuity. Her presentation covered the reasons why the Foundation might want to set aside funds as a quasi-

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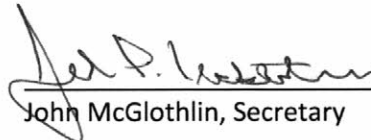
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endowment, the potential trade-offs between putting funds in a quasi-endowment and designating funds for near-term one-time expenditures, key principles in understanding endowments, the assumptions built into the quasi-endowment scenario model, sample quasi-endowment payout scenarios, and the benefits of a smoothing formula. She noted that under the model, the Foundation could spend 4.2% of the quasi-endowment balance and maintain the purchasing power of the initial corpus. Under those assumptions, the projected long-term sustainable annual quasi-endowment payout would be \$1.45 million for an original corpus of \$35 million, \$1.25 million for a \$30 million corpus, \$1 million for a \$25 million corpus, \$800,000 for a \$20 million corpus, and \$625,000 for a \$15 million corpus.

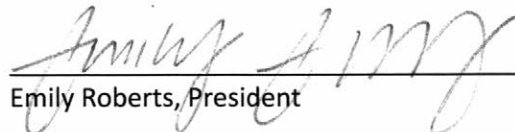
8. Board Member Comments: Vice President Ruane remarked that the presentations were very informative, particularly Ms. Sun's quasi-endowment presentation. Secretary McGlothlin echoed Vice President Ruane's comments and noted that operating fully under an endowment model will require more discipline for the Foundation.

9. Adjourn: Vice President Ruane moved to adjourn the meeting at 8:20 p.m., seconded by Board Member Kraus, approved unanimously.

Respectfully submitted for approval at the Regular Board Meeting of June 2, 2021, by Secretary John McGlothlin and President Emily Roberts.



John McGlothlin, Secretary



Emily Roberts, President