

SAN BRUNO

Community Foundation

Investment Committee

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

MINUTES

SAN BRUNO COMMUNITY FOUNDATION

Regular Meeting of the Investment Committee

May 15, 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, Ross, and Wong, present; Hayes, excused.
- 3. Public Comment:** Matt Jones asked Committee members to think about the gas pipeline explosion that led to the creation of the Foundation and questioned whether the Foundation should continue to invest in companies that have problematic behavior. He also invited Committee members to attend the Nakba event outside City Hall to learn about the struggles of the Palestinian people.
- 4. Approval of Minutes:** February 21, 2024, Regular Investment Committee Meeting: Committee Member Wong moved to approve the minutes of the February 21, 2024, Regular Meeting, seconded by Committee Member Ross, passed unanimously by roll call vote (Hayes absent).

5. Executive Director's Report

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

- **Crestmoor Scholarship:** SBCF will soon announce the 2024 Crestmoor Scholars, with awards totaling \$160,000. The ten Crestmoor Scholars will be recognized at the June 5 Board meeting at the San Bruno Senior Center.
- **Community Grants Fund:** SBCF finished distributing the last round of grant checks in March. The ninth iteration of the Community Grants Fund will launch at the beginning of July, with a late September deadline.

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- **Recreation and Aquatic Center (RAC):** The end of construction is nearing, with the power drop taking place on April 5. If the project proceeds without any further delays, the City will begin occupying the building in mid-June, with a soft opening slated for mid-July and a grand opening ceremony in late August. The City is moving forward with staffing and program plans. The City has informed the Foundation that the full \$1.5 million in grant funds earmarked for contingency will be used.
- **Centennial Plaza:** With regard to the Centennial Plaza Improvement Project, which the Foundation is helping fund with a \$500,000 grant to the City of San Bruno, the City held a ceremonial groundbreaking on April 19, which most members of the Foundation Board attended. The City expects construction to be completed by October.
- **Downtown Beautification Grant:** In March, the Board approved a \$350,000 strategic grant to the City of San Bruno to support its Downtown Beautification Project, which is a series of improvements to improve the aesthetics of downtown San Bruno, replace aging amenities, and provide a welcoming environment for community members seeking to shop, dine, and gather along San Mateo Avenue. The City's planned activities include planter revitalization along San Mateo Avenue, the potential planting of trees on Jenevein Avenue, median landscape revitalization, the creation of new street pole banners, and the replacement of the marquee sign on the south end of San Mateo Avenue. The City is working on scope of work for the different project components. Once the City awards the bids, it will take about five months to complete. The City's goal is to have the improvements done by the end of the year.

Ms. Hatamiya reported that the Board's strategic planning process is on hold while the City and the San Bruno Park School District make decisions about potential capital projects the Foundation might be interested in funding. The City recently did a poll to gauge community support for a revenue measure to fund various projects, including street improvements, storm water improvements, new fire station, soccer fields, and park improvements. The City Council will make a decision about a revenue measure and what it would fund by July.

Ms. Hatamiya reviewed the schedule of transfers from the Quasi-Endowment and Strategic Pool accounts to the Liquidity Pool. Transfers from the Quasi-Endowment to Liquidity-Operating include: (a) \$200,000, which took place in December 2023, and (b) \$172,843, which took place at the beginning of May 2024. Transfers from Strategic to Liquidity are budgeted at \$1,441,576; \$500,000 was transferred in August 2023 and \$350,000 in February 2024 to cover most operating expenses for the year. It is unclear if the balance will need to be transferred this fiscal year, depending on the timing of various strategic grant payments.

Ms. Hatamiya noted that the current terms for all Investment Committee members except for Chair Lin conclude at the end of June, and she thanked Committee members for their willingness to serve another term on the Committee. She said that the Board will consider a resolution approving the appointments of Committee Members Clifford, Hayes, Ross, and Wong for new two-year terms beginning on July 1, 2024, at the June 5 Board meeting.

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Finally, Ms. Hatamiya reminded the Committee of its remaining 2024 meetings – August 21 and November 20.

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 Co-Chief Investment Officer Mark Strahs, Senior Wealth Manager Kristin Sun, and Analyst George Angelopoulos represented SHGA at the meeting.

Mr. Strahs gave an overview of the firm's investment outlook, noting that the economy has continued to exhibit strength as unemployment has remained low, corporate earnings growth is projected to normalize, inflation is approaching the Federal Reserve's target, and the manufacturing industry is returning to normal after several years of pandemic distortions. He noted that the Federal Reserve was expected to cut interest rates several times in 2024, though the number of expected rate cuts has since been reduced as of the meeting date, and that the economy appears to be making a "soft landing," where inflation returns to the Federal Reserve's target without triggering a recession.

Mr. Angelopoulos then reviewed the Foundation's Investment Dashboard for the first quarter of 2024, including March 31, 2024, balances of \$23,259,971 for the Quasi-Endowment, \$5,726,928 for the Strategic Pool, and \$3,018,937 for the Liquidity Pool (total of \$32,005,836 in all three accounts). He reported that both the Quasi-Endowment and the Strategic Pool exceeded their respective performance benchmarks, with the Quasi-Endowment seeing gains of 4.87% and the Strategic Pool seeing gains of 0.94% in the first quarter of 2024. Ms. Sun noted that withdrawals from the portfolio since inception have totaled \$57.9 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 totals \$19.8 million.

- 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 \$49,254,841 related to the eight grants supporting the design and construction of the RAC. The remaining balance of RAC grant payments to be paid is \$2,245,159, of which \$1.5 million is the additional amount that the Board approved for construction contingency earlier this year. She noted that all funds committed to the RAC grants have already been transferred to the Liquidity Pool.

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- c. Adopt Resolution Recommending to the SBCF Board of Directors the Quasi-Endowment Payout Rate for Fiscal Year 2024-2025

Ms. Hatamiya reminded the Committee that under the Investment Policy Statement, the Quasi-Endowment payout rate is to be determined annually by the Board, which typically receives a recommendation from the Investment Committee.

Ms. Hatamiya reported that the past seven years the Committee recommended and the Board approved a Quasi-Endowment payout rate sufficient to meet the cash flow needs for the Crestmoor Scholarship and the Community Grants Fund for the upcoming fiscal year. She noted that in preparing the fiscal year 2024-2025 budget, she determined that the cash flow needs for the Crestmoor Scholarship and Community Grants Fund in the upcoming fiscal year, minus funds rolled over from 2023-2024, are estimated at \$351,947 and that, with the average of the past 12 quarter-ending Quasi-Endowment values available from inception to today (Q2 2021 to Q1 2024) being \$21,476,720, a payout rate of 1.64% would result in a Quasi-Endowment payout of \$352,218.

The Committee decided to follow the past practice of recommending to the Board a Quasi-Endowment payout rate sufficient to meet the cash flow needs for the Crestmoor Scholarship and the Community Grants Fund for the upcoming fiscal year.

Committee Member Ross moved to adopt the resolution recommending to the SBCF Board of Directors a Quasi-Endowment payout rate of 1.64% for fiscal year 2024-2025 (resulting in a payout of \$352,218), seconded by Committee Member Wong, approved unanimously by roll call vote (Hayes absent).

- d. Conduct Annual Review of SBCF's Investment Policy Statement and Investment Operating Plan

The Committee also conducted its annual review of the Foundation's Investment Policy Statement and Investment Operating Plan. Ms. Hatamiya reported to the Committee that she was not recommending any adjustments to either document, as the structure of the three investment pools still serves the Foundation's purposes. She noted that the Board will revisit its post-RAC program and investment strategies in the coming fiscal year, and thus, it is likely the Investment Committee will be tasked next spring with recommending changes to the Investment Policy Statement and Investment Operating Plan consistent with the new strategies.

Community member Matt Jones requested that the Foundation consider altering its investment policy to follow a "values-based" or "socially responsible" investment strategy and seek community input in the development of such a strategy. Another community member, Sawsan, D., echoed Mr. Jones' comments and asked the Foundation to adopt a socially responsible investment policy that considers social and environmental factors. The Committee thanked the community members for attending the meeting and sharing their concerns with the Committee.

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The Committee did not make any recommendations for amendments to either document and noted that the most likely time to consider changes to both documents is during the next fiscal year as the Foundation Board determines the Foundation's post-RAC program and investment strategies.

7. Committee Member Comments: None

8. Adjourn: Committee Member Ross moved to adjourn the meeting at 5:34 p.m., seconded by Committee Member Clifford, approved unanimously.

Respectfully submitted for approval at the Regular Investment Committee Meeting of August 21, 2024,
by Investment Committee Chair Pak Lin.



Pak Lin, Investment Committee Chair