

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

February 17, 2021

4:30 p.m.

Meeting Conducted via Zoom

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, Hedley (joined the meeting at 4:45 p.m.), and McGlothlin, present.
3. **Public Comment:** None.
4. **Approval of Minutes:** November 18, 2020, Regular Investment Committee Meeting: Committee Member Clifford moved to approve the minutes of the November 18, 2020, Regular Meeting, seconded by Committee Member Hayes, 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 Board approved 23 Community Grants totaling \$300,000 in December, including a number of safety net and education programs. The Board has been busy presenting grant checks virtually to the community groups.
- **Crestmoor Scholarship:** The 2021 Crestmoor Scholarship program launched the second week of December, with a March 2 application deadline. The Foundation plans to award \$190,000 in scholarships this spring.
- **Strategic Grants**

SAN BRUNO

Community Foundation

Investment Committee

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

- Recreation and Aquatics Center: The City of San Bruno's project team gave the SBCF Board a thorough update on December 2. The City has gone out to bid for the general contractor, and through the pre-qualification process has already pre-qualified six potential bidders. The bids are due in late March. In addition, the City continues to wait for three remaining environmental/permitting approvals: From the Regional Water Quality District, the CA Department of Fish and Wildlife, and National Environmental Policy Act (NEPA)/Army Corps of Engineers. The City will give the SBCF Board another update as well as present its strategic business plan for the new center at the March 3 SBCF Board meeting.

The Foundation is waiting for a new cash flow timeline once the City has received the bids and decided on a contractor. The City has promised to provide a revised budget timeline based on real costs by May 1, so that it can be factored into the Foundation's fiscal year 2021-2022 budget and be presented at the May Investment Committee meeting.

SBCF has approved six RAC grants totaling \$8.4 million and paid out grant payments totaling \$5.57 million. Under the current cash flow timeline, the Foundation expected to pay out about \$17 million in RAC grants this fiscal year; so far the Foundation has paid out \$2.5 million. The Foundation may not pay out any of the \$13 million originally budgeted for the construction grant this fiscal year.

- COVID-19 Relief Grants: As mentioned in November, the Small Business Recovery and Assistance Program run by the Bay Area Entrepreneur Center of Skyline College added a Micro Grants component that turned out to be extremely successful – the carrot needed to entice businesses to participate in the program and benefit from the technical assistance and business coaching. Sixteen small businesses received \$4,000 grants at a moving award ceremony in late January. One of the benefits of the program is that the businesses are becoming engaged in the San Bruno small business community and developing relationships that will last long past the pandemic. The BAEC will return to the SBCF Board in March to request an additional round of funding to help more businesses in 2021.

Ms. Hatamiya explained that the Foundation has begun its 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 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

SAN BRUNO

Community Foundation

Investment Committee

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

portfolio decreases after the Recreation and Aquatic Center is funded, its role in the community, and the size and scope of its ongoing operations.

Ms. Hatamiya noted that the results of this process could have implications for the Investment Committee's work, as a key question to 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.

Ms. Hatamiya reviewed the schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool. Since the last Committee meeting, one transfer of \$144,990 from the Quasi-Endowment to the Liquidity sub-account took place. As recommended by this Committee, one transfer from the Strategic Pool to the Liquidity-Operating sub-account of \$15.25 million took place in early July, but due to delays in the start of construction on the Recreation and Aquatic Center, Ms. Hatamiya said that she did not plan to request any further transfers from the Strategic Pool or the Liquidity-RAC sub-account to the Liquidity-Operating sub account for the remainder of the fiscal year.

Finally, Ms. Hatamiya reminded the Committee of its upcoming 2021 meeting dates, per the Committee's schedule: 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, focusing on federal government stimulus and the state of the pandemic. He gave a summary of the firm's current economic forecast for the first quarter of 2021, 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 said the firm expects a positive return environment for the stock market in 2021 and, with interest rates near 0%, minimal returns from fixed income.

Ms. DeGroot and Ms. Sun reviewed the Foundation's Investment Dashboard for the fourth quarter of 2020, including December 31, 2020, balances of \$21,159,417 for the Quasi-Endowment, \$31,082,352 for the Strategic Pool, and \$25,447,146 for the Liquidity Pool (total of \$77,688,915 in all three accounts). They also reviewed the portfolio's fixed income exposure.

The Sand Hill team briefly responded to a question from Chair Ross about fixed income adjustments the firm has made to the Foundation's portfolio, explaining that the firm has shortened the duration of

SAN BRUNO

Community Foundation

Investment Committee

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

some fixed income holdings and decreased overall fixed income exposure while adding an emerging market fixed income fund. The team also commented on the Federal Reserve Chairman's recent remarks that the Fed would not increase interest rates until 2023-2024, making it unlikely for inflation to take hold in the near future.

- 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, that Executive Director Hatamiya gave an update on the project during the Executive Director's report, and that staff may have more information on the project's cash flow needs at the next meeting.

7. Committee Member Comments: None.

8. Adjourn: Committee Member Hedley moved to adjourn the meeting at 5:24 p.m., seconded by Committee Member Clifford, approved unanimously.

Respectfully submitted for approval at the Regular Investment Committee Meeting of May 19, 2021, by Investment Committee Chair Tim Ross.



Tim Ross, Investment Committee Chair