

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

Special Meeting of the Investment Committee

August 22, 2018

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 4:32 p.m.
- 2. Roll Call:** Committee Members Ross, Clifford, Hayes, Hedley, and Perkins, present.
- 3. Approval of Minutes:** May 16, 2018, Regular Investment Committee Meeting: Committee Member Hedley moved to approve the minutes of the May 16, 2018, Regular Meeting, seconded by Committee Member Clifford, passed unanimously.

4. Executive Director's Report

Executive Director Hatamiya gave an update on the Foundation. First, she reported on several staff transitions in the City of San Bruno: New City Manager Jovan Grogan started on July 30; there are or will soon be a new Finance Director, Cable Director, and Community Services Director; and the Community Development Director is leaving at the end of the week.

She then reported on the Foundation's recent program highlights:

- **Crestmoor Scholarship:** The Foundation awarded nine Crestmoor Scholarships at the June Board meeting.
- **Community Grants Fund:** The third iteration of Community Grants Fund launched at the beginning of July. Two Grant Workshops were held, with a third scheduled for September 10. The application deadline is September 26. YouTube/Google is again donating \$100,000; with the Foundation's \$200,000, the Foundation will award \$300,000 in grants in December.

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- Music Education Strategic Initiative: Implementation is proceeding on schedule. The second set of grant payments were made mid-June. A steering committee led by SBEF is planning a fall fundraiser called "Music in the Air" to be held on November 3 at Capuchino High School.
- Schools Transformation Grant: In June, the Board approved a \$250,000 strategic grant to the San Bruno Education Foundation for two important pieces of its schools transformation project in the San Bruno Park School District: (a) Sobrato Early Academic Language (SEAL) program at Belle Air and Allen Elementary Schools, and (b) partnership with Partners in School Innovation to support the Parkside transformation.
- Recreation and Aquatics Center: The Foundation is funding the conceptual design phase with a \$550,000 grant. An upfront payment of \$381,500 was made earlier this year; staff is waiting for the City to submit its grant report to determine how much of second payment of up \$168,500 will be used. The San Bruno City Council approved the conceptual design in late June and in July approved moving forward to engage Group 4 Architecture to conduct the second stage (schematic design and development of construction documents).
- Pedestrian Safety Initiative: The first three sets of flashing beacons were installed at Portola Elementary School and Parkside Intermediate School in the spring and seem to be working well. One downtown site on San Mateo Avenue and another at John Muir Elementary School to be installed in September.
- Florida Avenue Park: There has been a delay in the park's construction due to faulty construction drawings and issues regarding saving heritage trees. The Foundation disbursed the \$200,000 grant to the City in late February.
- First Responder Effectiveness Strategic Initiative: In March, the Board approved a \$160,723 strategic grant to the City for three first responder projects: mindfulness training, emergency shelter supplies, critical facilities site assessments. In the aftermath of the April shooting at YouTube's San Bruno headquarters, Google and employees from Google and YouTube donated about \$300,000 to the Initiative. Staff has been in discussion with the City about additional first responder projects those funds could support.

Ms. Hatamiya also reported that the SBCF Board and San Bruno City Council approved the Foundation's fiscal year 2018-2019 budget in June. As part of the resolution, the Board followed the Investment Committee's recommendation of a \$319,980 transfer from the Quasi-Endowment account to the Liquidity account and a \$4.043 million transfer from the Strategic account to the Liquidity account to cover the Foundation's cash flow needs this fiscal year. The Board also followed the Committee's other recommendation to move \$10 million from the Strategic account to the Liquidity account for the recreation and aquatics center project to protect that amount from market volatility. She reported that the \$10 million transfer took place the first week of July and a transfer of \$700,000 from the Strategic account to the Liquidity account took place on August 1. Additional transfers from the Strategic account

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to the Liquidity account are scheduled for January and June, with transfers from the Quasi-Endowment to the Liquidity account scheduled for December and May.

Finally, Ms. Hatamiya reminded the Committee of its next meeting on November 27 and announced the 2019 meeting dates, per the Committee's schedule: February 20, May 15, August 21, and November 20. She asked Committee members to inform her of any conflicts with those dates.

5. Conduct of Business

- a. Adopt Resolution Canceling the November 14, 2018, Special Meeting of the Investment Committee and Scheduling a Special Meeting on November 27, 2018

Committee Member Hedley moved to adopt the resolution canceling the November 14, 2018, Special Meeting of the Investment Committee and scheduling a Special Meeting on November 27, 2018, seconded by Committee Member Hayes, approved unanimously.

- b. 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, describing the current stage of the economic cycle as mid-to-late cycle. He gave a summary of the firm's current economic forecast for the third quarter of 2018, commenting on economic growth, interest rates, the employment market, corporate earnings, international developed markets, emerging markets, inflation, commodity markets, valuation, the housing market, and the potential impact of recent U.S. tariff policy.

Ms. Sun then reviewed the Foundation's Investment Dashboard for the second quarter of 2018, including June 30, 2018, balances of \$17,521,667 for the Quasi-Endowment, \$55,451,122 for the Strategic Pool, and \$356,359 for the Liquidity Pool (total of \$73,329,147 in all three accounts). She reported that in the second quarter, SHGA increased the Foundation's short duration bond holdings and decreased energy equities and floating rate loans.

The Committee discussed the \$10 million transfer from the Strategic account to the Liquidity account at the beginning of July, and Ms. Sun confirmed that holdings in the Strategic account's portfolio were liquidated evenly across the board.

The Committee also briefly discussed preparations for Mr. Dombkowski's report to the Foundation Board of Directors on September 5.

5. Public Comment: None.

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6. Committee Member Comments: None.

7. Adjourn: Committee Member Hedley moved to adjourn the meeting at 5:38 p.m., seconded by Committee Member Hayes, approved unanimously.

Respectfully submitted for approval at the Special Investment Committee Meeting of November 27, 2018, by Investment Committee Chair Tim Ross.

 11/27/18
Tim Ross, Investment Committee Chair