

# SAN BRUNO

## Community Foundation

*Investment Committee*

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

---

### **GOVERNOR'S EXECUTIVE ORDER N-25-20\*\*\*\* CORONAVIRUS COVID-19**

*On March 17, 2020, the Governor of California issued Executive Order N-29-20 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Pursuant to the CDC's social distancing guidelines which discourage large public gatherings, the Investment Committee of the San Bruno Community Foundation is now holding meetings via Zoom.*

*If you would like to make a Public Comment on an item not on the agenda, or comment on a particular agenda item, you may address the Council orally during the meeting, or you may email us at [info@sbcf.org](mailto:info@sbcf.org). The length of all emailed comments should be commensurate with the three minutes customarily allowed per speaker, which is approximately 300 words total. Emails received before the special or regular meeting start time will be forwarded to the Foundation Investment Committee, posted on the Foundation's website and will become part of the public record for that meeting. If emailed comments are received after the meeting start time, or after the meeting ends, they will be forwarded to the Foundation Investment Committee and filed with the agenda packet becoming part of the public record for that meeting.*

*Individuals who require special assistance of a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, agenda packet or other writings that may be distributed at the meeting, should contact Leslie Hatamiya, Executive Director, 48 hours prior to the meeting at (650) 763-0775 or by email at [info@sbcf.org](mailto:info@sbcf.org). Notification in advance of the meeting will enable the San Bruno Community Foundation to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.*

## **AGENDA**

### **SAN BRUNO COMMUNITY FOUNDATION**

#### **Regular Meeting of the Investment Committee**

**November 17, 2021**

**4:30 p.m.**

#### **Zoom Meeting Details:**

<https://us02web.zoom.us/j/84575639561?pwd=bjhNbXZUcGN6Wnp5elBqUk5hRXplUT09>

**Webinar ID:** 845 7563 9561

**Passcode:** 874964

**Dial-in:** (669) 900-6833

- 1. Call to Order**
- 2. Roll Call**
- 3. Public Comment:** Individuals are allowed three minutes. It is the Committee's policy to refer matters raised in this forum to staff for research and/or action where appropriate. The Brown Act prohibits the Committee from discussing or acting upon any matter not agendaized pursuant to State Law.

# SAN BRUNO

## Community Foundation

### *Investment Committee*

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

---

4. **Approval of Minutes:** August 18, 2021, Regular Investment Committee Meeting
5. **Executive Director's Report**
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
  - b. Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Recreation and Aquatics Center Project
7. **Committee Member Comments**
8. **Adjourn:** The next regular meeting of the Investment Committee will be held on Wednesday, February 16, 2022, at 4:30 p.m.

# 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

**August 18, 2021**

**4:30 p.m.**

#### Meeting Conducted via Zoom

- 1. Call to Order:** Committee Chair Tim Ross called the meeting to order at 4:35 p.m.
- 2. Roll Call:** Committee Members Ross, Hayes, and McGlothlin, present. Committee Members Clifford and Hedley, excused.
- 3. Public Comment:** None.
- 4. Approval of Minutes:** May 19, 2021, Regular Investment Committee Meeting: Committee Member McGlothlin moved to approve the minutes of the May 19, 2021, 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:

- **Crestmoor Scholarship:** The Foundation awarded 13 Crestmoor Scholarships at the June Board meeting, which was held on Zoom. This year's Crestmoor Scholars are once again a very impressive group.
- **Community Grants Fund:** The sixth iteration of the Community Grants Fund launched at the beginning of July, with a September 22 grant application deadline. The Foundation offered its first Grant Workshop on August 17. YouTube and Google.org are again donating \$100,000 to the Community Grants Fund; with the Foundation's \$200,000, \$300,000 in grants will be awarded in December.

# SAN BRUNO

## Community Foundation

### *Investment Committee*

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

---

- Strategic Grants
  - Recreation and Aquatics Center (RAC): The Foundation Board approved the eighth and final RAC grant for construction in June (just under \$40.5 million), the San Bruno City Council approved the final design and funding plan (overall project budget is about \$10 million over SBCF's \$50 million contribution), the City signed the construction contract with the general contractor (Lathrop Construction), and the City received all the necessary environmental approvals and permits. In addition to the SBCF grants, the City is contributing nearly \$10 million towards the project costs through a variety of sources to fully fund the project. The City's \$10 million contribution is funded without the use general tax revenue and is largely comprised of required payments and negotiated community benefits from development projects, as well as PG&E settlement funds. This includes \$1.7 million in developer contributions that have been made to its Park In-Lieu Fund, a \$4.5 million community benefit payment from YouTube connected to its 1400/1450 Bayhill development project, and \$1.9 million in additional PG&E settlement funds related to the 2010 pipeline explosion and fire in the Crestmoor neighborhood. The City scheduled a groundbreaking ceremony on Friday, August 27, at 5:30 p.m., and the public is welcome to attend.
  - COVID-19 Relief Grants: On March 3, the Board approved a second grant in the amount of \$157,000 to the San Mateo County Community College District to extend the Small Business Recovery and Assistance Program run by the Bay Area Entrepreneur Center of Skyline College through 2021. The second round of Micro Grants to San Bruno small businesses were awarded in early August. SBCF provided funding for 15 of the second cohort, and the City provided federal COVID-19 relief funding so that all 31 eligible applicants received micro grants.

Ms. Hatamiya then reported that the Foundation is in the process of finalizing the fiscal year 2020-2021 accounting books and starting the annual audit, using the same certified public accounting firm used in previous years, Novogradac & Company, to conduct the audit. She noted that Program Manager Stephanie Rutgers decided to resign and that she is in the process of hiring a new Program Manager.

Ms. Hatamiya reported that at the end of 2021, three current Board members will conclude their second terms on the Board, and one Board member will conclude a first Board term. The San Bruno City Council will appoint four individuals to serve four-year terms commencing on January 1, 2022, and concluding on December 31, 2025. The City Clerk's office recently released the Board Recruitment Brochure and application. Chair Ross then informed the Committee that he does not plan to seek reappointment to the Board and therefore the Foundation will be in need of someone qualified to take over the Treasurer and Investment Committee chair position.

Ms. Hatamiya reported that the SBCF Board and San Bruno City Council approved the Foundation's fiscal year 2021-2022 budget in June. As part of the resolution, the Board followed the Investment Committee's recommendation of a \$312,932 transfer from Quasi-Endowment to Liquidity-Operating, a \$26,456,233 transfer from Strategic to Liquidity-Operating, and a \$10,631,501 from Liquidity-RAC to

# SAN BRUNO

## Community Foundation

### *Investment Committee*

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

---

Liquidity-Operating and closing of that subaccount to cover the Foundation's cash flow needs this fiscal year. These transfers will enable the Foundation to cover all the RAC cash needs, if necessary, but the Executive Director has the discretion to only transfer what is needed.

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 Liquidity-Operating are scheduled as follows: (a) \$200,000 in December 2021, and (b) \$112,932 in May 2022. Transfers from the Strategic Pool to Liquidity-Operating to cover non-RAC cash needs are scheduled as follows: (a) \$500,000 in September 2021, (b) \$500,000 in December 2021, and (c) other transfers to be scheduled if and when the Board approves other large strategic grants this fiscal year. She noted that transfers from Liquidity-RAC to Liquidity-Operating and from Strategic to Liquidity-Operating to cover RAC-related cash needed would be discussed later in the meeting.

Finally, Ms. Hatamiya reminded the Committee of its next meeting on November 17 and announced the 2022 meeting dates, per the Committee's schedule: February 16, May 18, August 17, and November 16. She asked Committee members to inform her of any conflicts with those dates.

## **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. He gave a summary of the firm's current economic forecast for the third 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 noted the despite the pandemic, the global economic recovery finds firmer footing, as economic growth remains positive and interest rates globally remain at or near all-time lows.

Ms. DeGroot and Ms. Sun reviewed the Foundation's Investment Dashboard for the second quarter of 2021, including June 30, 2021, balances of \$22,915,741 for the Quasi-Endowment, \$31,922,419 for the Strategic Pool, and \$24,351,470 for the Liquidity Pool (total of \$79,189,630 in all three accounts). They also reviewed the portfolio's fixed income exposure.

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

Executive Director Hatamiya gave an update on cash needs related to the Recreation and Aquatic Center. She reviewed the Foundation's eight RAC grants totaling \$50 million, including payments

# SAN BRUNO

## Community Foundation

### *Investment Committee*

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

---

already made (about \$5.8 million) and balance left to pay (about \$44.2 million). She also reviewed the City's budget for the entire project and the sources of funding for the \$10 million that exceeds the Foundation's grants.

Ms. Hatamiya reported that she recently received an updated RAC cash flow timeline from the City, based on its project and construction manager's best estimates of the construction process. The City has requested a more detailed budget timeline from Lathrop Construction, which will provide more accurate cash flow information. She noted that the current cash flow timeline estimates that SBCF will need to make RAC grant payments totaling approximately \$21.7 million in fiscal year 2021-2022, \$22.3 million in fiscal year 2022-2023, and \$217,000 in fiscal year 2023-2024. In the Foundation's fiscal year 2021-2022 budget, at the Investment Committee's recommendation, the Board and City Council approved transfers from investment accounts covering the entire balance of the remaining RAC grant payments to allow the greatest flexibility in the event that payment demands in the construction contract are front-loaded. The approved budget resolution included transferring the entire balance of the Liquidity-RAC subaccount to Liquidity-Operating and closing the subaccount.

Ms. Hatamiya proposed, and the Committee agreed, that the Foundation use the Carry Forward from fiscal year 2020-2021 and the balance of the Liquidity-RAC subaccount (thereby closing that subaccount), which together total approximately \$24 million, to cover the estimated \$21.7 in RAC grant payments that the Foundation will need to pay this fiscal year. The Committee also agreed with her recommendation that if the updated RAC budget projections from Lathrop and the City increase beyond 2021-2022 grant payments of \$24 million, the Foundation would transfer an appropriate portion of the approved Strategic Payout to cover the overage. The Committee agreed that delaying moving additional funds from the Strategic Pool to the Liquidity-RAC subaccount until the project needs the funds would potentially allow for potential gains, with a tolerable downside risk. The Committee also agreed to revisit the cash needs situation and provide guidance each quarter.

- c. Discuss and Provide Direction Regarding Investment Strategy Proposal Under Consideration by the SBCF Board of Directors as Part of Strategic Planning Process

Ms. Hatamiya gave an overview of the Foundation's recent strategic planning process, including the findings and recommendations from Community Listening Campaign 2.0. She reviewed the process recommendations arising from the Listening Campaign and the Board's response to those recommendations. She also reported on the three primary investment strategy scenarios Ms. Sun presented to the Board – spending all remaining funds in the near-to-mid term, spending down the remaining funds over the next 15, 20, or 25 years (with the option to spend some portion of the fund in the near term), and following an endowment model under which the Foundation is sustained in perpetuity, spending investment income so that the purchasing power of the principal is maintained (with the option to spend some portion of the funds in the near term). She reported that after considerable discussion, the Board reached consensus on a 20-year time horizon with a starting endowment size of \$25 million, which would allow for an ongoing annual budget of approximately \$1.7 million (adjusted for inflation) and the likely opportunity to spend at least \$5 million outright on larger strategic initiatives. She also noted that the Board expressed a preference for the Foundation to revisit

# SAN BRUNO

## Community Foundation

### *Investment Committee*

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

---

the investment strategy on a regular basis, such as every five years, and also asked the Investment Committee to comment on the proposal and any changes to the Investment Policy Statement and Investment Operating Plan.

Ms. Hatamiya then sought the Committee's guidance on how to implement this strategy. Because the Board is most concerned about maintaining an annual budget that would allow for meaningful investments in the community rather than the exact number of years to spend down the remaining funds, the Committee advised that it would be best to define the proposal in term of the annual budget payout. The Committee also suggested rounding the annual payout to a more even number, such as \$1.75 million or \$2 million. Finally, the Committee agreed that the Investment Policy Statement and the Investment Operating Plan should be updated closer to the time the changes would go into effect. Because amendments would likely not be needed until fiscal year 2023-2024 or 2024-2025, the Committee recommended beginning the process of reviewing both documents in light of these changes as part of its annual review at the May meeting, with the likelihood that specific amendments would not be recommended to the Board until May of 2023 or 2024.

**7. Committee Member Comments:** None.

**8. Adjourn:** Committee Chair Ross moved to adjourn the meeting at 6:34 p.m., seconded by Committee Member Hayes, approved unanimously.

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

---

Tim Ross, Investment Committee Chair

# SAN BRUNO

## Community Foundation

### Memorandum

---

**DATE:** November 12, 2021

**TO:** Investment Committee, San Bruno Community Foundation

**FROM:** Leslie Hatamiya, Executive Director

**SUBJECT:** November 17, 2021, Investment Committee Special Meeting

The Investment Committee of the San Bruno Community Foundation will hold its regular quarterly meeting at 4:30 p.m. on Wednesday, November 17, 2021, via Zoom.

#### **1. Executive Director's Report**

At each meeting, I will report on any follow-up items from the last Committee meeting as well as provide updates on the Foundation's programs and operations. Key items I will report on at the November 17 meeting include:

- Program highlights and updates on the Community Grants Fund, the Crestmoor Neighborhood Memorial Scholarship program, and strategic grant initiatives, including the San Bruno Recreation and Aquatic Center (RAC).
- Schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool account for FY2021-2022 to cover the Foundation's cash needs through June 30, 2022, consistent with the FY2021-2022 budget passed by the Foundation Board in June 2021.
- A reminder of upcoming 2022 Investment Committee meetings, all at 4:30 p.m.: February 16, May 18, August 17, and November 16, 2022.

#### **2. Report from Sand Hill Global Advisors (SHGA) Regarding SHGA's Investment Outlook and SBCF's Investment Performance**

Representing SHGA at the Committee meeting will be CEO Brian Dombkowski and Senior Wealth Manager Kristin Sun. The SHGA team will give a presentation to the Committee that will cover (a) SHGA's investment outlook, and (b) the performance of the Foundation's investment portfolio.

# SAN BRUNO

## Community Foundation

### Memorandum

---

#### a. SHGA's Investment Outlook

In this portion of the presentation, the SHGA team will provide an overview of SHGA's current economic forecast, particularly for the fourth quarter of 2021, including the firm's perspective on economic growth, interest rates, employment market, corporate earnings, international market, housing market, inflation, commodity markets, and valuation.

#### b. SBCF's Investment Performance

The second part of SHGA's presentation will review the performance of the Foundation's investment portfolio for the third quarter of 2021 (first quarter of the fiscal year). The SHGA team will walk the Committee through the attached Investment Dashboard for September 30, 2021, a one-page summary of the Foundation's portfolio. At the meeting, the SHGA team will also provide more detailed and up-to-date information about the Foundation's investment holdings, including performance data of underlying funds.

### **3. Discussion Regarding Future Cash Flow Strategies Related to Funding of Recreation and Aquatics Center Project**

Although the overall cash flow timeline for the Recreation and Aquatics Center project has not changed significantly since the Committee's last meeting, the Committee will have the opportunity to discuss future cash flow strategies related to the project and provide direction, as appropriate, under the second business item on November 17.

#### Attachments:

1. SBCF Investment Dashboard, as of September 30, 2021

