

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 18, 2020

4:30 p.m.

Meeting Conducted via Zoom

- 1. Call to Order:** Committee Chair Tim Ross called the meeting to order at 4:31 p.m.
- 2. Roll Call:** Committee Members Ross, Clifford, Hayes, Hedley, and McGlothlin, present.
- 3. Public Comment:** None.
- 4. Approval of Minutes:** August 19, 2020, Regular Investment Committee Meeting: Committee Member Clifford moved to approve the minutes of the August 19, 2020, Regular Meeting, seconded by Committee Member McGlothlin, passed unanimously by roll call vote.
- 5. 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 42 applications for Community Grants by the September 30 deadline. 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 2 Board meeting; with a \$100,000 donation from Google.org/YouTube, the Foundation will award grants totaling \$300,000 this cycle.
- **Crestmoor Scholarship:** The 2021 program will launch the second week of December, with the opening of the application period. SBCF received two donations earmarked for the program, \$70,000 from the Joseph W Welch Jr Foundation and \$7,349 from the San Mateo County Association of REALTORS® Foundation, enabling the Foundation to again award \$190,000 in scholarships next spring.

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- Strategic Grants
 - Recreation and Aquatics Center: The City is waiting for three remaining environmental approvals/permits. The City is optimistic that it will ultimately obtain the approvals, but process will likely delay the start of construction by several months to spring 2021. The City plans to go out to bid for the general contractor at the end of the year, and through the pre-qualification process has already pre-qualified five firms. In addition, the City has identified funding of about \$60.4 million for the \$67.4 million project and is examining various options to close the remaining gap.

So far, the Foundation has disbursed a total of about \$5.16 million for the first six RAC grants. Under the most recent cash flow timeline, the Foundation would pay out about \$17 million in fiscal year 2020-2021 (July 2020-June 2021), but the most recent delay will likely result in payments this year being less than \$17 million. The cash flow timeline has not been updated since the Committee's last meeting; a more concrete timeline should be available once the contractor is on board.

- COVID-19 Relief Grants: In May, the SBCF Board approved a package of COVID relief grants to help San Bruno's schools and small businesses, including \$240,000 for new laptops for all San Bruno Park School District teachers, \$150,000 to the San Mateo County Strong Small Business Grant Program, and \$100,000 to the San Bruno Small Business Recovery and Assistance Program. All three grant agreements have been executed and the grants paid out. The teachers are receiving their laptops for the new school year. Fifteen San Bruno small businesses received \$10,000 grants as part of San Mateo County Strong. Finally, the Small Business Recovery Assistance Program has supported more than 40 companies.

Ms. Hatamiya also reported that Novogradac & Company prepared the FY2019-2020 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 Foundation converted the program consultant to an employee position in light of AB 5. As part of this process, the Board in September approved an Employee Handbook and amendments to the Retirement Plan Document.

Ms. Hatamiya explained that the Foundation will soon undertake a three-part strategic planning process on the future of the Foundation once the Foundation has fully disbursed \$50 million to the City of San Bruno for the Recreation and Aquatic Center project. The Board created an Ad Hoc Committee to lead such a discussion of the Foundation's future program and investment strategy, its role in the community, and the size and scope of its ongoing operations.

Ms. Hatamiya described the effort as a three-part process, consisting of (1) diversity, equity, and inclusion (DEI) training for the Board to identify internal leanings and adopt practices that promote

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diversity, equity, and inclusion in the Foundation's operations and decision-making processes; (2) community listening campaign 2.0 to solicit from members of the San Bruno community feedback on the Foundation's programs thus far and input on current community needs and a vision for the Foundation going forward; and (3) strategic planning deliberations by the Board to develop a forward-looking plan articulating the Foundation's program and investment strategies once its investment portfolio decreases after the Recreation and Aquatic Center is funded, its role in the community, and the size and scope of its ongoing operations. The Committee is recommending that the Foundation move forward with two firms to assist with the process as follows: Halualani & Associates to conduct the DEI training, and the Public Dialogue Consortium to manage the community listening campaign and strategic planning components. The process will launch in early December and run through mid-summer 2021.

She noted that the results of this process could have implications for the Investment Committee's work, as a key question that will be considered is whether to continue following the original plan of maintaining a quasi-endowment to support a foundation in perpetuity at a lower budget, or if there is a desire to use the funds outright for another major initiative or two and eventually spend down the entire corpus, or some hybrid. She said the strategic planning phase may involve a role for the Investment Committee in thinking through these options, and that if the Board decides to follow a different course, the Committee will need to advise the Board in adjusting the Investment Policy documents accordingly.

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. Thus far this fiscal year, one transfer from the Strategic Pool to the Liquidity-Operating sub-account of \$15.25 million took place in early July, as recommended by this Committee.

Finally, Ms. Hatamiya reminded the Committee of its 2021 meeting dates, per the Committee's schedule: February 17, May 19, August 18, and November 17.

6. 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, Senior Portfolio Manager Meghan DeGroot, and Senior Wealth Manager Kristin Sun represented SHGA at the meeting.

Mr. Dombkowski gave an overview of the firm's investment outlook, particularly in light of COVID-19 impacts and the U.S. presidential election, focusing on federal government stimulus, the disease state, and economic indicators. He gave a summary of the firm's current economic forecast for the fourth quarter of 2020, 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 discussed the potential impacts of the ongoing pandemic and the upcoming

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presidential election on the financial markets. He also addressed questions from the Committee about a possible new Chair of the Federal Reserve and how that might impact financial markets.

Ms. Sun and Ms. DeGroot reviewed the Foundation's Investment Dashboard for the third quarter of 2020, including September 30, 2020, balances of \$19,317,811 for the Quasi-Endowment, \$29,866,882 for the Strategic Pool, and \$25,919,855 for the Liquidity Pool (total of \$75,104,548 in all three accounts). They highlighted some of the adjustments the firm made to the portfolio in the past quarter given market conditions.

The Sand Hill team also briefly responded to a question from Chair Ross about whether it would be possible to increase risk within the Liquidity Pool in the event that the Recreation and Aquatic Center project timeline gets pushed out substantially.

- b. Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Recreation and Aquatic Center Project

Chair Ross explained that this item will appear on the agenda for each Investment Committee meeting until the Foundation has completed all major grant payments for the Recreation and Aquatic Center to allow the Committee to discuss any changes in the cash flow timeline that may arise and potentially provide direction to the Board about cash flow strategies for the project. He noted that the Foundation has not received an update in the project cash flow timeline since the May meeting, and that Executive Director Hatamiya gave an update on the project during the Executive Director's report. The Committee briefly discussed how changes in the composition of the City Council as a result of the November election might affect the project.

7. Committee Member Comments: Committee members wished each other a happy Thanksgiving holiday.

8. Adjourn: Chair Ross moved to adjourn the meeting at 5:39 p.m., seconded by Committee Member Clifford, approved unanimously.

Respectfully submitted for approval at the Regular Investment Committee Meeting of February 17, 2021, by Investment Committee Chair Tim Ross.



Tim Ross, Investment Committee Chair