

SAN BRUNO

Community Foundation

Investment Committee

Tim Ross, *Chair* • Anthony Clifford, Mark Hayes, Frank Hedley, and John McGlothlin, *Members*
Leslie Hatamiya, *Executive Director*

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Investment Committee

November 20, 2019

4:30 p.m.

Meeting Location:

San Bruno City Hall, 567 El Camino Real, Room 101, San Bruno

- 1. Call to Order:** Committee Chair Tim Ross called the meeting to order at 4:34 p.m.
- 2. Roll Call:** Committee Members Ross, Clifford, and Hedley, present. Committee Members Hayes and Perkins, excused.
- 3. Approval of Minutes:** August 21, 2019, Regular Investment Committee Meeting: Committee Member Clifford moved to approve the minutes of the August 21, 2019, Regular Meeting, seconded by Committee Member Hedley, passed unanimously.
- 4. Executive Director's Report**

Executive Director Hatamiya gave an update on the Foundation. She first focused on the Foundation's recent program highlights:

- **Community Grants Fund:** The Foundation received 51 applications for Community Grants by the September 25 deadline, the largest number received in a cycle thus far. The applications are being evaluated by a review panel of community volunteers. The Board is to consider the panel's grant recommendations at the December 4 Board meeting; with a \$100,000 donation from Google.org/YouTube, the Foundation will award grants totaling \$300,000 this cycle.
- **Crestmoor Scholarship:** The Board created an Ad Hoc Committee on Crestmoor Scholarship to evaluate the program, after four years in operation, and suggest any changes or tweaks to improve it. Upon the advice of the Committee, the Foundation is not making any significant changes to the process and criteria, but outreach will be bolstered and the Board approved an increased program budget supported by the Quasi-Endowment payout rather than additional

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fundraising. Specifically, the Board increased the Quasi-Endowment payout for fiscal year 2019-2020 to 1.96%, or \$327,537. The final recommendation of the Committee was to form a committee to come up with a proposal for a vocational education strategic initiative. Based on San Bruno's demographics, there has been a desire to assist those seeking vocational training in the trades rather than pursue a four-year college degree, and the Committee determined that a separate initiative, rather than an expansion of the Crestmoor Scholarship, makes the most sense for addressing this idea. This committee will be formed in 2020 when the new Board members join the Board.

- Strategic Grants

- Recreation and Aquatics Center: The project's Phase 2 – schematic design and construction documents – continues, led by Group 4 Architecture, Research + Planning. Group 4 is currently in the design development stage and is proceeding with developing further detailed renderings and designs for City Council approval and subsequent construction. The project is proceeding through the California Environmental Quality Act (CEQA) process, which requires the City to identify the significant environmental impacts of the project and to avoid or mitigate those impacts, if feasible. With regard to temporary facilities, City staff is working with the San Mateo Union High School District to investigate the use of the former Crestmoor High School site as a satellite Recreation Center while the new Recreation and Aquatics Center is developed.

In terms of cash-flow needs for the project, under current projections, the Foundation will likely decline to request about \$1 million of the approved payout from the Strategic Pool this fiscal year.

- First Responder Effectiveness Strategic Initiative: The Board approved in June a second grant to the City of San Bruno, in an amount not to exceed \$303,545 and funded by Google/YouTube donations, to cover costs related to the acquisition of a mobile command vehicle that can be deployed at the scene of a critical incident, natural disaster, or planned large-scale event. The San Bruno Police Department is working with the vendor to finalize plans for the mobile command vehicle and City staff plans to bring the contract for construction and acquisition of the vehicle to the City Council for approval.
- Florida Avenue Park: Progress is being made in the development of a new City-owned park on Florida Avenue, which the Foundation has supported with a \$200,000 grant. On September 24, 2019, the City Council authorized modifications to the Florida Avenue Master Plan in response to the threat of a lawsuit by a group of community members related to the removal of two heritage trees on the site. City staff and the landscape architect are finalizing design drawings and cost estimates, which are projected to take two to three months, with formal construction bid process to occur shortly thereafter.

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Ms. Hatamiya also reported that Novogradac & Company prepared the FY2018-2019 audited financials, which were accepted by the Board in November, and issued a clean opinion. The Foundation submitted its state and federal tax returns by the November 15 deadline.

Ms. Hatamiya reported that the Board approved a Gift Acceptance Policy in November. She said the primary benefit of a gift acceptance policy is to maintain discipline in gift acceptance and administration, providing staff and the Board with guidance on what types of gifts are generally accepted, what types need further evaluation, and how the evaluation process is to occur. The policy provides the Executive Director with the general authority to accept gifts in accordance with the policy and outlines eight types of gifts that SBCF typically would not accept as well as a process for evaluating gifts that might fall within those categories.

She also reported that the Board elected its 2020 officers, with Emily Roberts becoming President and Jim Ruane Vice President on January 1 and Tim Ross and John McGlothlin remaining as Treasurer and Secretary, respectively.

Ms. Hatamiya explained the schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool, but noted that the schedule may be modified based on actual cash needs and updates on the Recreation and Aquatics Center project. Transfers from the Quasi-Endowment to the Liquidity Pool are scheduled as follows: (a) \$200,000 on December 1, 2019, and (b) \$119,980 on May 1, 2020. Transfers from the Strategic Pool to the Liquidity Pool are scheduled as follows: (a) \$700,000 was transferred in late July, (b) \$1 million in early October, (c) \$2 million (likely to be reduced to \$1 million) on January 1, 2020, and (d) balance of \$1,081,214 on April 1, 2020.

Finally, Ms. Hatamiya reminded the Committee of its 2020 meeting dates and that the current terms of Investment Committee members end in June 2020.

5. Conduct of Business

- a. Receive Report from Sand Hill Global Advisors, LLC (SHGA) regarding SHGA's Investment Outlook and SBCF's Investment Portfolio Performance

SHGA Chief Executive Officer Brian Dombkowski and Senior Wealth Manager Kristin Sun represented SHGA at the meeting.

Mr. Dombkowski gave an overview of the firm's investment outlook, focusing on slowing global economic growth and concerns about trade tensions and political factors. He gave a summary of the firm's current economic forecast for the fourth quarter of 2019, commenting on economic growth, interest rates, the employment market, corporate earnings, international developed markets, emerging markets, inflation, commodity markets, valuation, and the housing market. He stated that although the firm does not anticipate that a major recession is on the horizon, a more conservative approach is warranted, and the firm has taken a defensive stance in positioning the Foundation's overall portfolio.

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Ms. Sun then reviewed the Foundation's Investment Dashboard for the third quarter of 2019, including September 30, 2019, balances of \$18,074,612 for the Quasi-Endowment, \$46,762,777 for the Strategic Pool, and \$10,757,265 for the Liquidity Pool (total of \$75,594,654 in all three accounts).

Mr. Dombkowski gave a brief update on the firm. He said SHGA recently acquired a small firm in San Francisco, so SHGA now has three employees and an office in San Francisco.

6. Public Comment: None.

7. Committee Member Comments: None.

8. Adjourn: Committee Member Hedley moved to adjourn the meeting at 6:00 p.m., seconded by Committee Member Clifford, approved unanimously.

Respectfully submitted for approval at the Special Investment Committee Meeting of February 26, 2020, by Investment Committee Chair Tim Ross.



Tim Ross, Investment Committee Chair