

SAN BRUNO

Community Foundation

Investment Committee

Belinda Wong, *Chair* • Anthony Clifford, Larry Franzella, Mark Hayes, and Tim Ross, *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

May 20, 2026

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 agendaized pursuant to State Law.
- 4. Approval of Minutes:** February 23, 2026, Investment Committee Special 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

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- b. Discuss and Provide Direction Regarding Future Cash Flow Strategies Related to Funding of Final Legacy Projects
- c. Conduct Annual Review of SBCF's Investment Policy Statement and Investment Operating Plan
- d. Adopt Resolution Approving Use of Remote Teleconference Meetings for the Investment Committee Pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6

7. Committee Member Comments

- 8. Adjourn:** The next regular meeting of the Investment Committee will be held on Wednesday, August 19, 2026, at 4:30 p.m.

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MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Special Meeting of the Investment Committee

February 23, 2023

4:30 p.m.

Meeting Location:

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

- 1. Call to Order:** Committee Chair Belinda Wong called the meeting to order at 4:30 p.m.
- 2. Roll Call:** Committee Members Wong, Clifford, and Hayes, present; Committee Members Franzella and Ross, excused.
- 3. Public Comment:** None.
- 4. Approval of Minutes:** November 19, 2025, Special Investment Committee Meeting: Committee Member Clifford moved to approve the minutes of the November 19, 2025, Special Meeting, seconded by Committee Member Hayes, passed unanimously by roll call vote (Franzella and Ross, absent).

5. Executive Director's Report

Executive Director Hatamiya informed the Committee members that the Board of Directors appointed new Board Member Larry Franzella, who previously served as Mayor and on the San Bruno City Council for two decades, to the open Director seat on the Investment Committee, but he was unable to attend this rescheduled meeting.

Ms. Hatamiya then gave an update on the Foundation's recent program highlights:

- **Recreation and Aquatic Center (RAC) Startup Programming and Outreach Grant:** It is the second year of the three-year \$2.25 million grant to assist the City of San Bruno with startup programming and outreach activities at the RAC, with \$1.165 million allocated for year 2. The City is using the funds on a variety of activities to bolster membership, programming, and rentals at the facility. The next grant payment will take place over the summer.

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- **Crestmoor Fields Project Grant:** In December 2024, the Board approved a \$3.4 million strategic grant to the City to help fund Phase 1 of the Crestmoor Fields Project. In January 2026, the City requested an additional \$1,952,400 to fund the installation of permanent lights at the fields, which the Board had expressed a willingness to consider as one of its final legacy projects. The Board approved the additional funding, and the grant agreement will be amended to increase the grant amount to \$5,352,400, extend the end of the grant period to March 31, 2028, and adjust one of the requirements for the payment of grant funds. The City and the contractor, Toll Brothers, are negotiating final language in the Improvement Agreement, and the Foundation is waiting for them to execute that before executing the amendment to the grant agreement.
- **Downtown Beautification Grant:** The City has completed its various downtown beautification projects. After the City submits its grant report, which is due at the end of July, the Foundation will pay out the grant amount of \$350,000.
- **San Bruno-Narita Sister City Program Grant:** The Foundation awarded two three-year grants totaling \$109,000 to the City and the San Bruno Education Foundation to support San Bruno's longstanding sister city relationship with Narita, Japan. SBEF, the San Bruno Park School District, and the City have organized the Narita Supporters Dinner, Bridge to Narita, which is scheduled for March 7 at the RAC. The event serves as a fundraiser for the program, and the sustainability portion of the grant to SBEF is helping underwrite the costs of the event.

Ms. Hatamiya then reported on the Ad Hoc Committee on Strategic Planning's work on identifying, in addition to the Fire Station No. 52 replacement project, several final legacy projects for the Foundation to fund with its remaining assets. She noted that the Board approved funding for the Crestmoor Fields lighting as one of the final legacy projects. With regard to the fire station replacement project, she said that the City is working on the land acquisition for the new fire station at a site at San Bruno Avenue, Skyline Boulevard, and Glenview Drive that is owned by Caltrans. She said that negotiations with Caltrans are progressing slowly and that she did not anticipate that any grants for the fire station project would be awarded by the end of the fiscal year. She also noted that the City may approach the Foundation for fundings for renovations to the San Bruno Senior Center, which the City Council made one of its priorities for 2026. She said the City understands that any funds designated for the Senior Center would come from the funds that would otherwise go toward the fire station. Finally, she reported that the Board would be considering a proposal from the Ad Hoc Committee to provide long-term funding for the SBPSD Outdoor Education program. The Board discussed the Committee's preliminary proposal, which includes setting aside \$2 million as a Quasi-Endowment earmarked for Outdoor Education, with annual withdrawals of about \$100,000 to support the program starting in the 2027-2028 school year, and an initial grant of \$140,000 to support the program in the 2025-2026 and 2026-2027 school years. She said the Committee is reviewing the feedback received from the Board and the public and will return to the Board with a final proposal in March.

Ms. Hatamiya reminded Committee members to submit their completed Conflict of Interest annual affirmations and their Form 700s as part of their annual ethics requirements.

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Ms. Hatamiya reviewed the schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool for fiscal year 2025-2026. Transfers from Strategic to Liquidity are budgeted at \$9,525,348; \$2,500,000 was transferred in August to cover the year's operating expenses and best estimate of payments on grants already awarded, and the timing of the balance will depend on any new strategic grants the Board approves and the timing of those grant payments.

Ms. Hatamiya reminded the Committee of upcoming meetings in 2026 on May 20, August 19, and November 18. She noted that the current terms of all Committee members except for the Chair conclude at the end of June.

Finally, Ms. Hatamiya informed the Committee of recent amendments to the Brown Act that allow the Board to permit eligible subsidiary bodies such as the Investment Committee to meet remotely if certain requirements are met. She explained that the Board must make certain findings and approve a resolution permitting the Investment Committee to conduct teleconference meetings. The Committee would continue to have a physical meeting location open to the public; Investment Committee members could participate via teleconference and must be visible on screen. She explained that this could greatly benefit Committee members who work outside of San Bruno and occasionally find it challenging to make the meetings in person. She said in March the Board will consider a resolution authorizing the Investment Committee to meet via teleconference, and assuming the Board approves the resolution, in May the Investment Committee would consider a resolution approving the use of teleconference for its meetings.

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 Senior Wealth Manager Kristin Sun and Portfolio Manager George Angelopoulos represented SHGA at the meeting.

Ms. Sun gave an overview of the firm's investment outlook, noting that despite elevated economic uncertainty, overall economic activity and corporate earnings have been resilient, with corporate investment in artificial intelligence a main driver of GDP growth. She noted that the economy remains resilient despite a cooling of the labor market, especially for younger workers. She noted that market volatility resurfaced in the final quarter of 2025, as concerns about a potential artificial intelligence bubble moved to the forefront, while corporate earnings continued to largely exceed expectations.

Mr. Angelopoulos then reviewed the Foundation's Investment Dashboard for the third quarter of 2025, including December 31, 2025, balances of \$30,004,134 for the Strategic Pool, and \$2,440,406 for the Liquidity Pool, for a total of \$32,444,540. He also discussed the performance of the underlying funds in the Foundation's Strategic, and Liquidity pools. He explained that in the fourth quarter of 2025, the firm rebalanced the Foundation's portfolio following strong equity returns, increasing bonds and decreasing large cap stocks.

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Ms. Sun noted that withdrawals from the portfolio since inception have totaled \$62.1 million to support a wide array of community benefits including the new Recreation and Aquatic Center, and that the total value added to the portfolio since inception is nearly \$25.2 million.

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

The Committee briefly discussed cash flow strategies related to the funding of any final legacy project grants. Ms. Hatamiya reported that while the Board has committed in principle to using the bulk of the Foundation's remaining net assets on a new Fire Station No. 52, it has not yet formally awarded any grants to that project, and although the Board did approve nearly \$2 million in additional funding for permanent lights at the Crestmoor Fields soccer complex as a legacy project, progress on the Crestmoor Fields Project is moving slowly and significant grant payments on that grant are not expected by the end of the current fiscal year. As a result, the Committee did not consider any guidance related to movement of investment funds from the Strategic Pool to the Liquidity Pool in anticipation of those potential grants.

7. Committee Member Comments: None.

8. Adjourn: Committee Member Hayes moved to adjourn the meeting at 5:40 p.m., seconded by Committee Member Clifford, approved unanimously (Franzella and Ross, absent).

Respectfully submitted for approval at the Regular Investment Committee Meeting of May 20, 2026, by Investment Committee Chair Belinda Wong.

Belinda Wong, Investment Committee Chair

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Memorandum

DATE: May 14, 2026

TO: Investment Committee, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: May 20, 2026, Investment Committee Regular Meeting

The Investment Committee of the San Bruno Community Foundation will hold a regular meeting at 4:30 p.m. on Wednesday, May 20, 2026, at San Bruno City Hall, Room 101.

1. Executive Director's Report

At each Committee meeting, I 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 May 20 meeting include:

- Highlights and updates on the Foundation's strategic grant initiatives and development of its final legacy projects.
- 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.
- Preview of the Foundation's budget for fiscal year 2026-2027.
- Notice of a new fiscal and financial training requirement under SB 827 (Investment Committee members will need to fulfill the two-hour training requirement by January 1, 2028).
- Upcoming appointments to the Investment Committee.
- Reminder of remaining 2026 Investment Committee meetings: August 19 and November 18, all at 4:30 p.m.

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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 Senior Portfolio Manager Meghan DeGroot Daters, Senior Wealth Manager Kristin Sun, and Portfolio Manager George Angelopoulos. 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.

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 second quarter of 2026, 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 first quarter of 2026 (third quarter of the fiscal year). The SHGA team will walk the Committee through the attached Investment Dashboard for March 31, 2026, 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 Final Legacy Projects

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

4. Annual Review of SBCF’s Investment Policy Statement and Investment Operating Plan

The Foundation’s Investment Policy Statement was approved by the Foundation Board on April 6, 2016, and by the San Bruno City Council on April 26, 2016. The Investment Operating Plan was approved by the Foundation Board and signed by the Treasurer and Executive Director on May 4, 2016, and signed by the SHGA CEO on May 11, 2016. Following the May 2017 meeting of the Investment Committee and subsequent action of the Board of Directors in June of that year, an amendment to the Quasi-Endowment payout provision in the Investment Operating Plan was executed by SHGA and the Foundation on June 7, 2017.

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Under Section II.2.a. of the Investment Policy Statement, the Investment Committee is tasked to “review at least annually the Investment Policy Statement and Investment Operating Plan and monitor compliance with both documents.” At the May 20 meeting, the Committee will review the two documents as amended, which I have attached.

As a reminder, the Investment Policy Statement is intended to serve as a high-level policy document governing the Foundation’s investment practices. Its goals include:

- Outlining the purpose and goals of the Foundation’s investment portfolio, including three separate pools of funds
- Defining the roles and responsibilities for the Foundation’s Board of Directors, Investment Committee, External Investment Manager, and the San Bruno City Council
- Setting investment goals, objectives, and target asset allocations for each pool of funds
- Establishing asset guidelines and investment procedures
- Outlining the spending policy
- Establishing guidelines to monitor performance
- Providing continuity across changes in the Board of Directors, Investment Committee, and Foundation staff

Under the Foundation’s Bylaws, the City Council is to approve the adoption, amendment, or repeal of the Foundation’s Investment Policy Statement.

While the Investment Policy Statement is a high-level policy document, the Investment Operating Plan is the more detailed operating agreement between the Foundation and its investment adviser. Drafted jointly by the Committee and the SHGA team, the Investment Operating Plan follows the principles outlined in the Investment Policy Statement and provides detailed instructions to Sand Hill regarding ongoing management of the three pools of money, including specific asset allocation targets and ranges, as well as guidelines regarding payout and withdrawals.

Upon review of the two documents, I am not recommending changes to either document at this time. The three-pool structure of the investment portfolio has served the Foundation well, and with the relaunch of the Quasi-Endowment earmarked for the SBPSD Outdoor Education program and the extended timeline for the Board to finish identifying and approving the grants related to the final legacy projects, the structure continues to make sense. In order to protect the value and ensure the liquidity of the funds as they will need to be paid out, the three investment pools are structured so that as funds are needed, they can be shifted from the Quasi-Endowment and Strategic Pool to the Liquidity Pool, which has a more conservative risk

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tolerance and higher liquidity requirement. Moreover, the Investment Operating Plan also provides SHGA with asset allocation ranges that allows SHGA to make reasonable and sufficient adjustments to the Strategic Pool to accommodate the necessary payment schedule for the remaining grants.

I encourage Committee members to review both documents before the meeting and come with questions and suggestions for possible amendments, either now or in the future.

5. Resolution Approving Use of Remote Teleconference Meetings for the Investment Committee Pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6

Under recent amendments to the Brown Act that became effective as of January 1, 2026 (Government Code sections [54953.8.6](#) and [54953.8](#)), the Board can permit eligible subsidiary bodies such as the Foundation's Investment Committee to meet remotely (referred to as "teleconference" meetings that do not need to comply with the traditional teleconference requirements) if certain requirements are met.

In accordance with these new provisions, at its March meeting the Board made certain findings and approved a resolution permitting the Investment Committee to use teleconferencing. The findings included:

- The Board considered the circumstances of the eligible subsidiary body (Investment Committee).
- Teleconference meetings of the Investment Committee will enhance public access to its meetings, and the public was made aware of the type of remote participation, including audio-visual or telephonic, that will be made available at a regularly scheduled meeting and was provided the opportunity to comment at an in-person meeting of the Board authorizing the Investment Committee to meet remotely.
- Teleconference meetings of the Investment Committee will promote the attraction, retention, and diversity of eligible Investment Committee members.

As the next step in the process, in accordance with Gov. Code section 54953.8.6(a)(4)(C), the Investment Committee must now approve the use of teleconferencing by majority vote before using the teleconference format at a meeting. As such, on May 20, the Committee will consider the attached resolution approving the use of remote teleconference meetings for the Investment Committee pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6.

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If the Committee approves the resolution, the Committee would continue to have a physical meeting location open to the public (San Bruno City Hall, Room 101), and Foundation staff would be present at that location. Investment Committee members attending remotely would need to be visible on Zoom (although there are some exceptions for accommodating physical and mental conditions). In addition, members attending remotely would need to publicly disclose at the beginning of the meeting whether any individual 18 years of age or older are in the room with them and the member's general relationship with them. In the event of a disruption that prevents broadcasting the meeting or receiving public comments, the Committee may not take further action until remote public access is restored.

As the Board noted when approving its resolution, some of the current Investment Committee members work outside of San Bruno and face challenges attending the Committee's regular meetings in person at 4:30 p.m. Providing Investment Committee members with the option of participating via Zoom would increase attendance at Committee meetings and decrease the burden of in-person attendance. Authorizing teleconference meetings would also enhance public access to Committee meetings, which are currently held only in person. We would continue to encourage in-person attendance as much as possible, but the teleconference option gives Committee members flexibility in managing schedules and enhances the Investment Committee's ability to retain and attract members.

I recommend the Board approve the resolution approving the use of remote teleconference meetings for the Investment Committee pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6. Both Treasurer Belinda Wong, who chairs the Investment Committee, and the Foundation's team at Sand Hill Global Advisors LLP are supportive of this proposed change in meeting format.

If the Committee approves the resolution, it would begin using teleconference meetings at its next regular meeting on August 19, 2026. In addition, under the new Brown Act provisions, the Board must make similar findings and approve a resolution authorizing the Investment Committee's use of teleconference meetings every six months in order for the Committee to continue to hold its meetings via remote teleconference.

Attachments:

1. SBCF Investment Dashboard, as of March 31, 2026
2. SBCF Investment Policy Statement, as approved by the SBCF Board of Directors on April 6, 2016, and by the San Bruno City Council on April 26, 2016
3. SBCF Investment Operating Plan, as approved by the SBCF Board of Directors on May 4, 2016, and amended on June 7, 2017

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4. Resolution of the SBCF Board of Directors Authorizing Remote Teleconference Meetings for the Investment Committee Pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6, approved on March 4, 2026
5. SBCF Investment Committee Resolution Approving Use of Remote Teleconference Meetings for the Investment Committee Pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6

The San Bruno Community Foundation Investment Dashboard

As of March 31, 2026

Current Outlook:

Economic Environment: At the start of the year, GDP forecasts pointed to another year of above-average growth in 2026. That outlook shifted as the Iran conflict pushed oil prices higher. Although rising gas prices may modestly dampen consumer spending, the broader growth narrative should remain intact—particularly under our base case that the Strait of Hormuz reopens even if the conflict persists. A more prolonged closure, however, would pose a greater risk to the outlook. Labor market conditions have softened since May of last year, yet the unemployment rate remains below long-term averages—largely due to slowing labor-force growth. Despite this, consumer spending has stayed relatively strong, indicating that labor market weakness is not meaningfully weighing on the broader economy. GDP unexpectedly slowed in the fourth quarter of last year as reduced government spending—stemming from the longest government shutdown in history—and weaker exports offset another period of strong consumption. We expect these dynamics to have reversed early in the new year and project another year of solid growth, supported by robust consumer spending, increased AI-related infrastructure investment, and productivity gains from broader AI adoption.

Market Environment: Early in the quarter, financial markets appeared calm on the surface, though underlying sector volatility increased as concerns grew about AI’s potential impact on the software industry. In late February, the outbreak of the Iran conflict triggered more pronounced market declines. Despite a lengthy list of risks, markets proved relatively resilient—likely supported in part by strong corporate earnings. By quarter end, the S&P 500 had declined by less than 5%, small-cap stocks were up nearly 1%, international equities were down less than 1%, commodities were the standout performer with gains exceeding 24%, and REITs rose approximately 3.5%.

Portfolio Response: During the quarter, we replaced an actively managed international equity manager with a passive ETF. We also redeemed half of a position in a private credit interval fund and invested the proceeds into an income-focused bond fund.

Performance		Quasi-Endowment Pool - 2026*	Custom Blended Benchmark	+ / -	Strategic Pool	Custom Blended Benchmark	+ / -
Quarterly	Q1 2026	-0.72%	-1.25%	0.53%	-0.16%	-0.21%	0.05%
	Q4 2025	-	-	-	1.28%	1.32%	-0.04%
	Q3 2025	-	-	-	3.14%	3.01%	0.13%
	Q2 2025	-	-	-	3.23%	2.63%	0.60%
Annual	2025	-	-	-	9.65%	8.99%	0.66%
	2024	-	-	-	4.62%	4.27%	0.35%
	2023	-	-	-	8.03%	8.31%	-0.28%
	2022	-	-	-	-11.84%	-13.12%	1.28%
	2021	-	-	-	4.47%	3.42%	1.05%
ITD - 3/31/26		-0.72%	-1.25%	0.53%	3.63%	3.52%	0.11%

* Inception on 3/13/2026

Asset Allocation	Quasi-Endowment Pool - 2026		Strategic Target		Strategic Target	
	Pool - 2026	31-Mar-26	Target	Strategic Pool	31-Mar-26	Target
Large Cap Equity	\$637,051	32%	30%	\$2,487,751	9%	9%
SMID Cap Equity	\$198,709	10%	9%	\$1,045,293	4%	3%
International/EM Equity	\$287,507	14%	13%	\$1,371,438	5%	4%
Fixed Income	\$608,767	31%	30%	\$20,357,671	73%	70%
Real Assets	\$154,203	8%	8%	\$1,317,195	5%	4%
Market Neutral	\$87,839	4%	8%	\$1,269,602	5%	8%
Cash	\$11,561	1%	2%	\$123,954	0%	2%
Total	\$1,985,636	100%	100%	\$27,972,903	100%	100%

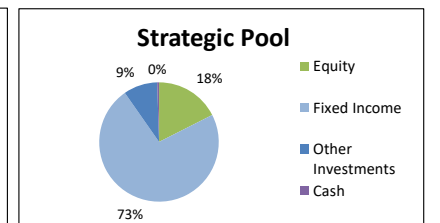
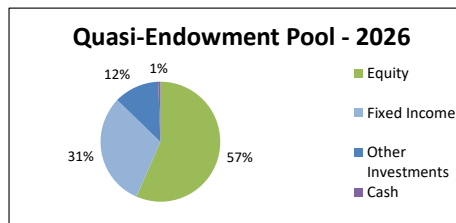
Strategic Pool Portfolio Action	Increased	Decreased	Growth/Capital Preservation
Q1 2026	Optimizing Manager Selection		22/78
	Passive International Equity Fixed Income	Active International Equity Private Credit	
Q4 2025	Rebalanced Following Strong Equity Returns		22/78
	Bonds	Large Cap Stocks	

Balances	Q-E 2026	Strategic	Liquidity	Total
Q1 2026	\$1,985,636	\$27,972,903	\$2,461,933	\$32,420,472
Q4 2025	-	\$30,004,134	\$2,440,406	\$32,444,540
Q3 2025	-	\$29,630,695	\$2,419,454	\$32,050,149
Q2 2025	-	\$31,214,521	\$749,711	\$31,964,231

Net Cash Flows	Q-E 2026	Strategic	Liquidity	Total
Q1 2026	\$2,000,000	-\$2,000,000	\$0	\$0
Q4 2025	-	\$0	\$0	\$0
Q3 2025	-	\$0	-\$850,000	-\$850,000
Q2 2025	-	\$25,021,667	-\$205,000	\$24,816,667

Illiquidity as of 3/31/26	< 1 Yr	1-3 Yrs	> 3 Yr	Total
Strategic Pool	1.05%	0.00%	0.00%	1.05%

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.	✓



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INVESTMENT POLICY STATEMENT

Approved by the SBCF Board of Directors, April 6, 2016
Approved by the San Bruno City Council, April 26, 2016

INVESTMENT POLICY STATEMENT

This Investment Policy Statement (“Policy”) is intended to govern the investment practices of the capital assets of the San Bruno Community Foundation (“SBCF” or “Foundation”). It is to allow all parties who interact directly or indirectly with SBCF’s investment assets full understanding of how the assets will be managed. This policy addresses the following areas:

- The general goals of the Foundation
- The structure and purpose of the separate pools of funds
- The roles and responsibilities of all parties involved in the investment process
- Investment goals and objectives for each pool of funds
- Investment process including asset allocation framework and rebalancing policies
- Measurement and evaluation of investment performance
- The Foundation’s spending policy and how it interfaces with the investment management of each pool of funds

I. FOUNDATION’S PURPOSE AND GOALS

The San Bruno Community Foundation was established in 2013 by the San Bruno City Council to administer, for the long-term benefit of the San Bruno community, approximately \$70 million in restitution funds resulting from the devastating 2010 gas pipeline explosion in San Bruno’s Crestmoor neighborhood. SBCF has been charged with determining the use of the funds and administering them to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term.

The SBCF Board has approved the establishment of three separate pools of funds with varying purposes, time horizons and withdrawal requirements.

1. A Quasi-Endowment Pool to support the annual operating and program expenses of the Foundation over the long term.
2. A Strategic Pool earmarked to cover the costs of major strategic grant making projects, including capital improvements of community facilities, over a 7-10 year period. The Strategic Pool will be fully exhausted either at the completion of those strategic projects, or by consolidation into the Quasi-Endowment Pool at the Board’s discretion.
3. A Liquidity Pool to act as a holding account for expenditures planned in the subsequent 0-24 months. The purpose of this pool is to mirror the Foundation’s operating accounts. This account may be funded by both the Quasi-Endowment and the Strategic Pool.

II. ROLES AND RESPONSIBILITIES

1. The SBCF Board of Directors is responsible for the following:
 - a. Formation of the Investment Committee, including appointment of a sitting Board Member as the Committee Chair. The Committee can consist of a mix of SBCF Board

Members and non-Board Members. For non-Board Members, a preference will be given to individuals with experience and/or expertise in finance and investment management.

- b. Approval, termination, or replacement of the External Investment Manager.
 - c. Approval of this Investment Policy Statement and subsequent modifications to it.
 - d. Approval of an Investment Operating Plan executed with the External Investment Manager.
 - e. Approval of the Foundation spending policy, as defined in section VII of this document.
 - f. Approval of any transfer of funds to or from the Quasi-Endowment Pool or the Strategic Portfolio, as defined in section IV, beyond that specified in the Board-approved spending policy.
 - g. Maintain guidelines for the External Investment Manager to ensure that Foundation assets are invested in a manner consistent with the mission of the Foundation. It is at the Board's discretion to implement specific restrictions on how the assets of the Foundation shall be invested. Such restrictions may include but are not limited to Socially Responsible Investing known as Environmental, Social and Governance (ESG). Any active restrictions will be detailed within the Investment Operating Plan.
2. The Investment Committee, with support from the Executive Director, is responsible for providing guidance to the Board on all aspects of the investment management process. The Investment Committee is not empowered to approve decisions, as that power lies with the full Board. As part of its guidance to the Board, the Investment Committee will:
- a. Review at least annually the Investment Policy Statement and Investment Operating Plan and monitor compliance with both documents.
 - b. Review the long-term asset allocation of each pool of funds.
 - c. Monitor the performance and risk profile of the investment assets of the Foundation as a whole, including each pool of funds.
 - d. Review and address all potential conflicts of interest in accordance with the SBCF Conflict of Interest Policy.
 - e. Monitor the External Investment Manager.
3. The External Investment Manager (the "Investment Manager") is responsible for the following:

- a. Discretion to select, evaluate, and terminate the underlying fund managers and investments, as well as discretion to make tactical shifts within the parameters of the asset allocation established for each pool.
 - b. Monitor the appropriateness of each investment given the Foundation's risk tolerance and objectives.
 - c. Oversee the Foundation's investment assets and report on the status of the investments to the Investment Committee and Board of Directors.
4. The San Bruno City Council is responsible for the following:
- a. Approval of the initial Investment Policy Statement, including the Foundation's spending policy, as articulated in Section VII of this document, for the Foundation.
 - b. Approval of all future modifications to the Investment Policy Statement.

III. POLICY REVIEW

This Statement shall be reviewed annually by the Investment Committee and any recommendations for modification shall be presented to the full Board of Directors. Updates to this Policy must be approved by both the SBCF Board and the San Bruno City Council.

IV. INVESTMENT GOALS AND OBJECTIVES

The primary goal of the Foundation is to administer these funds for the long-term benefit of the San Bruno community. The specific goals for these funds include but are not limited to supporting SBCF's annual operating expenses and the three categories of program activities outlined in SBCF's Program Strategy Framework (strategic grant making, responsive grant making, and Foundation programs).

The risk tolerance of each pool of funds is dictated by the time horizon and liquidity needs, and as directed by the Board of Directors. The specific goals and objectives, risk tolerance, and time horizon for each pool of funds is as follows:

1. Quasi-Endowment Pool: The Foundation seeks to meet the current payout objectives while maintaining the total purchasing power of these assets for the San Bruno community in the future. As such, Capital Appreciation is the primary objective, with Capital Preservation as the secondary objective. The risk tolerance of the Quasi-Endowment can be described as Moderately Conservative and the time horizon as Long-Term.
2. Strategic Pool: The Foundation seeks to achieve growth of the portfolio at a conservative rate in excess of inflation. As such, Capital Preservation is the primary objective. The risk tolerance of the Strategic Pool can be described as Conservative. The goal of the Strategic Pool is to be drawn down to zero over a 7-10 year period. As such, the time horizon can be described as Mid-Term.
3. Liquidity Pool: The Foundation seeks to preserve the principal balance of all funds directed into this pool. As such, Capital Preservation and Liquidity are the primary objectives. The risk

tolerance of the Liquidity Pool can be described as Conservative. The goal of the Liquidity Pool is to cover Foundation expenditures that will be withdrawn within the succeeding 24 months from initial funding. As such, the time horizon can be described as Short-Term.

V. INVESTMENT POLICY AND ASSET ALLOCATION

1. Asset Guidelines:

- a. No individual equity securities (stocks) will be held in any Direct Account. A Direct Account is defined as any investment account registered in the name of the Foundation.
- b. Direct investments in any securities, including equity and fixed income, of Pacific Gas & Electric Corporation (Symbol: PCG) is prohibited.
- c. Individual fixed income securities (bonds) may be held in Direct Accounts. These include, but are not limited to, municipal bonds, U.S. government securities, federal government agency securities, corporate debt (limited to U.S. or multinational corporations), and high-yield debt.
- d. Commingled funds, mutual funds, and index funds may be held in Direct Accounts. The fund selection process will incorporate criteria such as investment style and process, experience of the investment team, organizational stability, and performance analysis such as long-term, risk-adjusted returns, manager tenure, relative performance in up and down markets, consistency of management style, and the associated cost to own (expense ratio).
- e. Other investments may be held in Direct Accounts. Other investments will be broadly defined as, but not limited to, investments in market-neutral funds, commodities and gold, real return strategies, venture capital, and real estate. These categories are to be implemented only through diversified investment vehicles.
- f. Cash and cash equivalents may be held in Direct Accounts. Cash equivalent positions will be high-quality instruments such as U.S. Treasury Bills, Eurodollar Certificates of Deposit, time deposits (CDs), money market funds, and repurchase agreements.

2. Investment Procedures:

- a. Diversification: All portfolios will be managed as diversified portfolios. The goal of diversification across various asset classes, sectors, and security types is to minimize risk while improving performance.
- b. Investment Vehicles: Within the constraints of the target asset allocation of each portfolio, investments will be allocated across various asset classes, either directly or through pooled or commingled investment accounts (mutual funds and index funds), that might include domestic and foreign equities, bonds, real estate, other investments, and cash or cash equivalents. With each asset class, the Investment Manager will weigh factors including expense, market efficiency, transparency of information, and

diversification to determine whether direct investments or commingled investments are in the Foundation's best interests.

- c. Rebalancing: Rebalancing is designed to minimize portfolio deviations from allocation targets. The portfolio will be reviewed regularly by the Investment Manager and rebalanced whenever the weighting of a major asset class deviates materially from the target asset allocation, or a tactical opportunity presents itself.
- d. Custody of Assets: The Foundation's assets shall be held at a third-party custodian recommended by the Investment Committee and approved by the Board. The Investment Manager shall have discretion and authority to trade on behalf of the Foundation via the custodian's trading platform.
- e. Custodian's Margin Loan Option: A Margin Loan allows a brokerage account holder to gain access to cash by borrowing against the invested securities in the account. The margin loan option on any Direct Accounts shall be disabled.

3. Asset Allocation:

The Investment Manager shall invest the funds per the strategic asset allocation parameters established for each pool of funds. Investments will be categorized as either Capital Appreciation or Capital Preservation.

Capital Appreciation can be generally defined as a strategy where the primary goal is to grow the capital base over time. Investments in this category include, but are not limited to: equities (stocks), real estate, commodities, and natural resources.

Capital Preservation can be generally defined as a strategy where the primary goal is to preserve capital and prevent loss of principal. Investments in this category include, but are not limited to: high-quality fixed income (bonds), market-neutral investments, cash equivalents, and cash.

- a. Quasi-Endowment Pool: In accordance with the Foundation's risk tolerance, as well as the goals, objectives, time horizon, and liquidity needs of the Quasi-Endowment, management of this pool will target a 60/40 allocation: 60% Capital Appreciation and 40% Capital Preservation.
- b. Strategic Pool: In accordance with the Strategic Pool's goals, objectives, time horizon and liquidity needs, management of this pool will target a 20/80 allocation: 20% Capital Appreciation and 80% Capital Preservation.
- c. Liquidity Pool: In accordance with the Liquidity Pool's goals, objectives, time horizon and liquidity needs, management of this pool will target a 100% Capital Preservation allocation.

VI. INVESTMENT MANAGER REPORTING AND EVALUATION

The Investment Manager shall provide the Investment Committee with quarterly performance and holdings reports to allow the Committee to review the overall investment performance of the

Investment Manager and the individual securities in each portfolio with respect to the risk and return objectives established for the Foundation. At a minimum, the reports shall include the following:

- An accounting of all securities held in the investment accounts for the Foundation.
- Comparative returns for each pool of funds against their respective benchmarks.

Additionally, the Investment Manager shall present to the Board of Directors on an annual basis.

VII. SPENDING POLICY

1. Quasi-Endowment Pool

The SBCF Board will determine the spending policy for the Quasi-Endowment with input from the Investment Committee. The SBCF Board will use the following guidelines in approving a fixed payout amount each year. The SBCF Board will review this policy annually.

The payout amount will be determined once annually, prior to the conclusion of the Foundation's fiscal year for the subsequent fiscal year. The payout rate will range up to 7%, as determined by the Board, multiplied by the average of the latest available twelve (12) prior quarter-ending Quasi-Endowment values.

2. Strategic Pool

The Strategic Pool has been earmarked by the Board to fund strategic projects, including but not limited to capital improvement projects of community facilities, that benefit the San Bruno community. As such, withdrawals will be determined by the timing of project expenditures, as well as guidance from the SBCF Board. The Investment Committee and SBCF staff will provide direction to the Investment Manager regarding liquidation of investments to fund the withdrawals. Cash proceeds will be deposited in the SBCF Liquidity Pool on an as-needed basis.

3. Liquidity Pool

The Liquidity Pool will contain funds that have been earmarked for disbursement by the SBCF Board, with the guidance from the Investment Committee. As directed by SBCF staff, withdrawals will take place in the subsequent 0-24 months following initial deposit into the Liquidity Pool.

VIII. CONFLICTS OF INTEREST

In accordance with the SBCF Conflict of Interest Policy, all employees, members of the Board of Directors, and members of the Investment Committee are expected to use good judgment, adhere to high ethical standards, and act in such a manner as to avoid any actual, perceived, or potential conflict of interest.

San Bruno Community Foundation

Investment Operating Plan

Approved by the SBCF Board of Directors, May 4, 2016

SAN BRUNO COMMUNITY FOUNDATION
INVESTMENT OPERATING PLAN

SUMMARY INVESTMENT OPERATING PLAN

QUASI-ENDOWMENT POOL

<u>Investment Objective:</u>	Generate a return in excess of the specified blended portfolio benchmark over a complete market cycle.
<u>Risk Tolerance:</u>	Moderately Conservative
<u>Target Return:</u>	Over the long-term, exceed the blended portfolio benchmark, net of fees with similar risk.
<u>Evaluation Benchmark:</u>	The passive indices in similar weights to the target asset allocation as detailed in Appendix 1.
<u>Withdrawal Requirement:</u>	Up to 7% annual withdrawals, as determined by the SBCF Board.
<u>Time Horizon:</u>	Long-Term
<u>Target Allocation:</u>	Balanced Strategy (see specific allocation guidelines in Section IV.1 of this plan document)

STRATEGIC POOL

<u>Investment Objective:</u>	Generate a return in excess of the specified blended portfolio benchmark over a complete market cycle.
<u>Risk Tolerance:</u>	Conservative
<u>Target Return:</u>	Over the long-term, exceed the blended portfolio benchmark, net of fees with similar risk.
<u>Evaluation Benchmark:</u>	The passive indices in similar weights to the target asset allocation as detailed in Appendix 1.
<u>Withdrawal Requirement:</u>	100% withdrawn over 7-10 years, dictated by the timing of capital projects and as determined by the SBCF Board.
<u>Time Horizon:</u>	Mid-Term
<u>Target Allocation:</u>	Conservative Strategy (see specific allocation guidelines in Section IV.2 of this plan document)

SAN BRUNO COMMUNITY FOUNDATION
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LIQUIDITY POOL

<u>Investment Objective:</u>	Generate a return in excess of the specified blended portfolio benchmark over a complete market cycle.
<u>Risk Tolerance:</u>	Conservative
<u>Target Return:</u>	Over the long-term, exceed the blended portfolio benchmark, net of fees with similar risk.
<u>Evaluation Benchmark:</u>	The passive indices in similar weights to the target asset allocation as detailed in Appendix 1.
<u>Withdrawal Requirement:</u>	100% withdrawn within 24 months, as determined by the SBCF Board.
<u>Time Horizon:</u>	Short-Term
<u>Target Allocation:</u>	Short-Term Cash and Short-Duration Fixed Income Strategy (see specific allocation guidelines in Section IV.3 of this plan document)

SAN BRUNO COMMUNITY FOUNDATION

INVESTMENT OPERATING PLAN

This Investment Operating Plan outlines the assumptions and understandings under which Sand Hill Global Advisors, LLC (the “Investment Manager” or “SHGA”) is to manage the assets of the San Bruno Community Foundation (“SBCF” or the “Foundation”). The content herein has been composed based upon meetings with the Board of Directors and staff in which discussions covered SBCF’s goals, attitudes, expectations, risk tolerance, desires for liquidity, and present and future cash flow requirements.

It is agreed that SHGA will meet with the Investment Committee on a quarterly basis to report on the status of the portfolio and to receive and provide information that will aid in the management of the portfolio. This Investment Operating Plan will be reviewed at least annually as to its appropriateness given any significant changes in SBCF’s needs or in light of significant shifts in the economy or the investment markets. Day-to-day contact with SBCF will be made via the telephone and e-mail.

This Investment Operating Plan shall adhere to the policies set forth in SBCF’s Investment Policy Statement, originally approved by the SBCF Board of Directors and San Bruno City Council in April 2016.

I. FOUNDATION’S PURPOSE AND GOALS

The San Bruno Community Foundation was established in 2013 by the San Bruno City Council to administer, for the long-term benefit of the San Bruno community, approximately \$70 million in restitution funds resulting from the devastating 2010 gas pipeline explosion in San Bruno’s Crestmoor neighborhood. SBCF has been charged with determining the use of the funds and administering them to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term.

The SBCF Investment Policy Statement establishes three separate pools of funds with varying purposes, time horizons, and withdrawal requirements:

1. A Quasi-Endowment Pool to support the annual operating and program expenses of the Foundation over the long term.
2. A Strategic Pool earmarked to cover the costs of major strategic grantmaking projects, including capital improvements of community facilities, over a 7-10 year period. The Strategic Pool will be fully exhausted either at the completion of those strategic projects, or by consolidation into the Quasi-Endowment Pool at the Board’s discretion.
3. A Liquidity Pool to act as a holding account for expenditures planned in the subsequent 0-24 months. The purpose of this pool is to mirror the Foundation’s operating accounts. This account may be funded by both the Quasi-Endowment and the Strategic Pool.

II. INVESTMENT GOALS AND OBJECTIVES

The primary goal of the Foundation is to administer these funds for the long-term benefit of the San Bruno community. The specific goals for these funds include but are not limited to supporting SBCF’s annual

SAN BRUNO COMMUNITY FOUNDATION
INVESTMENT OPERATING PLAN

operating expenses and the three categories of program activities outlined in SBCF's Program Strategy Framework (strategic grant making, responsive grant making, and Foundation programs).

The risk tolerance of each pool of funds is dictated by the time horizon and liquidity needs, and as directed by the Board of Directors. The specific goals and objectives, risk tolerance, and time horizon for each pool of funds is as follows:

1. **Quasi-Endowment Pool Investment Objectives:**

The Foundation seeks to meet the current payout objectives while maintaining the total purchasing power of these assets for the San Bruno community in the future. As such, Capital Appreciation is the primary objective, with Capital Preservation as the secondary objective.

a. Portfolio Return Objectives

- i. Total Portfolio Return: Achieve a time-weighted, real rate of return of 3-4%, after fees and program costs. This return will be sought using a diversified style of investment management, providing an average annual return that will be measured over a complete market cycle assumed to be five years.
 - ii. Blended Benchmark Return: Over rolling five-year cycles, to achieve a return that exceeds the Blended Benchmark, net of fees with similar risk.
- b. Portfolio Risk Tolerance - The risk to the portfolio must be moderately conservative, since the portfolio provides a source of funds that allows SBCF to perpetuate its mission.
- c. Withdrawal Requirements - Up to 7% Annual Withdrawals as determined by the SBCF Board. The SBCF staff will provide Sand Hill Global Advisors with guidance in this area.
- d. Time Horizon - Long-Term.
- e. Tax Considerations - None, since this organization is tax exempt.
- f. Illiquidity - The overall portfolio can maintain up to 10% illiquidity.

2. **Strategic Pool Investment Objectives:**

The Foundation seeks to achieve growth of the portfolio at a conservative rate in excess of inflation. As such, Capital Preservation is the primary objective.

a. Portfolio Return Objectives

- i. Total Portfolio Return: Achieve a time-weighted, real rate of return of 1-2%, after fees and program costs. This return will be sought using a diversified style of investment management, providing an average annual return that will be measured over a complete market cycle assumed to be five years.

SAN BRUNO COMMUNITY FOUNDATION
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- ii. Blended Benchmark Return: Over rolling five-year cycles, to achieve a return that exceeds the Blended Benchmark, net of fees with similar risk.

 - b. Portfolio Risk Tolerance - The risk to the portfolio must be conservative.

 - c. Withdrawal Requirements - 100% withdrawn over 7-10 years, determined by timing of SBCF's strategic grant making projects. The SBCF staff will provide Sand Hill Global Advisors with guidance in this area.

 - d. Time Horizon - Mid-Term.

 - e. Tax Considerations - None, since this organization is tax exempt.

 - f. Illiquidity - The overall portfolio can maintain up to 5% illiquidity.
3. **Liquidity Pool Investment Objectives**:

The Foundation seeks to preserve the principal balance of all funds directed into this pool. As such, Capital Preservation and Liquidity are the primary objectives.

- a. Portfolio Return Objective - Achieve a time-weighted, real rate of return of above the prevailing rate of the U.S. 90 Day T-Bill, after fees and program costs.

- b. Portfolio Risk Tolerance - The risk to the portfolio must be conservative.

- c. Withdrawal Requirements - 100% drawdown within 24 months, as determined by the SBCF Board.

- d. Time Horizon - Short-Term.

- e. Tax Considerations - None, since this organization is tax exempt.

- f. Illiquidity - The overall portfolio must maintain 100% liquidity.

III. INVESTMENT AND ASSET GUIDELINES

Sand Hill Global Advisors will utilize an appropriate combination of individual securities in direct accounts and specialized third party, commingled fund or mutual fund alternatives to implement the asset allocation. Implementation will include passive strategies such as index funds or exchange-traded funds (ETFs) and active strategies. Third-party offerings will be used to enhance the portfolio's diversification in certain asset classes that require specialized expertise or where liquidity may be limited. In each case, the potential for added value, institutional share class fees and cost effectiveness will be a major consideration.

A Direct Account is defined as any investment account registered in the name of the Foundation.

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1. Individual Equity Securities in the Direct Account:

- a. No individual equity securities (stocks) will be held in any Direct Account.
- b. Direct investments in any equity securities of Pacific Gas & Electric Corporation (Symbol: PCG) are prohibited.

2. Individual Fixed Income Securities in Direct Accounts:

- a. Individual fixed income securities (bonds) may be held in Direct Accounts. These include, but are not limited to, municipal bonds, U.S. government securities, federal government agency securities, corporate debt (limited to U.S. or multinational corporations), and high yield debt.
- b. With the exception of U.S. government securities and federal government agency securities, no more than 5% at cost of the portfolio may be invested in the securities of a single issuer.
- c. Up to 5% of the total account may be invested in below investment grade securities, commonly referred to as “high yield debt,” but only through adequately diversified investment vehicles.
- d. Direct investments in any fixed income securities of Pacific Gas & Electric Corporation are prohibited.

3. Commingled Funds, Mutual Funds and Index Funds:

- a. Commingled funds, mutual funds, and index funds may be held in Direct Accounts.
- b. The fund selection process will incorporate criteria such as investment style and process, experience of the investment team, organizational stability and performance analysis such as long-term, risk-adjusted returns, manager tenure, relative performance in up and down markets, consistency of management style, and the associated cost to own (expense ratio). When appropriate, negotiations will occur with custodians for the waiver of loads, minimums, and transaction fees.

4. Other Investments:

- a. Other investments may be held in Direct Accounts.
- b. Other investments will be broadly defined, but not limited to, as investments in market-neutral funds, commodities and gold, real return strategies, venture capital, and real estate. These categories are to be implemented only through diversified investment vehicles.
- c. In the case of market neutral private partnerships, the diversification should be achieved through the use of a “fund of funds.”
- d. The real estate portion may be comprised of private and publicly held real estate investments.

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5. Cash and Cash Equivalents:

- a. Cash and cash equivalents may be held in Direct Accounts.
- b. Cash equivalent positions will be high quality instruments such as U.S. Treasury Bills, Eurodollar Certificates of Deposit, time deposits (CDs), money market funds, and repurchase agreements.

6. Investment Procedures:

- a. Diversification: All portfolios will be managed as diversified portfolios. The goal of diversification across various asset classes, sectors, and security types is to minimize risk while improving performance.
- b. Investment Vehicles: Within the constraints of the target asset allocation of each portfolio, investments will be allocated across various asset classes, either directly or through pooled or commingled investment accounts (mutual funds and index funds), that might include domestic and foreign equities, bonds, real estate, alternative investments, and cash or cash equivalents. With each asset class, the Investment Manager will weigh factors including expense, market efficiency, transparency of information, and diversification to determine whether direct investments or commingled investments are in the Foundation's best interests.
- c. Rebalancing: Rebalancing is designed to minimize portfolio deviations from allocation targets. The portfolio will be reviewed regularly by the Investment Manager and rebalanced whenever the weighting of a major asset class deviates materially from the target asset allocation, or a tactical opportunity presents itself.
- d. Custody of Assets: The Foundation's assets shall be held at a third-party custodian recommended by the Investment Committee and approved by the Board. The Investment Manager shall have discretion and authority to trade on behalf of the Foundation via the custodian's trading platform.
- e. Custodian's Margin Loan Option: A Margin Loan allows a brokerage account holder to gain access to cash by borrowing against the invested securities in the account. The margin loan option on any Direct Accounts shall be disabled.

IV. ASSET ALLOCATION

Generally, the allocations for each pool will be within the ranges shown below; however, SHGA is permitted to have a more defensive position that may result from significant cash inflows or outflows. Initial implementation of all three pools will be achieved over a three-month transitional period involving staggered commitments. The initial funding of the three pools will be a combination of cash and fixed income securities (government bonds and CDs).

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INVESTMENT OPERATING PLAN

1. Quasi-Endowment Pool

	<u>Bottom Range</u>	<u>Target</u>	<u>Top Range</u>
EQUITY	40%	52%	65%
FIXED INCOME	20%	30%	40%
REAL ESTATE AND COMMODITIES	0%	8%	15%
MARKET NEUTRAL	0%	8%	15%
CASH AND CASH EQUIVALENTS	0%	2%	15%

2. Strategic Pool

	<u>Bottom Range</u>	<u>Target</u>	<u>Top Range</u>
EQUITY	12%	16%	20%
FIXED INCOME	53%	70%	88%
REAL ESTATE AND COMMODITIES	0%	4%	8%
MARKET NEUTRAL	0%	8%	12%
CASH AND CASH EQUIVALENTS	0%	2%	15%

3. Liquidity Pool

	<u>Bottom Range</u>	<u>Top Range</u>
SHORT DURATION FIXED INCOME	0%	100%
CASH AND CASH EQUIVALENTS	0%	100%

Duration is defined as an approximate measure of a bond's price sensitivity to changes in interest rates. Shorter the duration means the less interest rate risk and longer duration means more interest rate risk. The average duration of the fixed income portion of the Liquidity Pool will range from 0 to 24 months, consistent with spending timeline described in Section VII.3 of the Foundation's Investment Policy Statement.

SAN BRUNO COMMUNITY FOUNDATION
INVESTMENT OPERATING PLAN

V. BROKERAGE AND PROXY POLICY

1. All transactions effected for SBCF will be “subject to the best price and execution.” Securities and cash will be held in custody at Fidelity Investments.
2. Proxy voting has been delegated to SHGA. SHGA has retained Broadridge to vote proxies.

VI. CONTROLS AND MONITORING

1. Payout and Withdrawals:

- a. For unplanned withdrawals from any SBCF pool, SBCF staff will notify SHGA a minimum of five business days in advance to allow time for trade execution, trade settlement and fund transfer through the Liquidity Pool (if necessary) and out to SBCF’s external operating account.
- b. Notice in excess of five business days will provide additional time for SHGA to manage the liquidation of securities.
- c. If notice is provided less than five business days in advance, SHGA will attempt to fulfill the withdrawal request on a best efforts basis. SBCF has restricted the use of margin on all accounts, therefore cash must be available to be withdrawn.
- d. Pool-Specific Operating Guidelines:

i. Quasi-Endowment Pool

Payout amount will be determined once annually, prior to the conclusion of the Foundation’s fiscal year for the subsequent fiscal year. The payout rate will range up to 7%, as determined by the Board, multiplied by the average of the latest available twelve prior quarter-ending Quasi-Endowment values. From the initial funding of the Quasi-Endowment Pool through the end of fiscal year 2016-2017, the payout rate will be 0%. During fiscal years 2017-2018 and 2018-2019, the default payout rate will be 3%, multiplied by the simple average of all quarter-ending Quasi-Endowment values available at the time of the annual payout decision. One-twelfth (1/12) of the annual payout amount will be withdrawn from the Quasi-Endowment and deposited in the Liquidity Pool on a monthly basis.

ii. Strategic Pool

Withdrawals will be determined by the timing of project expenditures, per guidance from the SBCF Board. SBCF will provide a schedule of likely withdrawals to SHGA at the time of the annual budget planning process. Cash proceeds will be deposited in the SBCF Liquidity Pool on an as-needed basis.

iii. Liquidity Pool

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The Liquidity Pool will contain funds that have been earmarked for disbursement by the SBCF Board, with the guidance from the Investment Committee. As directed by SBCF staff, withdrawals will take place in the subsequent 0-24 months following initial deposit into the Liquidity Pool.


2. **Quarterly Reviews** – SHGA will provide the SBCF Investment Committee with quarterly performance and holdings reports to allow the Committee to review the investment performance of SHGA and the individual investments (retained by SHGA) in the portfolio with respect to the risk and return objectives established for SBCF. The review may include topics such as the overall business management, organizational changes and other relevant factors.
3. **Annual Board Meeting** – SHGA will present to the full SBCF Board of Directors on an annual basis.

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SAN BRUNO COMMUNITY FOUNDATION
INVESTMENT OPERATING PLAN

VII. SIGNATURES

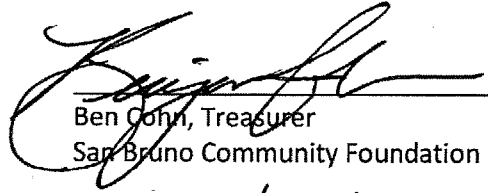
Reviewed and Accepted By:



Brian Dombkowski, CFA
Chief Executive Officer
Sand Hill Global Advisors, LLC

Date: 5/11/16

Reviewed and Accepted By:



Ben Cohn, Treasurer
San Bruno Community Foundation

Date: 5/4/16



Leslie Hatamiya, Executive Director
San Bruno Community Foundation

Date: 5/4/16

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APPENDIX

1. Benchmark Composition

The Blended Benchmark will be used for the total portfolio review and to review SHGA. Individual asset classes will be reviewed using the indices most appropriate and assigned to each manager or investment style.

The Blended Benchmark is composed as follows:

Asset Class	Index	Weight		
		<u>QEP</u>	<u>SP</u>	<u>LP</u>
Equity				
Domestic Large Capitalization	S&P 500 Index	30%	9%	0%
Domestic Small Capitalization	Russell 2000 Index	9%	3%	0%
International	MSCI All-Cap World Index excl. USA	13%	4%	0%
Fixed Income	Barclays Capital Aggregate Index	30%	70%	0%
Real Estate	NAREIT Index	6%	4%	0%
Commodities/Natural Resources	Dow Jones UBS Commodity Index	2%	0%	0%
Market Neutral	Barclays 1-3 Year Aggregate Index	8%	8%	0%
Cash/Cash Equivalents	U.S. T-Bill 90 day Index	2%	2%	100%

SAN BRUNO COMMUNITY FOUNDATION
INVESTMENT OPERATING PLAN

2. Benchmark Definitions

EQUITY MARKET INDICATORS

The market indicators included in this report are regarded as measures of equity or fixed-income performance results. The returns shown reflect both income and capital appreciation.

Standard & Poor's 500 Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

Russell 2000 Index is composed of the 2000 smallest stocks in the Russell 3000 Index, representing approximately 11% of the U.S. equity market capitalization.

INTERNATIONAL EQUITY MARKET INDICATORS

Morgan Stanley Capital International (MSCI) All Cap World Index (ACWI) Ex-USA Index is composed of approximately 6,000 equity securities representing the stock exchanges of Europe, Australia, New Zealand, the Far East and Emerging Market nations capturing 99% of the global investable market outside of the US. The index captures large, mid and small-cap companies. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

FIXED-INCOME MARKET INDICATORS

Barclays Capital Aggregate Bond Index is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

OTHER INDICES

National Association of Real Estate Investment Trusts (NAREIT) Index is the only REIT index to include all REITs currently trading on the New York Stock Exchange, the NASDAQ National Market System and the American Stock Exchange. It is also the first index to include monthly historical statistics from 1972. It is often used as a publicly traded approximation for the illiquid private real estate market.

Dow Jones UBS Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. Commodities as an asset class have historically demonstrated returns that are negatively correlated with returns of stocks and bonds and that are positively correlated with inflation measures.

Barclays 1-3 Yr Aggregate Bond Index is a combination of the Mortgage Backed Securities Index and the shorter duration components of the Government/Credit Bond Index.

U.S. T-Bill 90 Day Index is the benchmark used to measure cash. It is also considered to be the “risk-free rate” for the purposes of performance measurement.

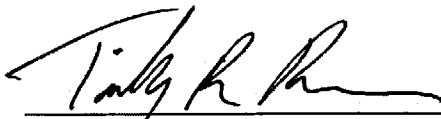
**AMENDMENT #1 TO INVESTMENT OPERATING PLAN
OF THE SAN BRUNO COMMUNITY FOUNDATION**

1. This Amendment, which is dated June 7, 2017, modifies the Investment Operating Plan of the San Bruno Community Foundation, approved by the San Bruno Community Foundation Board of Directors on May 4, 2016, and executed by the San Bruno Community Foundation and Sand Hill Global Advisors, LLC, on May 11, 2016 (a copy of which is attached hereto for reference).
2. Section VI.1.d.i., Pool-Specific Operating Guidelines for the Quasi-Endowment Pool, is amended in its entirety to be read as follows: ,

Payout amount will be determined once annually, prior to the conclusion of the Foundation's fiscal year for the subsequent fiscal year. The payout rate will range up to 7%, as determined by the Board, multiplied by the average of the latest available twelve prior quarter-ending Quasi-Endowment values. From the initial funding of the Quasi-Endowment Pool through the end of fiscal year 2016-2017, the payout rate will be 0%. During fiscal year 2017-2018, the default payout rate will be 2.25%, multiplied by the simple average of all quarter-ending Quasi-Endowment values available at the time of the annual payout decision. Cash proceeds will be deposited in the SBCF Liquidity Pool on an as-needed basis.

3. In all other respects, the Investment Operating Plan is affirmed.

San Bruno Community Foundation:

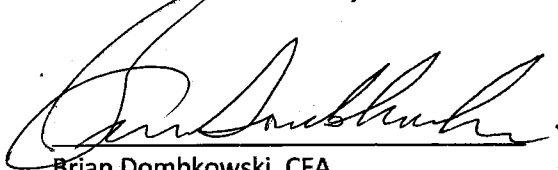


Tim Ross
Treasurer



Leslie Hatamiya
Executive Director

Sand Hill Global Advisors, LLC



Brian Dombkowski, CFA
Chief Executive Officer

RESOLUTION NO. 2026-338

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION
AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR THE INVESTMENT COMMITTEE
PURSUANT TO SENATE BILL 707 AND GOVERNMENT CODE SECTIONS 54953.8 AND 54953.8.6.**

WHEREAS, the San Bruno Community Foundation is a California nonprofit public benefit corporation that was created by the City of San Bruno to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term;

WHEREAS, the Board of Directors is comprised of seven Directors appointed by the San Bruno City Council;

WHEREAS, the Ralph M. Brown Act (“Brown Act”) generally requires that meetings of legislative bodies, including governing bodies and their appointed bodies, be held with a physical location open to the public;

WHEREAS, Senate Bill 707 (“SB 707”) amended the Brown Act to authorize certain committees, referred to as “eligible subsidiary bodies,” to conduct meetings via teleconference without identifying or providing public access to each teleconference location, provided certain statutory conditions are satisfied;

WHEREAS, Article VII, Section 3, of the San Bruno Community Foundation’s Bylaws empowers the Board of Directors to create advisory committees that may contain Director and non-Director committee members;

WHEREAS, in June 2016, by resolution the Board of Directors created the Investment Committee as an advisory body charged with providing guidance to the Board on all aspects of the investment management process, as outlined in the Charter of the Investment Committee;

WHEREAS, under the Charter of the Investment Committee, the Committee consists of the Board Treasurer, one other Director member, and three non-Director members whose experience in finance and investment management may assist the Committee and the Board in the performance of their investment oversight responsibilities;

WHEREAS, the Investment Committee meets quarterly, and the official meeting location for the Committee’s regular meetings is San Bruno City Hall, Room 101, located at 567 El Camino Real, San Bruno, California;

WHEREAS, under SB 707, the California Legislature recognized that eligible subsidiary bodies face unique logistical challenges due to their size, function, membership, meeting

frequency, and the nature of the matters considered and, for this reason, expressly authorized such bodies to conduct remote meetings to enhance efficiency and public participation;

WHEREAS, the Board finds that the Investment Committee is an eligible subsidiary body under SB 707 and Government Code Section 54953.8.6 because it is a committee created by the Board that serves exclusively in an advisory capacity and is not authorized to take final action on Foundation matters, and because it does not have primary subject matter jurisdiction that focuses on elections, budgets, police oversight, privacy, public library materials, or taxes or related spending proposals;

WHEREAS, the Board finds that allowing teleconference participation consistent with SB 707 will facilitate meeting attendance by Investment Committee members, reduce travel burdens, lower costs, and improve scheduling flexibility, thereby helping to attract, retain, and diversify Committee members and enhance public access to meetings of the Board;

WHEREAS, the Board desires to formally authorize the use of remote teleconference meetings for the Investment Committee consistent with SB 707, including all notice, agenda, and access requirements applicable to eligible subsidiary bodies; and

WHEREAS, the public has been provided the opportunity to comment on this authorization at an in-person regular meeting of the Board held on March 4, 2026.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby finds, determines, and orders as follows:

1. **Recitals and Findings.** The Board of Directors hereby finds and determines that the foregoing recitals are true and correct; the recitals are hereby incorporated by reference into each of the findings as though fully set forth therein. The Board has considered the circumstances of the Investment Committee, including its size, function, membership, meeting frequency, and the nature of the matters considered by the Investment Committee. The Board finds that allowing the Investment Committee to conduct meetings remotely pursuant to Government Code section 54953.8 would enhance public access to those meetings by allowing real-time remote observation and participation by the public, increasing scheduling flexibility and attendance by Investment Committee members and staff, and reducing travel burdens while maintaining transparency.
2. **Authorization of Teleconference Meetings for Eligible Subsidiary Bodies.** Pursuant to Government Code Sections 54953.8 and 54953.8.6, the Board of Directors hereby authorizes regular and special meetings of the Investment Committee to be conducted via teleconference, including meetings where Investment Committee members participate remotely, without identifying or providing public access to each teleconference location, provided that: (a) an agenda is posted outside the official meeting location consistent with Brown Act requirements, (b) the official

meeting location is held open to the public, (c) a Foundation staff member will be present at the official meeting location, (d) the members of the Investment Committee shall appear on camera during the pendency of the Committee meeting, except where reasonable accommodation requires otherwise or where the member experiences a lack of reliable connectivity that would be remedied by joining without video and the member announces this reason, and (e) a member of the Investment Committee who participates remotely shall publicly disclose at the beginning of the meeting whether any individual 18 years of age or older are in the room with them and the member's general relationship with them.

3. **Public Access and Participation.** All teleconference meetings conducted pursuant to this Resolution shall provide meaningful public access in compliance with the Brown Act, including but not limited to: (a) timely posting of agendas consistent with Government Code section 54954.2; (b) real-time in-person public access and remote public access to observe and hear the meeting via a two-way audio visual platform; and (c) the ability for remote members of the public to address the Committee in real time during public comment periods via telephone or internet-based platform. In the event of a disruption that prevents broadcasting the meeting or receiving public comments, the Investment Committee shall take no further action until remote public access is restored.
4. **Voting Requirements.** Votes taken during meetings conducted pursuant to this Resolution shall be conducted in compliance with the Ralph M. Brown Act.
5. **Request for Guidance.** Pursuant to the Charter of the Investment Committee, the Board requests that the Investment Committee, at the authorized remote teleconference meetings, make recommendations, as appropriate, on all aspects of the investment management process, including reviewing the Foundation's Investment Policy Statement and Investment Operating Plan and monitoring compliance with both documents, reviewing the long-term asset allocation of each of the Foundation's pools of investment funds, monitoring the performance and risk profile of the investment assets of the Foundation as a whole, including each pool of funds, reviewing and addressing all potential conflicts of interest in accordance with the Foundation's Conflict of Interest Policy, and monitoring the Foundation's external investment manager. The Board further requests that the Investment Committee present any recommendations that it develops to the Board at a subsequent Board meeting.
6. **Compliance with Brown Act.** Nothing in this Resolution is intended to waive or diminish any other requirement of the Ralph M. Brown Act. All meetings shall be conducted in full compliance with applicable open meeting laws.

7. Implementation. The Foundation Executive Director or designee is authorized to implement procedures and technological arrangements necessary to conduct teleconference meetings consistent with this Resolution and applicable law.
8. Effective Date. This Resolution shall take effect immediately upon adoption and shall remain in effect for a period of six months from the day of its adoption, unless amended or repealed by the Board of Directors, after which the Board must make new findings for the Investment Committee to continue conducting remote teleconference meetings.

Dated: March 4, 2026

ATTEST:



Raul Gomez, Secretary

I, Raul Gomez, Secretary, do hereby certify that the foregoing Resolution No. 2026-338 was duly and regularly passed and adopted by the Board of Directors of The San Bruno Community Foundation on this 4th day of March, 2026, by the following vote:

AYES: Board members: Netane-Jones, Ruane, Gomez, Wong, Franzella, Inglima, Perry

NOES: Board members: None

ABSENT: Board members: None

RESOLUTION NO. 2026-__

**RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION INVESTMENT COMMITTEE
APPROVING USE OF REMOTE TELECONFERENCE MEETINGS FOR THE INVESTMENT
COMMITTEE PURSUANT TO SENATE BILL 707 AND GOVERNMENT CODE SECTIONS 54953.8
AND 54953.8.6**

WHEREAS, the San Bruno Community Foundation is a California nonprofit public benefit corporation that was created by the City of San Bruno to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term;

WHEREAS, the Board of Directors is comprised of seven Directors appointed by the San Bruno City Council;

WHEREAS, the Ralph M. Brown Act (“Brown Act”) generally requires that meetings of legislative bodies, including governing bodies and their appointed bodies, be held with a physical location open to the public;

WHEREAS, Senate Bill 707 (“SB 707”) amended the Brown Act to authorize certain committees, referred to as “eligible subsidiary bodies,” to conduct meetings via teleconference without identifying or providing public access to each teleconference location, provided certain statutory conditions are satisfied;

WHEREAS, Article VII, Section 3, of the San Bruno Community Foundation’s Bylaws empowers the Board of Directors to create advisory committees that may contain Director and non-Director committee members;

WHEREAS, in June 2016, by resolution the Board of Directors created the Investment Committee as an advisory body charged with providing guidance to the Board on all aspects of the investment management process, as outlined in the Charter of the Investment Committee;

WHEREAS, under the Charter of the Investment Committee, the Committee consists of the Board Treasurer, one other Director member, and three non-Director members whose experience in finance and investment management may assist the Committee and the Board in the performance of their investment oversight responsibilities;

WHEREAS, the Investment Committee meets quarterly, and the official meeting location for the Committee’s regular meetings is San Bruno City Hall, Room 101, located at 567 El Camino Real, San Bruno, California;

WHEREAS, under SB 707, the California Legislature recognized that eligible subsidiary bodies face unique logistical challenges due to their size, function, membership, meeting

frequency, and the nature of the matters considered and, for this reason, expressly authorized such bodies to conduct remote meetings to enhance efficiency and public participation;

WHEREAS, on March 4, 2026, the Board found that the Investment Committee is an eligible subsidiary body under SB 707 and Government Code Section 54953.8.6 because it is a committee created by the Board that serves exclusively in an advisory capacity and is not authorized to take final action on Foundation matters, and because it does not have primary subject matter jurisdiction that focuses on elections, budgets, police oversight, privacy, public library materials, or taxes or related spending proposals;

WHEREAS, on March 4, 2026, the Board also found that allowing teleconference participation consistent with SB 707 will facilitate meeting attendance by Investment Committee members, reduce travel burdens, lower costs, and improve scheduling flexibility, thereby helping to attract, retain, and diversify Committee members and enhance public access to meetings of the Board;

WHEREAS, on March 4, 2026, the Board approved a resolution making necessary findings and authorizing remote teleconference meetings for the Investment Committee pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6; and

WHEREAS, the public was provided the opportunity to comment on the Board's authorization at an in-person regular meeting of the Board held on March 4, 2026.

NOW, THEREFORE, BE IT RESOLVED that the Investment Committee approves the use of remote teleconference meetings for its regular and special meetings pursuant to Senate Bill 707 and Government Code Sections 54953.8 and 54953.8.6.

Dated: May 20, 2026

ATTEST:

Belinda Wong, Investment Committee Chair

I, Belinda Wong, Chair, do hereby certify that the foregoing Resolution No. 2026-__ was duly and regularly passed and adopted by the Investment Committee of the San Bruno Community Foundation on this 20th day of May, 2026, by the following vote:

AYES: Committee members:

NOES: Committee members:

ABSENT: Committee members: