

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

February 19, 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 agendaized pursuant to State Law.
- 4. Approval of Minutes:** November 20, 2024, Regular Investment Committee Meeting
- 5. Executive Director's Report**
- 6. Conduct of Business**
 - a. Receive Report from Sand Hill Global Advisors, LLC (SHGA) regarding SHGA's Investment Outlook and SBCF's Investment Portfolio Performance

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7. Committee Member Comments

- 8. Adjourn:** The next regular meeting of the Investment Committee will be held on Wednesday, May 21, 2025, at 4:30 p.m.

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MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Investment Committee

November 20, 2024

4:30 p.m.

Meeting Location:

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

- 1. Call to Order:** Committee Chair Lin called the meeting to order at 4:30 p.m.
- 2. Roll Call:** Committee Members Lin, Clifford, Hayes, Ross, and Wong, present.
- 3. Public Comment:** None.
- 4. Approval of Minutes:** August 21, 2024, Regular Investment Committee Meeting: Committee Member Wong moved to approve the minutes of the August 21, 2024, Regular Meeting, seconded by Committee Member Ross, 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:

- **Community Grants Fund:** The Foundation received 55 applications for Community Grants by the September 18 deadline, providing a robust and competitive applicant pool. The applications have been evaluated by a review panel of community volunteers. The Board will consider the panel's grant recommendations at the December 4 Board meeting; with a \$100,000 donation from [Google.org/YouTube](https://www.google.org/YouTube), the Foundation will award grants totaling \$300,000 this cycle.
- **Crestmoor Scholarship:** The 2025 Crestmoor Neighborhood Memorial Scholarship will launch in December, when the online application will be accessible and updated marketing materials will be distributed to local schools and throughout the community. The application deadline will be March 4, 2025.

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- **Recreation and Aquatic Center (RAC):** The City hosted a fantastic RAC Grand Opening Ceremony on August 24, with more than 1,000 people attending. Community feedback about the facility has been very positive thus far.
- **RAC Startup Programming Grant:** In September, the Foundation Board approved a strategic grant to the City of San Bruno supporting startup programming and outreach activities at the RAC. The grant, which will total up to \$2.25 million over three years, will help the City bridge the opening of the facility to full operations and allow the City to test various marketing, outreach, recruitment, scholarship, and other initiatives to encourage community members to use the facility and ensure that it generates sufficient revenues to sustain its operations for the ongoing benefit of the community. The grant is being disbursed in three tranches (\$1 million, \$750,000, and \$500,000) at the end of each fiscal year based on the City's grant report.
- **Centennial Plaza Improvement Project:** The Centennial Plaza ribbon-cutting ceremony was held on October 25 and was well-attended. SBCF received the latest grant report from the City and paid out the remaining balance of about \$157,000 on the grant.
- **Downtown Beautification Grant:** Progress on this grant continues. Banners have been designed in consultation with a group of business owners, and the first set should be displayed soon. Bids for landscaping and planters came in over budget, so the City is now working with a landscape architecture firm to refine the bid documents and seek new proposals. The marquee sign replacement is on hold due to the City's ongoing Transit Corridor plans to reconfigure the southern end of San Mateo Avenue.
- **School Athletic Fields Grant:** In September, the Board approved a \$150,000 grant to the San Bruno Education Foundation to support athletic field improvements at three San Bruno Park School District Schools. While the school district is developing a long-term plan for the fields at all of its school sites, it has faced an urgent need for short-term improvements at several schools. With the impending closure of the soccer fields at the former Crestmoor High School site, local youth soccer organizations will increasingly rely on school district fields for practices and games. In addition, the fields at some schools, particularly John Muir Elementary School, have been in such disrepair that it has not been safe for students to play on them without immediate renovations. So far, SBCF has disbursed the first \$50,000 for the John Muir field improvements.
- **El Crystal Memorial Bench Grant:** In 2018, as the San Bruno Park School District closed El Crystal Elementary School as part of a school consolidation process, the El Crystal PTA asked SBCF to accept a \$1,200 donation to be used to underwrite a memorial bench or other park amenity commemorating El Crystal's 70 years of service to San Bruno schoolchildren, to be installed in conjunction with the construction of the new RAC. This past August, with the opening of the RAC, the City of San Bruno installed the El Crystal memorial bench behind Diamond #2 in San Bruno City Park, near the pathway leading to the former El Crystal School site. At its September

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Board meeting, the Foundation Board formally approved a \$1,200 grant to the City to fund the installation of the bench. This grant has been fully disbursed to the City.

- **Florida Avenue Park Grant:** In 2017, one of the Foundation's first strategic grants was a \$200,000 investment in Florida Avenue Park. This project, which has been many years in the making, aims to bring a neighborhood park to an area on the eastern side of San Bruno just south of downtown that has lacked such a park. The project has faced several major setbacks over the years, delaying the construction timeline, but the City is finally set to break ground on the park and held a ground-breaking ceremony on November 15.
- **Crestmoor Fields Project:** In November, the City gave a presentation on the City's plans to develop a portion of the former Crestmoor High School site into turfed athletic fields. The San Mateo Union High School District is nearing the completion of the sale of the school site to a developer, which has obtained entitlement approvals to develop a new subdivision consisting of a new public street connecting Courtland Drive and Piedmont Avenue, a network of private streets, 155 single-family homes, and land dedication to the City totaling 6.9 acres, including 5.3 acres for recreational athletic fields. The City has a project budget of \$7 million for the initial construction phase (Phase 1) of the athletic fields, known as the Crestmoor Fields Project, and has requested \$3.4 million in grant funding from the Foundation to complete Phase 1. Following its regular process for evaluating strategic grant opportunities, the Board approved a resolution creating a new Ad Hoc Committee on Crestmoor Fields Project, which is reviewing the request and will make a recommendation to the Board at the December meeting.
- **San Bruno-Narita Sister City Program Grant Request:** The Foundation is considering is a three-year grant totaling \$109,000 to support the San Bruno-Narita Sister City exchange program and relationship, as requested by the City and the San Bruno Park School District, and the San Bruno Education Foundation. The goals of the proposal include reciprocating the same high level of hospitality that Narita shows to San Bruno, broadening community impact and engagement in the relationship, and assisting the City, SBPSD, and SBEF in developing a sustainable fundraising and sponsorship model to support the relationship in the coming years. An ad hoc committee is reviewing the proposal and will make a recommendation to the Board at the December meeting.

Ms. Hatamiya reported that the Foundation's 2024 Annual Report, which features the RAC Grand Opening, was mailed to all San Bruno addresses in October.

Ms. Hatamiya also reported that Novogradac & Company prepared the FY2023-2024 audited financials, which were accepted by the Audit Committee in October and approved by the Board in November, and issued a clean opinion. The Foundation submitted its state and federal tax returns by the November 15 deadline.

She reported that the Foundation Board reelected its officers for the 2025 term: President Malissa Netane-Jones, Vice President Jim Ruane, Secretary Raul Gomez, and Treasurer Pak Lin.

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Ms. Hatamiya noted that at the September Board meeting, Mr. Dombkowski led the Board in a study session on socially responsible investing, which raised a number of considerations for the Board as the strategic planning process continues. She reported that San Bruno's voters passed Measure Q, the City's bond measure for \$102 million, in November and that now the City has to decide how the funds will be used. She noted that the Foundation is looking to engage with the City on whether there is a major capital project that the City would want the Foundation to partner on as a final legacy project.

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 include: (a) \$200,000 scheduled for December 2024, and (b) \$152,218 scheduled for May 2025. All funds needed for the remaining RAC grant payments have already been transferred from the Strategic Pool to the Liquidity Pool. Transfers from Strategic to Liquidity for other purposes are budgeted at \$3,030,152; \$500,000 was transferred in August, 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: February 19, May 21, August 20, and November 19, 2025.

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 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 as this economic cycle has progressed, economic growth has continued at a stronger than expected pace, and the Federal Reserve has begun to lower interest rates, though more slowly than market expectations.

Mr. Angelopoulos then reviewed the Foundation's Investment Dashboard for the third quarter of 2024, including September 30, 2024, balances of \$24,794,060 for the Quasi-Endowment, \$5,568,594 for the Strategic Pool, and \$1,543,419 for the Liquidity Pool (total of \$31,906,073 in all three accounts). He also discussed the performance of the underlying funds in the Foundation's Quasi-Endowment, Strategic, and Liquidity pools. He explained the firm maintained portfolio positioning during the quarter, which included an overweight to mid-cap and emerging market stocks, a slight overweight to bonds, and an underweight to alternative investments.

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In reviewing the portfolio balance update, Ms. Sun noted that total withdrawals from the portfolio since inception have been \$60,401,331 to support a long list of community benefits including RAC grants, with \$21,524,537 in total value added since inception.

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

The Committee briefly discussed cash flow strategies related to the San Bruno Recreation and Aquatic Center (RAC) grants. Ms. Hatamiya reported that since early 2018, the Foundation has made grant payments totaling \$50,946,447 related to the eight grants supporting the design and construction of the RAC. She noted that the Foundation disbursed the latest set of RAC grant payments totaling \$2,721 in late October based on the City's latest set of quarterly grant reports and that the remaining balance of RAC grant payments to be paid is \$553,553.03. She said reminded the Committee that all funds committed to the RAC grants have already been transferred to the Liquidity Pool. Finally, she noted that because the Foundation is close to completing disbursement of all RAC grants and all needed funds have been transferred to the Liquidity Pool, this agenda item will likely not appear on future Investment Committee meeting agendas.

7. Committee Member Comments: None.

8. Adjourn: Committee Member Hayes moved to adjourn the meeting at 5:43 p.m., seconded by Committee Member Ross, approved unanimously.

Respectfully submitted for approval at the Regular Investment Committee Meeting of February 19, 2025, by Investment Committee Chair Pak Lin.

Pak Lin, Investment Committee Chair

SAN BRUNO

Community Foundation

Memorandum

DATE: February 13, 2025

TO: Investment Committee, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: February 19, 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, February 19, 2025, at San Bruno City Hall Room 101.

1. Executive Director's Report

As I do at each meeting, I will provide updates on the Foundation's programs and operations. Key items I will cover at the February 19 meeting include:

- Program highlights and updates on the Community Grants Fund, the Crestmoor Neighborhood Memorial Scholarship program, and strategic grant initiatives, including the San Bruno Recreation and Aquatic Center (RAC) project.
- Schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool account for FY2024-2025 to cover the Foundation's cash needs through June 30, 2025, consistent with the FY2024-2025 budget passed by the Foundation Board in June 2024.
- A reminder of upcoming Investment Committee meetings in 2025: May 21, August 20, and November 19, all at 4:30 p.m.

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 Analyst 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.

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Memorandum

a. SHGA's Investment Outlook

In this portion of the presentation, the SHGA team will provide an overview of SHGA's current economic forecast, particularly for the first 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 fourth quarter of 2024 (second quarter of the fiscal year). The SHGA team will walk the Committee through the attached Investment Dashboard for December 31, 2024, 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.

Please note that this meeting's agenda does not include an item regarding a discussion regarding cash flow strategies related to the funding of the RAC project, as mentioned at the November Committee meeting. The remaining balance of the eight grants related to the design and construction of the RAC is now only \$305,305.27, and the funds needed to cover this remaining balance have already been transferred from the Strategic Pool to the Liquidity Pool.

Attachments:

1. SBCF Investment Dashboard, as of December 31, 2024

The San Bruno Community Foundation Investment Dashboard

As of December 31, 2024

Current Outlook:

Economic Environment: Through the end of last year, the economy showed continued strength despite elevated long-term interest rates. Consumer spending remained solid, and while the job market slowed slightly, workforce participation rose, resulting in sustained consumption trends. However, uncertainty surrounding Washington policies is high and could impact the economy and corporate earnings. While we see this as a potential risk, we expect the incoming administration to prioritize economic health, which will require balancing tariffs, deregulation, corporate and personal taxes, and immigration to support growth. We are living through a remarkable time in history, driven by several unique growth drivers. These include artificial intelligence, which is spurring spending across a wide range of industries, and GLP-1 drugs, which hold significant promise for treating a broad spectrum of inflammatory diseases. Meanwhile, the Baby Boomer generation has an estimated \$80 trillion in assets, and their retirement spending is expected to help smooth overall consumption trends over the next decade. We expect these trends to support ongoing GDP growth in the 2-3% range.

Market Environment: The final quarter of 2024 was influenced by several factors: stronger-than-expected corporate earnings in the third quarter, the swift resolution of the Presidential election outcome, speculation surrounding potential policies of the new administration, and a rise in long-term interest rates as investors anticipated a scenario where inflation remains above the Federal Reserve's target, leading to prolonged higher interest rates. The stock market reaction was mixed with domestic equity rising and international equity declining as sentiment surrounding tariffs and continued U.S. dollar strength weighed on returns. Bonds and REITs were also weak as long-term interest rates rose. Commodities were relatively flat.

Portfolio Response: Following the significant 2024 return of the S&P 500, we trimmed overweight positions. As mega-cap technology stocks have appreciated, concentration in the S&P 500 has become more significant with the top 10 holdings representing over 37% of the index at the end of 2024. We added a new equal-weight S&P 500 ETF that gives our allocation more exposure to the 493 stocks where valuation is more attractive and where we feel there is more opportunity. We funded this position by reducing exposure to emerging market stocks.

Performance		Quasi-Endowment Pool			Custom Blended		
		Pool	Benchmark	+ / -	Strategic Pool	Benchmark	+ / -
Quarterly	Q4 2024	-1.59%	-1.59%	0.00%	-2.38%	-2.51%	0.13%
	Q3 2024	1.24%	1.26%	-0.02%	0.51%	0.45%	0.06%
	Q2 2024	4.87%	4.00%	0.87%	0.94%	0.74%	0.20%
	Q1 2024	9.21%	9.32%	-0.11%	7.66%	7.60%	0.06%
Annual	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%
	2020	14.55%	11.61%	2.94%	8.79%	8.48%	0.31%
	ITD - 12/31/24	7.26%	7.27%	-0.01%	3.08%	3.03%	0.05%

Portfolio Action	Quasi-Endowment Pool		Growth/Capital Preservation
	Increased	Decreased	
Q4 2024	Added to Domestic Equity		63/37
	Equal Weight S&P 500	S&P 500	
		Emerging Market Stocks	
Q3 2024	Maintained Positioning		63/37

Balances	Quasi-Endowment	Strategic	Liquidity	Total
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
Q2 2024	\$23,344,053	\$5,756,621	\$1,310,339	\$30,411,013
Q1 2024	\$23,259,971	\$5,726,928	\$3,018,937	\$32,005,836

Asset Allocation	Quasi-Endowment Pool		Strategic Target		Strategic Target	
	Pool	31-Dec-24	Target	Strategic Pool	31-Dec-24	Target
Large Cap Equity	\$8,117,595	34%	30%	\$530,304	10%	9%
SMID Cap Equity	\$2,624,755	11%	9%	\$232,251	4%	3%
International/EM Equity	\$3,008,785	12%	13%	\$281,277	5%	4%
Fixed Income	\$7,676,300	32%	30%	\$3,916,336	72%	70%
Real Assets	\$1,456,452	6%	8%	\$156,959	3%	4%
Market Neutral	\$1,062,319	4%	8%	\$249,063	5%	8%
Cash	\$274,292	1%	2%	\$70,293	1%	2%
Total	\$24,220,497	100%	100%	\$5,436,482	100%	100%

Net Cash Flows	Quasi-Endowment	Strategic	Liquidity	Total
Q4 2024	\$0	\$0	-\$327,250	-\$327,250
Q3 2024	\$0	-\$500,000	\$212,000	-\$288,000
Q2 2024	-\$172,843	\$0	-\$1,743,157	-\$1,916,000
Q1 2024	\$0	-\$350,000	-\$172,500	-\$522,500

Illiquidity as of 12/31/24	< 1 Yr	1-3 Yrs	> 3 Yr	Total
Quasi-Endowment Pool	2.00%	0.00%	0.00%	2.00%

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.	✓
Quasi-Endowment Pool can maintain up to 10% illiquidity.	✓

