

SAN BRUNO

Community Foundation

Investment Committee

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

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Investment Committee

November 16, 2016

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 4:33 p.m.
2. **Roll Call:** Committee Members Ross, Clifford, Hayes, and Hedley, present; Perkins, excused.
3. **Approval of Minutes:** August 17, 2016, Special Investment Committee Meeting: Committee Member Hedley suggested that the minutes be signed by Executive Director Leslie Hatamiya and not Chair Ross, since he was not a Committee Member at the August 17, 2016, Special Meeting, and recommended that the minutes be amended accordingly. Committee Member Clifford moved to approve the minutes of the August 17, 2016, Special Meeting, as amended, seconded by Committee Member Hayes, passed unanimously.

4. Conduct of Business

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

Kristin Sun, the Foundation's primary contact at SHGA, introduced Brenda Vingiello, SHGA's Co-Chief Investment Officer, to the Committee.

SHGA CEO Brian Dombkowski reminded the Committee that the U.S. economy is in the eighth year of economic recovery, with a moderate growth environment. He then gave an overview of the firm's current economic forecast for the fourth quarter of 2016, commenting on the recent presidential election, economic growth, interest rates, the employment market, corporate earnings, international developed markets, emerging markets, inflation, commodity markets, valuation, the housing market, and left-tail risks.

Mr. Dombkowski and Ms. Vingiello then reviewed the Foundation's Investment Dashboard for the third quarter of 2016. Ms. Vingiello explained that in August SHGA reduced the portfolio's

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exposure to REITs and added absolute return investments and that in September SGHA reduced the portfolio's exposure to large cap high-dividend stocks and increased regional bank stocks.

Ms. Sun reviewed the Committee's reporting requests at the last meeting. She first highlighted the inclusion of a custom blended benchmark for the Strategic Pool (bond index replaced with actual return of fixed income for May 31, 2016, through August 31, 2016). She next reviewed a summary of investment management fees. Finally, she provided an overview of SHGA's use of active and passive managers. She reported that active managers are used sparingly, only when SHGA believes they can add value and help beat the benchmark. Ms. Vingiello then reviewed the nine active manager SHGA currently uses in the Foundation's portfolio.

Finally, Ms. Sun explained the differences between the monthly Fidelity statements and SHGA's quarterly reports. She explained that Fidelity's numbers reflect the settlement date for trades, while SHGA reports trades as of the trade date, and as a result, there can be small differences in the numbers presented in the two types of reports.

Committee members expressed that they found these additional reports helpful and requested that SHGA provide them on an ongoing basis.

5. Public Comment: None.

6. Committee Member Comments: Chair Ross mentioned the Committee's role in evaluating SHGA and suggested adding the topic to Committee meeting agendas at a regular interval. He also expressed a desire to ensure that the Committee Members who are not Directors on the Foundation Board are regularly kept abreast of the Foundation's activities and how those activities might affect the investment portfolio.

Executive Director Hatamiya said that all Investment Committee Members receive the e-newsletter blasts that summarize the previous Board meeting and provide the agenda and link to the materials for upcoming Board meetings. She said she would also email the Investment Committee the complete Board meeting packets each month. She also suggested that a short presentation on the Foundation's annual budget be put on the agenda of the Investment Committee meeting following the Board's adoption of the budget each year (e.g., the August Committee meeting).

Committee Member Hedley asked the Executive Director to ask legal counsel whether the Brown Act allows for evaluation of the investment advisor in closed session.

Committee Member Hayes reminded the Committee that changes to the Investment Operating Plan (as opposed to the Investment Policy Statement), such as changes to asset allocation weights for the various accounts, can be made by the Board and do not require City Council approval.

7. Adjourn: Committee Member Clifford moved to adjourn the meeting at 5:58 p.m., seconded by Committee Member Hedley, approved unanimously.

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Respectfully submitted for approval at the Regular Investment Committee Meeting of February 15, 2017, by Investment Committee Chair Tim Ross.



Tim Ross, Investment Committee Chair