

SAN BRUNO

Community Foundation

Investment Committee

Pak Lin, *Chair* • Anthony Clifford, Mark Hayes, Tim Ross, and Belinda Wong, *Members*

Leslie Hatamiya, *Executive Director*

www.sbcf.org

PUBLIC COMMENT: Attendees who want to provide public comment will be asked to fill out a speaker card and submit it with the SBCF Executive Director. Public comment may also be emailed to info@sbcf.org. Comments received via email will not be read aloud during the meeting. Materials related to the agenda distributed after it is published will be available for public inspection at San Bruno City Hall, 567 El Camino Real, San Bruno, in compliance with the Brown Act.

ACCESSIBILITY: In compliance with the Americans with Disabilities Act, individuals requiring special accommodations or modifications to participate in this meeting should contact the SBCF Office 48 hours prior to the meeting at (650) 763-0775 or info@sbcf.org.

AGENDA

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Investment Committee

August 20, 2025

4:30 p.m.

Meeting Location:

San Bruno City Hall, 567 El Camino Real, Room 101, San Bruno

- 1. Call to Order**
- 2. Roll Call**
- 3. Public Comment:** Individuals are allowed three minutes at this time to comment on items within the jurisdiction of the Committee that are not on this agenda. 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 agendized pursuant to State Law.
- 4. Approval of Minutes:** May 21, 2025, Special Investment Committee Meeting
- 5. Executive Director's Report**
- 6. Conduct of Business**
 - a. Receive and Discuss Reports from Sand Hill Global Advisors, LLC (SHGA) Regarding SHGA's Investment Outlook, SBCF's Investment Portfolio Performance, and Upcoming SHGA Report to the SBCF Board of Directors

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- b. Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Final Legacy Projects

7. Committee Member Comments

- 8. Adjourn:** The next regular meeting of the Investment Committee will be held on Wednesday, November 19, 2025, at 4:30 p.m.

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MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Investment Committee

May 21, 2025

4:30 p.m.

Meeting Location:

San Bruno City Hall, 567 El Camino Real, Room 115, San Bruno

- 1. Call to Order:** Committee Chair Lin called the meeting to order at 4:31 p.m.
- 2. Roll Call:** Committee Members Lin, Clifford, Hayes, Ross, and Wong, present.
- 3. Public Comment:** None.
- 4. Approval of Minutes:** February 19, 2025, Regular Investment Committee Meeting: Committee Member Clifford moved to approve the minutes of the February 19, 2025, Regular Meeting, seconded by Committee Member Wong, passed unanimously by roll call vote.

5. Executive Director's Report

Executive Director Hatamiya gave an update on the Foundation's activities, first summarizing recent program highlights:

- **Crestmoor Scholarship:** Ms. Hatamiya reported that SBCF announced the 2025 Crestmoor Scholars, with awards totaling \$165,000. The 11 Crestmoor Scholars will be recognized at the June 4 Board meeting at the San Bruno Recreation and Aquatic Center.
- **Recreation and Aquatic Center (RAC) Grants:** In April, SBCF received quarterly RAC grant reports from the City of San Bruno. Ms. Hatamiya reported that the Foundation paid out \$45,941 on the City compliance review grant. In total, the Foundation has paid out about \$51.24 million of the \$51.5 million committed for the design and construction of the RAC, with a balance of about \$259,000 to be paid.

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- RAC Startup Programming and Outreach Grant: Ms. Hatamiya reported that no grant payments have yet been disbursed on the three-year, \$2.25 million RAC Startup Programming and Outreach grant, which is intended to assist the City with program and outreach activities at the RAC to increase use of the facility and get the operations on sound financial footing over the startup phase, as payments will be made on an annual basis starting in August 2025.
- Downtown Beautification Grant: Ms. Hatamiya noted that the City is moving forward with its various downtown beautification projects, but the progress is going slower than expected and the schedule has been extended through the end of 2025. This grant is structured so that the Foundation will reimburse the City for expenses incurred at the end of the entire project, and as a result, no grant payments have been disbursed.
- School Athletic Field Improvements Grant: Ms. Hatamiya reported that of the \$150,000 grant to improve the playing fields at John Muir Elementary, Belle Air Elementary, and Parkside Intermediate schools, the John Muir field improvements are completed, and the Foundation has paid out the \$50,000 for that part of the grant. Improvements at the Belle Air field are underway. Much of the irrigation-related improvements are being done by volunteers from the soccer organizations. The SBCF grant is helping pay for new fencing, and the Foundation has paid out about \$36,600 of the \$50,000 allocated for that field. The Parkside field improvements will primarily benefit the softball fields, and the school district is working with the San Bruno youth softball league to coordinate those improvements.
- Crestmoor Fields Project Grant: In December, the Board approved a \$3.4 million strategic grant to the City of San Bruno to help fund Phase 1 of the Crestmoor Fields Project. Ms. Hatamiya said that the sale of the high school property from the San Mateo Union High School District to the developer went through in February. Demolition of the high school structures is complete. City staff is working on finalizing design plans for the future community soccer fields, which the developer will build. The City will begin submitting quarterly grant reports in July 2025, and the Foundation will make quarterly grant payments based on expenses incurred and reported in the grant reports.

Ms. Hatamiya then reported on the Board's recent strategic planning deliberations and decisions. She explained that the Board created an Ad Hoc Committee on Strategic Planning to lead this effort, and in March, at the Committee's recommendation, directed the issuance of a letter to the San Bruno City Council expressing the Foundation's interest in exploring with the City potential options for a legacy project using the bulk of the Foundation's remaining funds. She said that the City Council created its own ad-hoc sub-committee to meet with the Foundation's Ad Hoc Committee, and after those two committees met, the SBCF Ad Hoc Committee came back to the Board with a series of recommendations that the Board approved at its May meeting. She summarized the strategy updates as approved by the Board as follows:

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- Update the Foundation's program and investment strategies to spend down the bulk of the Foundation's remaining total net assets at the end of the current fiscal year in the near-to-mid-term on at least one large legacy project and wind down all other programs;
- Identify a new Fire Station No. 52 as the Foundation's top choice for the legacy project to receive most of the total net assets earmarked for legacy projects and direct the Foundation President and Executive Director to send a letter to the San Bruno City Council to communicate this decision and seek the City Council's agreement to the Foundation serving as a funding partner on a new Fire Station No. 52;
- Direct the discontinuation of all other programs, including the Crestmoor Scholarship and the Community Grants Fund, at the end of the current fiscal year in order to maximize preservation of the Foundation's net assets for any legacy projects;
- Direct the Ad Hoc Committee on Strategic Planning to review the Foundation's Program Strategy Framework and recommend any needed updates to reflect the above changes in strategy;
- Direct the Investment Committee to review the Foundation's Investment Policy Statement and its Investment Operating Plan with Sand Hill Global Advisors and recommend any needed updates to both documents to reflect the above changes in strategy; and
- Direct the Executive Director to review staffing needs and begin trimming operating expenses, as appropriate, in the fiscal year 2025-2026 budget to reflect the above changes in strategy.

Ms. Hatamiya explained the Board's reasoning behind its decisions and the practical implications moving forward, including the directive to the Investment Committee to review the Investment Policy Statement and Investment Operating Plan and make recommendations to update both documents to reflect the Board's decisions.

With regard to Board appointments, Ms. Hatamiya reported that the City Council appointed Jessica Inglima to the SBCF Board in March and that Ms. Inglima has quickly become an engaged member of the Board.

Ms. Hatamiya reviewed 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. Transfers from the Quasi-Endowment to Liquidity-Operating are budgeted at \$352,218, and \$200,000 was transferred in December 2024, with \$152,218 scheduled for May 2025. Transfers from Strategic to Liquidity are budgeted at \$3,030,152; \$500,000 was transferred in August 2024, and the remaining funds will be transferred as needed to cover expenses and other strategic grant payments.

Finally, Ms. Hatamiya reminded the Committee of its upcoming meetings in 2025: August 20 and November 19.

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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 CEO Brian Dombkowski, Senior Portfolio Manager Meghan DeGroot Daters, Senior Wealth Manager Kristin Sun, and Analyst George Angelopoulos represented SHGA at the meeting.

Mr. Dombkowski gave an overview of the firm's investment outlook, as well as a summary of the firm's current economic forecast, commenting on global risk factors, economic growth, interest rates, inflation, commodity markets, the employment market, corporate earnings, international developed markets, emerging markets, the housing market, and valuation. He noted that the first quarter of 2025 saw increased volatility, which was mitigated by the diversification of the Foundation's portfolio. He said that concerns over tariffs and their potential inflationary effects, along with the new administration's agenda, have contributed to market uncertainty, although he also noted that the reality of the tariffs is more nuanced than the headlines about them. He said that prolonged uncertainty could amplify negative economic impacts, but the firm does not expect the decline to be significant enough to trigger a recession. He said interest rates remain on track to come down, but perhaps more slowly than originally anticipated, and the hard data shows continued economic growth.

Ms. Daters then reviewed the Foundation's Investment Dashboard for the first quarter of 2025, including March 31, 2025, balances of \$24,135,126 for the Quasi-Endowment, \$5,529,316 for the Strategic Pool, and \$794,353 for the Liquidity Pool (total of \$30,458,795 in all three accounts). She noted that both the Quasi-Endowment and the Strategic Pool performed slightly under than their respective benchmarks, and that the firm adjusted by taking advantage of the market volatility to increase large cap growth stocks and decrease commodities and bonds. Mr. Angelopoulos reviewed the Foundation's portfolio in greater detail, and Ms. Sun noted that withdrawals from the portfolio since inception have totaled \$62.3 million to support a wide array of community benefits including the RAC, and that the total value added to the portfolio since inception was \$22.6 million as of May 16, 2025.

- b. Adopt Resolution Recommending that the SBCF Board of Directors Redesignate \$1,000,000 Currently in the Quasi-Endowment Pool to the Strategic Pool for Fiscal Year 2024-2025

Ms. Hatamiya reviewed the rationale behind the division of the Foundation's investment portfolio into three pools of funds (Quasi-Endowment, Strategic, and Liquidity) and the investment profiles of each pool. She explained that, as planned, the Foundation has been gradually spending down the Strategic Pool since 2016, and that following the approval of several strategic grants totaling more than \$5.9 million earlier this fiscal year, the Foundation has committed slightly more than the remaining balance of the Strategic Pool, so that as of April 30, 2025, the Foundation's total non-Quasi-Endowment unrestricted net assets was -\$334,787 on the Statement of Financial Position. She said when Accounting Consultant Frank Bittner flagged this situation, the two of them consulted the Foundation's audit team at Novogradac & Company and recommended, to ensure that the Foundation's fiscal year-end financial

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statements clearly show how current liabilities will be covered, that the Board direct the release of Board-restricted funds for undesignated purposes by transferring a portion of the Board-designated Quasi-Endowment to the Strategic Pool. Because the fiscal year-end balance of total non-Quasi-Endowment unrestricted net assets will depend in part on the value of the Strategic Pool, and because the market has been very volatile in recent months due to changes in federal tariff and other economic policies, she recommended that the Committee recommend to the Board a re-designation of \$1 million in funds from the Quasi-Endowment to the Strategic Pool, which is more than enough to cover what will likely be the fiscal year-end negative balance of non-Quasi-Endowment unrestricted net assets and may also cover the Foundation's operating expenses in fiscal year 2025-2026. She notes that with such a redesignation by June 30, total non-Quasi-Endowment unrestricted net assets will be a positive number on the Foundation's fiscal year-end financial statements.

After discussion by the Committee, Committee Member Wong moved to adopt the resolution recommending that the SBCF Board of Directors redesignate \$1,000,000 currently in the Quasi-Endowment Pool to the Strategic Pool for fiscal year 2024-2025, seconded by Committee Member Ross, approved unanimously by roll call vote.

- c. Conduct Annual Review of SBCF's Investment Policy Statement and Investment Operating Plan and Recommend Modifications to the Investment Policy Statement and Investment Operating Plan and/or Redesignations of SBCF Investment Funds to the SBCF Board of Directors:
 - 1) Discuss the May 7, 2025, Directive from the Board to Review and Make Recommendations to Update the SBCF Investment Policy Statement and Investment Operating Plan to Reflect the Changes in Strategy Approved by the Board, including Spending Down Most of the Foundation's Total Net Assets as of the End of the Current Fiscal Year in the Near-to-Mid-Term on At Least One Large Legacy Project and Winding Down All Other Programs
 - 2) Consider Two Options to Implement Investment Updates to Reflect the Changes in Strategy and Approve One of the Following Resolutions: (a) Resolution Recommending that the SBCF Board of Directors Approve the SBCF Restated Investment Policy Statement, Terminate the Investment Operating Plan, and Redesignate All Funds in the Quasi-Endowment Pool and the Strategic Pool as of July 1, 2025, to the Liquidity Pool, with an Interim Redesignation of All Funds in the Quasi-Endowment Pool to the Strategic Pool, if Necessary, or (b) Resolution Recommending that the SBCF Board of Directors Redesignate All Funds in the Quasi-Endowment Pool as of July 1, 2025, to the Strategic Pool

Ms. Hatamiya referred to her presentation earlier in the meeting summarizing the Board's recent post-RAC strategy decisions. She explained that the total amount to be committed to the final legacy projects will likely be determined at the beginning of the 2025-2026 fiscal year based on the total net assets as of the end of the 2024-2025 fiscal year, and that to ensure that the Foundation has more than sufficient funds to cover its operating expenses through the completion of administration of any previously awarded grants and scholarships and any soon-to-be awarded legacy project grants (at least another five years), the Foundation will likely reserve \$5 million from the Foundation's June 30, 2025, total net

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assets, and the remaining balance will be the total amount available for the final legacy projects. She also noted that the specific amount for the fire station project will be determined after the City has agreed to partner with the Foundation on the project and the Foundation has received additional cost and related information on permanent lighting at the Crestmoor Fields and the San Bruno Park School District's strategic initiatives.

She reported that the Board has tasked the Investment Committee with reviewing both the Investment Policy Statement (IPS) and Investment Operating Plan (IOP) and making recommendations for updates to reflect the Board's change in strategy. As part of the Committee's charge to provide guidance to the Board on all aspects of the investment management process, these recommendations may include redesignations of funds in the Foundation's investment portfolio as appropriate to reflect the change in strategy.

In consultation with the Sand Hill team, Ms. Hatamiya then presented to the Committee two options for implementing needed updates to reflect the Board-approved changes in strategy. She said that the Foundation, under this Committee's guidance, took a conservative approach at moving funds over from Strategic to Liquidity after the RAC commitment was made to the City, and she and the Sand Hill team recommend that the Foundation take a similarly conservative approach with the funds in the Foundation's remaining investment accounts, now that the Board has committed to using the bulk of the total net assets in the next five years or so on a small number of final legacy projects.

She presented the first option as recommending that the Board transfer all funds in the Quasi-Endowment Pool and the Strategic Pool as of July 1, 2025, to the Liquidity Pool, amend the IPS to reflect the transition from three pools of funds to just one, and terminate the IOP. She described this option as the more conservative of the two, which would prevent the potential upside of continuing to have funds in the Quasi-Endowment or Strategic pools, but would also preserve the more than \$21 million in total value added to the portfolio since inception. She noted that the meeting packet included a draft of a Restated IPS that Ms. Sun prepared. She explained that under the Foundation's Bylaws, any amendments to the IPS must be approved by the San Bruno City Council, and that if the Committee were to recommend this first option to the Board and the Board approves it at its next meeting on June 4, 2025, the Restated IPS would then be sent to the City Council for consideration and approval. But she noted that with less than a month to the end of the fiscal year, there is a good chance that the City Council would not take action on the Restated IPS by June 30, 2025, and that in that case, the original IPS would remain in effect on July 1, 2025, and the Foundation would not be able to transfer all funds in the Quasi-Endowment and the Strategic Pool to the Liquidity Pool and stay in compliance with the original IPS until the City Council approves the Restated IPS. Thus, she explained that if the City Council has not approved the Restated IPS by June 30, 2025, the resolution implementing the first option calls for an interim redesignation of all funds in the Quasi-Endowment as of July 1, 2025, to the Strategic Pool. Once the City Council were to approve the Restated IPS, the Restated IPS would take effect and all funds would be redesignated from the Strategic Pool to the Liquidity Pool; termination of the IOP would not take place until the Restated IPS becomes effective.

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She then presented the second option, which would be to leave the IPS and IOP in place in their current form and to recommend that the Foundation transfer all funds in the Quasi-Endowment as of July 1, 2025, to the Strategic Pool, at least until the City formally accepts the Foundation's offer to help fund construction of a new Fire Station No. 52. She explained that this option does not require an immediate update to the IPS and would only require a decision by the Board to redesignate all funds in the Quasi-Endowment to the Strategic Pool; the Quasi-Endowment would continue to be referenced in the IPS and IOP, but the balance of that pool would be zero. Once any final legacy projects are confirmed, the Committee can then consider recommending updates to the Investment Policy Statement such as those included under the first option.

The Committee had an extensive discussion of the two options that focused primarily on time horizon and risk tolerance. The Committee noted that under the IPS, the objective of the Strategic Pool is capital preservation – to achieve growth at a conservative rate in excess of inflation – with a mid-term time horizon and a goal of drawing down the pool to zero, and concluded now that the Board has decided to spend down the Foundation's remaining net assets, the Strategic Pool – rather than the Quasi-Endowment, which has a long-term time horizon and capital appreciation as its primary objective – matches the Foundation's current investment needs. The Committee felt that it would be premature to move all of the remaining funds to the Liquidity Pool, as the City had not yet accepted the Foundation's offer to help fund the fire station and the Foundation lacks clarity on a project timeline and the potential schedule for grant payments.

Although the original resolution the Committee considered called for the redesignation of funds from the Quasi-Endowment to the Strategic Pool as of July 1, 2025, the first day of the next fiscal year, the Committee questioned why the Foundation would need to wait until July 1 to take this action. The Sand Hill team and Ms. Hatamiya agreed that the redesignation could take place in June before the end of this fiscal year. As a result, the Committee proposed amending the resolution to strike out any reference to the timing of the redesignation to provide flexibility in the implementation of the redesignation.

Committee Chair Lin moved to adopt the resolution recommending that the SBCF Board of Directors redesignate all funds in the Quasi-Endowment Pool to the Strategic Pool, as amended, seconded by Committee Member Wong, approved unanimously by roll call vote.

3) Discuss Request by Community Members for the Foundation to Adopt a Socially Responsible Investment Strategy and Provide Any Guidance to the Board in Light of Changes in Strategy

Ms. Hatamiya reported that as part of its strategy decisions, the Board directed the Investment Committee to provide guidance on considering the request that community members made last year for the Foundation to adopt a socially responsible investment strategy. The Sand Hill team explained that following a socially responsible investment strategy would be limited and not advised for the Strategic Pool, which is currently greater than 72% fixed income, and not a prudent strategy for the Liquidity Pool, which is limited to short-duration fixed income and cash/cash equivalents. The Committee noted that the process required to develop a socially responsible investment strategy, including determining the

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values on which such a strategy would be based, could extend past the time when the Board decides to redesignate all funds to the Liquidity Pool once the fire station or another legacy project is confirmed.

By consensus, the Committee decided that the Board's decision to spend down the remaining net assets and the related redesignation of funds from the Quasi-Endowment to the Strategic Pool, with a future redesignation of all funds to the Liquidity Pool anticipated in the next year or two, rendered the question of adopting a socially responsible investment strategy moot and declined to recommend that the Board further consider the request from the community members.

7. Committee Member Comments: None.

8. Adjourn: Committee Member Hayes moved to adjourn the meeting at 6:13 p.m., seconded by Committee Member Wong, approved unanimously.

Respectfully submitted for approval at the Regular Investment Committee Meeting of August 20, 2025,
by Investment Committee Chair Pak Lin.

Pak Lin, Investment Committee Chair

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Memorandum

DATE: August 14, 2025

TO: Investment Committee, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: August 20, 2025, Investment Committee Regular Meeting

The Investment Committee of the San Bruno Community Foundation will hold its regular quarterly meeting at 4:30 p.m. on Wednesday, August 20, 2025, at San Bruno City Hall, Room 101.

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 August 20 meeting include:

- Program highlights and updates on the Community Grants Fund, the Crestmoor Neighborhood Memorial Scholarship program, and strategic grant initiatives.
- Updates related to the Board's recent strategic planning deliberations and decisions.
- Schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool account for FY2025-2026 to cover the Foundation's cash needs through June 30, 2026, consistent with the FY2025-2026 budget passed by the Foundation Board in June 2025.
- A reminder of upcoming Investment Committee meetings: November 19, 2025, February 18, 2026, May 20, 2026, and August 19, 2026, all at 4:30 p.m.

2. Report from Sand Hill Global Advisors (SHGA) Regarding SHGA's Investment Outlook, SBCF's Investment Performance, and SHGA's Upcoming Report to the SBCF Board of Directors

Representing SHGA at the Committee meeting will be Senior Portfolio Manager Meghan Daters, Senior Wealth Manager Kristin Sun, and Analyst George Angelopoulos. The SHGA team will give

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a presentation to the Committee that will cover (a) SHGA's investment outlook, (b) the performance of the Foundation's investment portfolio, and (c) SHGA's upcoming presentation to the SBCF Board of Directors.

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 third quarter of 2025, 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 second quarter of 2025 (fourth quarter of the fiscal year). The SHGA team will walk the Committee through the attached Investment Dashboard for June 30, 2025, 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.

c. SHGA's Upcoming Report to the SBCF Board of Directors

The SHGA team will also briefly preview the firm's annual report to the Foundation's Board of Directors, which will take place at the September 3, 2025, SBCF Board meeting.

Under SBCF's Investment Operating Plan, SHGA is obligated to present to the Board on an annual basis. This presentation typically takes place at the September Board meeting, following the Investment Committee's meeting in the quarter following the end of the fiscal year. This timing allows the SHGA team to cover the Foundation's investment portfolio performance for the previous fiscal year (which ends on June 30) as well as give its plans for the Foundation's portfolio and its perspective on the economic outlook for the current fiscal year. The presentation typically covers SHGA's investment outlook, the structure of the Foundation's investment portfolio, the performance of the Foundation's investment portfolio, and an update on the firm. SHGA CEO Brian Dombkowski is scheduled to make the presentation on September 3.

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3. Discussion Regarding Future Cash Flow Strategies Related to Funding of Final Legacy Projects

The August 20 Investment Committee meeting agenda will include a new item under Conduct of Business – “Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Final Legacy Projects” – which will be included on each regular meeting agenda going forward.

As I informed the Committee at its last meeting, in May the SBCF Board decided to spend down the bulk of the Foundation’s remaining total net assets in the near-to-mid-term on at least one large legacy project and discontinue the Crestmoor Scholarship and Community Grants fund at the end of the 2024-2025 fiscal year. The Board identified a new Fire Station No. 52 as the Foundation’s top choice for the legacy project to receive most of the total net assets earmarked for legacy projects, and the San Bruno City Council has agreed to allow the Foundation to serve as a funding partner on the project. The Board is also considering funding permanent lighting as an addition to the Crestmoor Fields Project grant and providing a final legacy grant to support San Bruno’s public schools. These potential grant opportunities are in the planning stage.

Following the Committee’s recommendation, in June the SBCF Board approved a redesignation of all funds in the Quasi-Endowment Pool to the Strategic Pool, which best matches the Foundation’s current investment needs now that the Foundation intends to spend down the bulk of the Foundation’s remaining total net assets in the near-to-mid-term on at least one large legacy project. The SHGA team transferred the full Quasi-Endowment account to the Strategic Pool in June. The account balance of the Quasi-Endowment is now zero.

The Committee will have the opportunity to discuss future cash flow strategies related to the final legacy projects and provide direction, as appropriate, under the second business item on August 20.

Attachments:

1. SBCF Investment Dashboard, as of June 30, 2025

The San Bruno Community Foundation Investment Dashboard

As of June 30, 2025

Current Outlook:

Economic Environment: Despite unusually high economic uncertainty in the first half of this year, both economic and corporate earnings growth remained surprisingly resilient, supported by steady consumer spending and ongoing private investment. Although consumption remained strong, GDP declined in the first quarter, largely due to a surge in imports ahead of anticipated tariffs. This drag appears to have reversed in the second quarter as import levels normalized. In our view, market and economic uncertainty peaked in early April. Since then, several positive developments – ongoing trade negotiations, a strong labor market, first quarter corporate earnings that exceeded expectations, and inflation trending toward the Federal Reserve’s target – have brought greater clarity and supported a recovery in the stock market. While uncertainty remains around global trade, tax policy, and government funding, we expect greater clarity on these issues by year-end. At the same time, continued investment in and adoption of artificial intelligence is likely to support both economic and corporate earnings growth. The IPO market is also showing early signs of a revival, and a sustained pickup in activity could further enhance economic activity.

Market Environment: The second quarter of 2025 saw increased volatility with the S&P 500 falling almost 20%, then recovering and ending up almost 11% for the quarter. Volatility was driven by tariff and global trade uncertainty and subsided in response to trade negotiations and signs that the economy and corporate earnings had remained healthy during the first half of the year. Small and mid-cap stocks as well as international stocks also generated healthy returns of +8% and +12% respectively. Bonds were also volatile yet ended the quarter with a positive return. Commodities pulled back following a very strong return during the first quarter and REITs were down 1%.

Portfolio Response: Following an almost 20% decline for the S&P 500 in early April, we added to large cap stocks and reduced bonds. By late May, the stock market had recovered and we reduced equity and added to short duration bonds. During this process we reduced overall exposure to growth assets to the same level portfolios were at when the year began.

Performance		Quasi-Endowment Pool	Custom Blended Benchmark	+ / -	Strategic Pool	Custom Blended Benchmark	+ / -
Quarterly	Q2 2025	3.89%*	3.39%*	0.50%*	3.23%	2.63%	0.60%
	Q1 2025	-0.37%	-0.15%	-0.22%	1.68%	1.75%	-0.07%
	Q4 2024	-1.59%	-1.59%	0.00%	-2.38%	-2.51%	0.13%
	Q3 2024	6.19%	6.49%	-0.30%	5.63%	5.68%	-0.05%
Annual	YTD	3.50%*	3.24%*	0.26%*	4.96%	4.43%	0.53%
	2024	10.95%	10.36%	0.59%	4.62%	4.27%	0.35%
	2023	13.99%	14.08%	-0.09%	8.03%	8.31%	-0.28%
	2022	-15.16%	-14.49%	-0.67%	-11.84%	-13.12%	1.28%
	2021	13.21%	12.81%	0.40%	4.47%	3.42%	1.05%
ITD - 6/30/25		7.32%*	7.29%*	0.03%*	3.46%	3.35%	0.11%

*Performance through 6/5/2025

Asset Allocation	Quasi-Endowment Pool*	5-Jun-25	Strategic Target	Strategic Pool	30-Jun-25	Strategic Target
Large Cap Equity	\$8,408,130	34%	30%	\$3,051,826	10%	9%
SMID Cap Equity	\$2,565,592	10%	9%	\$1,168,611	4%	3%
International/EM Equity	\$3,550,509	14%	13%	\$1,639,360	5%	4%
Fixed Income	\$7,751,974	31%	30%	\$22,673,182	73%	70%
Real Assets	\$1,317,554	5%	8%	\$1,061,328	3%	4%
Market Neutral	\$1,055,972	4%	8%	\$1,378,929	4%	8%
Cash	\$265,694	1%	2%	\$241,285	1%	2%
Total	\$24,915,425	100%	100%	\$31,214,521	100%	100%

*Allocation through 6/5/2025

Governance Checklist	OK
Asset allocation within target range: All weights are in compliance.	✓
No direct investments in any equity or debt securities of Pacific Gas & Electric.	✓
No individual equity securities (stocks) will be held in any direct account.	✓
No below investment grade allocation > 5% of portfolio value.	✓
With the exception of U.S. government securities, no more than 5% at cost of the portfolio may be invested in the securities of a single issuer.	✓
Strategic Pool can maintain up to 10% illiquidity.	✓

Strategic Pool Portfolio Action	Increased	Decreased	Growth/Capital Preservation
Q2 2025	Managed Through Extreme Volatility		21/79
	Large Cap Growth Stocks	Bonds	
	Short Duration Bonds		
Q1 2025	Took Advantage Of Market Volatility		22/78
	Large Cap Growth Stocks	Commodities	
		Bonds	

Balances	Quasi-Endowment	Strategic	Liquidity	Total
Q2 2025	\$2,233	\$31,214,521	\$749,711	\$31,966,464
Q1 2025	\$24,135,126	\$5,529,316	\$794,353	\$30,458,795
Q4 2024	\$24,220,497	\$5,436,482	\$1,427,413	\$31,084,392
Q3 2024	\$24,794,060	\$5,568,594	\$1,543,419	\$31,906,073

Net Cash Flows	Quasi-Endowment	Strategic	Liquidity	Total
Q2 2025	-\$25,173,885	\$25,021,667	-\$205,000	-\$357,218
Q1 2025	\$0	\$0	-\$647,000	-\$647,000
Q4 2024	\$0	\$0	-\$327,250	-\$327,250
Q3 2024	\$0	-\$500,000	\$212,000	-\$288,000

Illiquidity as of 6/30/25	< 1 Yr	1-3 Yrs	> 3 Yr	Total
Strategic Pool	1.95%	0.00%	0.00%	1.95%

